



IPC-IG Discussion Paper:

**Exploring and Strengthening the
Intersections between Social
Protection, Employment
and Inclusive Growth**

Issues Paper for G20 DWG on Growth with Resilience



IPC-IG is grateful to AusAID for the financial contribution received to support the development of knowledge products that could contribute to the implementation of the G20's Social Protection commitment. Emphasis is given to the experiences of low- and middle-income countries and the innovations that have taken place in the Global South.

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United Nations Development Programme

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The International Policy Centre for Inclusive Growth is jointly supported by the Poverty Practice, Bureau for Development Policy, UNDP and the Government of Brazil.

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Exploring and Strengthening the Intersections between Social Protection, Employment and Inclusive Growth

It is becoming increasingly evident that social protection has an important role to play in making growth processes more inclusive and resilient. It contributes to enhancing equity and mitigating vulnerability in the face of shocks and barriers to the full and productive absorption of the labour force by market-driven processes alone. Less acknowledged are the implications of these contributions to broadening the domestic sources of growth so as to make the growth trajectory more inclusive through a combination of micro, meso and macro-level impacts on demand, productivity and resilience.

The response to the recent crisis, and the strategies that were adopted by various countries prior to that point to promising moves in this direction while demonstrating the potential for both nationally adapted and innovative approaches to design and scaling-up. Many of the programmes were home grown and with significant potential for south-south, north-south, and triangular exchange and cooperation where the terms of the discourse can be informed by developments in the South. The recent experiences also point to gaps and areas, which need urgent attention. The paper explores these issues from the perspective of designing for resilience and productive inclusion.

It looks at additional sources of vulnerability that increasingly need to be better incorporated into social protection and social policies – e.g. emergency and medium term actions to ensure food security, the frequency of extreme weather patterns and the emerging impacts of climate change on various crops, the growing threat of desertification in some places coupled with alternating and unpredictable cycles of drought and excessive rainfall.

While social protection programmes are increasingly acknowledging the imperative to recognize gender-differentiated priorities and impacts, continuing inequities faced by poor women in both paid and unpaid care work remain as a source of concern. New programme approaches from the South and the North point to how addressing these inequities can underpin an employment-friendly recovery and growth process.

Section 1. Challenges in Realizing Inclusive Growth Paths, Addressing Vulnerability and Promoting Resilience

1.1 Growth and Patterns of Inclusion

The current crisis has created an awareness of the potential linkages between in-country inequalities with the current pattern of global imbalances (e.g. Vandemoortele, M. 2009). Analogously, the significant impact of the crisis on countries that relied “excessively” on external demand – particularly where both the range of exports and markets were narrowly focused – is also seen as pointing to the need for “growth that is more balanced between external and domestic demand” (Foxley, 2009).

For many countries that cannot rely on being able to export their way out of recession, increasing domestic demand is a policy imperative (UNCTAD 2010). Even for current account deficit emerging economies like India or global economies like China domestic demand becomes an important counter recessionary objective. Thus, policy foci for China's 12th Five year plan include the need to establish a 'long term mechanism to expand domestic demand; create a positive consumption environment by actively yet steadily accelerating urbanization, implementing an employment strategy as a priority, deepen distribution reforms and improve the social security system (...), accelerate coordinated and interactive regional development. (...) Facilitate the flow of factors of production and transition of industries, foster a new regional economic engine in the central and western region (...), significantly increase the incomes of low-income groups, continuously expand the middle income group, (...) and strive to realize the synchronization of income and economic growth, remuneration and productivity'. (Government of China, 2011).

The positive experience of the emerging economies in being able to mitigate the fallout of the crisis as a result of large scale social protection programmes, which were in place prior to the crisis, has only added to this momentum.

The medium term objective of any developing economy is to secure a development transformation. Significant degrees of poverty reduction and declines in inequality have taken place in developing and emerging economies, and the emerging economies have also seen rise of the so-called new or lower middle-class, these developments have been underpinned by developments in the labour market and in social protection. One of the principal authors of a new government of Brazil study from its Strategic Affairs Secretariat (SAE) indicates that the 'middle class' now encompasses 52 percent of the Brazilian population. A new middle class family typically earns between US\$615 and US\$2,461, lives in an urban area (89 per cent live in cities) and is largely concentrated in Brazil's wealthier regions (the South, Southeast, and Central-West).¹ ADB has also undertaken extensive studies on the rise of Asia's middle class. Consumer spending was found to have 'shown surprising resilience, even during the recession. It reached an estimated \$4.3 trillion in annual expenditures in 2008—nearly a third of private consumption in the OECD countries. Assuming consumption expenditures continue to grow at roughly the same rate as in the past 20 years they are likely to reach \$32 trillion and comprise about 43% of worldwide consumption by 2030, placing the region at the forefront of worldwide consumption'. (Chun 2010 cited in ADB 2010:5).

Even so, there are only a handful of developing and emerging countries which have managed to achieve sustainable and inclusive growth coupled with poverty reduction and improved access to public goods and services. High growth rates have not been matched by a commensurate growth in employment. A number of countries have also experienced truncated structural transformations. (UNRISD, 2010:30 and Heintz, 2009). In India, the dynamic IT sector, while transformative, is overshadowed by significant levels of dependence on low productivity jobs in agriculture and low end service livelihoods, with significant numbers of both urban and rural jobs being informal and survivalist in nature. Skill development and job creation are major priorities in South Africa where unemployment in the broad definition (including 'discouraged jobseekers') stands at more than 35 per cent with significant numbers likely to remain so on account of significant structural barriers. (Du Toit, 2011).

Joblessness and underemployment in low-end jobs is growing even amongst the educated. In Egypt, significant numbers of urban educated women appear to have given up and 'withdrawn' into the ranks of the economically inactive with young women's unemployment under the broad definition standing at 42.7 per cent. (Elbadawy et al., 2009). Brazil is one of the few emerging economies which has seen positive growth in employment and a decline in informality (Berg, 2011).

While there is a welcome development in many countries, ranging from India to Mexico, of an increase in the numbers of youth for whom education is the primary activity, the largest increases in urban regular employment of women is often in the form of domestic service or in low-end service sector jobs. Clearly, more needs to be done if growth is to be the engine of a development transformation.

There are also misgivings about the sustainability and inclusivity of growth given the continuing economic and financial crisis and persistent volatility. ADB (2010:3) points out: 'While 56% of developing Asia's population, or nearly 1.9 billion people, were already considered part of the middle class based on an absolute definition of per capita consumption of \$2–\$20 per day in 2008, nearly 1.5 billion Asians were still living on less than \$2.0 per day. Moreover, the majority of the Asian middle class still falls in the \$2–\$4 range, leaving them highly vulnerable to slipping back into poverty due to economic shocks'. OECD's Outlook for Latin America concurs: it prefers to talk about "middle sectors" of the population rather than "middle class" given that 'we are actually talking about a segment of the population that has overcome poverty but is still vulnerable and faces serious hurdles. These are people that in most cases do not hold a university degree, do not have a stable employment and are far from enjoying a fairly comfortable economic situation. In many countries, downward social mobility is a real threat to those who have made it into the middle sectors. Vulnerability can take many forms. In Brazil, while consumption has been growing dramatically, household debt is also growing. It is now estimated to stand at 65 per cent on average in the main cities of the country and in the last year, 10 Brazilian states were showing levels of indebtedness of its families beyond 70 per cent. Stuart (2011) writes: 'Many of those consumers failed to fully understand what they were getting into. Some recently emerged from poverty and were gaining access to credit for the first time. Interest rates on consumer debt average more than 45 per cent in Brazil and debt payments have ballooned'.

Although the promotion of access to vital public goods such as education and health are a big part of the inclusive growth story, access has not always implied affordable quality education and health services. This limits access to the opportunities that foster sustainable upward mobility.² In addition, investments in human capital, while important, do not necessarily result in improved access to jobs.

There is often a spatial inequality dimension to all of this. Finding a job is more difficult if the local economy is stagnant or the poor are concentrated in areas under-served by public services and transport and at significant distances from dynamic centres of growth. These conditions cannot only act as a disincentive to investing in schooling but may also result in out-migration to secure low-end jobs which however pay better than what's available in the local economy.

1.2 Social Protection and Inclusive Growth:

Redefining the Content and Terms of the Marriage to Enhance Greater Inclusion and Resilience

Five developments are important with regard to the rethinking and practice that has been going on around the intersection of social protection and inclusive growth in the South. A number of countries are explicitly focusing on identifying how to increase the 'employment content' of their growth paths and ways to mitigate vulnerability of the poor and the lower middle classes in the face of structural transformations. Countries like South Africa have worked with outlining employment scenarios to explore the implications of different rates and types of economic growth complemented by sector-specific scenarios and discussion of alternative policy options. In 2010, South Africa launched its *New Growth Path* with the objective of identifying job drivers and actions to create 5 million new jobs by 2020. (Government of South Africa, 2010).

Structural transformation (sectoral, education, trade and private sector development) and macroeconomic policies remain the core policies of interest for driving sustainable employment for inclusive growth. However, it is also becoming evident that these policies are unlikely to have significant traction with regard to the numbers of workers in various countries that are engaged in 'survivalist' types of activities. Countries are exploring ways in which to address what Campbell (2011) calls 'employment-led-growth' as opposed to focusing solely on 'growth-led-employment' where growth is expected to stimulate employment. A twin-track focus is thus being proposed in policy circles to support increases productivity and incomes in growth-led-employment sectors as well as in activities and areas where employment-leads growth. Social protection interventions aimed at fostering productive inclusion are an important component of this policy package.

Second, the timeframe for interventions is changing as is their focus. Social protection interventions were typically conceived of as short term measures to mitigate or compensate for the adverse impact of policy reforms and to provide support poor and vulnerable groups. The short-termism also had to do with the idea of not encouraging dependency on public 'welfare'. There is now a growing acknowledgement of the role of medium-term interventions which aim to transform livelihoods either through fostering investment in human capital and thus seeking to mitigate the intergenerational transmission of poverty or through seeking to transform the ways in which the poor and the vulnerable are inserted into labour markets and productive activities. Policy instruments include: unconditional cash transfers and subsidies to facilitate income/consumption smoothing for eligible poor families; conditional cash transfers (CCTs) which provide support for investment in human capital over the education life-cycle of children (Mexico's Progresas/ Oportunidades; Brazil's Bolsa Familia [PBF] and other CCTs in Latin America). Many of the CCTs often involve positive discrimination in favour of girls in terms of the size of the transfer or eligibility so as to reduce gender differentials in access to and time spent in education (e.g., Mexico's Progresas/ Oportunidades, the Ladli schemes in India, and Bangladesh's Food-for-Education, FFE program) with varying degrees of income/consumption smoothing support to the families.

Employment safety nets have also evolved to focus on the provision of predictable amounts of work opportunities which are available for the unemployed/underemployed to tap into as needed to complement their existing livelihood strategies and to serve as what some are calling a kind of underemployment insurance for the poor. For example, India's National Rural Employment Guarantee Scheme (MGNREGA) offers up to a 100 days/employment per year to rural households.

Bangladesh has sought to implement a 100 days programme as well. As a crisis response in 2001, Argentina offered up to 20 hours a week to unemployed heads of households under its Plan Jefes y Jefas de Hogar Desocupados programme (PJJH) and South Africa's newly launched Community Work Programme (CWP) aims to offer up to 2 days a week, 8 days a month or equivalent permutations in the areas where it is being implemented.

Third, there is a growing focus on exploring the impact of social protection measures on productivity. This involves identifying both the direct and the indirect productive impacts of social protection and an exploration of how to strengthen the different channels of influence. This is increasingly evident in the design of public works interventions which are not only aimed at providing work opportunities but also pay attention to realizing co-benefits – work opportunities as well as productive assets and services. Thus we see the evolution of a multi-pronged approach to productive inclusion.

Fourth, the lines between the preventive and transformative functions of social protection are being blurred. Countries are reorganizing their programmes to respond to new vulnerabilities and priorities by integrating programmes to provide a combined short term response as well as resilience over the medium term. This is discussed in section 2. Here, countries are innovating on the basis of their specific circumstances, development challenges and institutional features to explore how to make one or other policy instrument serve multiple objectives and be responsive to being ramped up in the context of crisis. Some of these developments are discussed in section 3 with a view to understanding how different social protection instruments were scaled-up, added to and /or were transformed during the crisis.

In theory, while one or other social protection instrument might be considered more appropriate - e.g. unconditional cash transfers for crisis response (World Bank, 2011; UNICEF, 2010) – countries in fact show extraordinary innovation in adapting the programmes and the systems that they already have or have introduced based on learning from other countries. In this regard South-South, North-South, and Triangular Cooperation become more a question of identifying the potential for cross-fertilization coupled with adaptation and innovation rather than a sharing of best practices per se. Interest in cross-regional learning is also driven by the remarkable achievements of various programmes in reducing inequality and poverty levels.

Fifth, there is a shift towards strengthening complementarity across interventions so as to move towards a more systems based approach. This is emerging as much through horizontal linkages being established across programmes and from being able to access information on the various programmes that beneficiaries are receiving as from defining a single entry point to access multiple programmes based on the vulnerability and social-economic profile (e.g. Chile Puente and Brazil's single registry). Integration is also being fostered through the use of common information and delivery systems, consolidation of programmes and use of flagship interventions to serve as anchors for the organization of systems which can be used by other existing social protection programmes or explicitly piggy-backing on the use of flagship programmes to introduce new programmes (e.g. health insurance) aimed at the same vulnerable households and constituencies. This is also discussed in section 3 of the paper.

There has also been extensive evolution in the design and functioning of public works and employment programmes and a broader focus on the promotion of productive inclusion with the potential to make the existing labour market work better for the poor and to facilitate an increase in incomes and productivity through the provision of public assets and services.

Programs are designed to provide a predictable amount of assistance for individuals to tap into as needed (a function analogous to unemployment insurance) while performing useful work to meet sector targets (South Africa’s Expanded Public Works Programme, PWP), pre-identified labour-intensive activities (India’s National Rural Employment Guarantee Scheme, NREGA) and, to be community driven in selection of priorities and in its implementation (South Africa’s relatively new Community Work Programme, CWP).

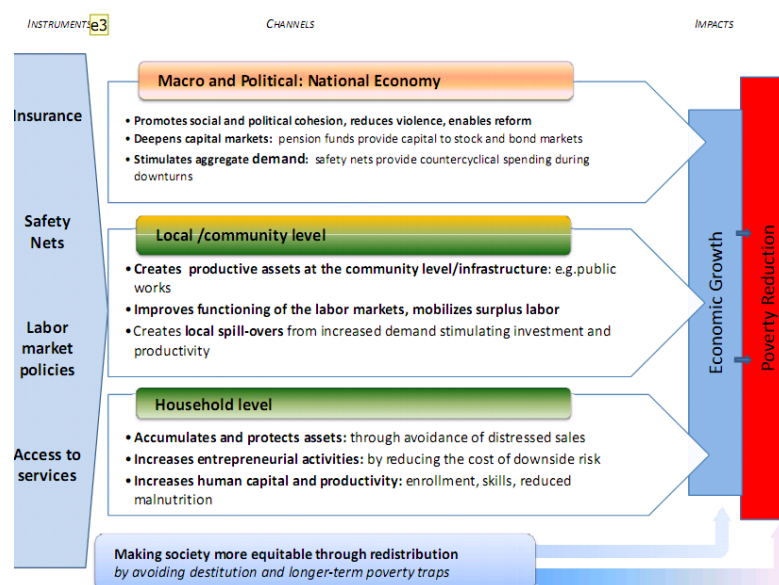
The shifts have been driven by a combination of factors. On the one hand there is an increasing awareness about the limitations of designing these types of programmes as short-term measures or as workfare. On the other hand the collective experience with these interventions - as well as other large scale social assistance measures - has generated a better knowledge and evidence base about how to design these programmes to be long-term, but at the same time to be affordable, flexible and responsive to changing conditions and demands. This has increased the potential of the programmes to serve as a policy instrument not just as a response to crises, but also to support inclusive growth and enhance resilience.

Before proceeding to explore the new sources of vulnerability in section 2, we lay out some of the emerging contours of the practice and thinking on productive inclusion and productive impacts of social protection described above. This sets the framework for the discussion of crisis response and programme innovation (designing for resilience) in section 3.

1.3 Social Protection: Productive Impacts and Productive Inclusion

Yemtsov (2011)’s analysis points to the usefulness of decomposing the the productive impacts of social protection at the macro, meso and micro-levels.

Macro, Meso and Micro Level Productive Impacts of Social Protection



Source: Yemtsov, 2011.

The analysis presented here builds on and expands on the channels outlined by Yemtsov. In particular, it explores the use of policy instruments to foster productive inclusion and also considers gender-disaggregated impacts.

'Decompositions of growth' in the various countries also point to the contribution of social protection in making the outcomes more inclusive when implemented at scale. According to Soares et al. (2010) income inequality in Brazil as measured by the *Gini* Coefficient fell from 0.591 in 1999 to 0.538 in 2009. It is estimated that Brazil's flagship conditional cash transfer programme, *Bolsa Familia (PBF)*, was responsible for 16 per cent of the fall, in spite of the fact that it only represented 0.8 per cent of the relevant families' income. Further, pensions indexed to the minimum wage (including rural pensions and BPC, a cash transfer for the elderly and disabled poor) were responsible for 15 per cent of the fall and represented 6.4 per cent of the family's income. There have also been positive developments in the labour market -- estimated to have been responsible for 59 per cent of the fall in inequality. A combination of several factors has triggered this inequality-decreasing performance of the labour market: increases in the minimum wage, expansion of formal sector jobs, a reduction in the returns to education as supply of more-educated labour force increased and a fall in unemployment.³ Further, *Bolsa Familia* was also estimated as being responsible for 1/3 of the reduction in extreme poverty which fell from 10 per cent to less than 5 per cent of the population, and for 16 per cent of the fall in poverty from 26 per cent to 14 per cent between 1999 and 2009. Without *Bolsa Familia*, extreme poverty would have increased by 32 per cent (almost 2 percentage points higher) during the crisis in 2009. For South Africa, another country with very high income inequality, (Leibbrandt et al. 2010) find that grants not only have a significant impact on poverty (at the lower poverty line) but also make a significant impact on inequality. They find that the Gini coefficient on "pre-grant" income is 0.03 higher than when calculated on either reported income or simulated income.⁴ For Mexico, when decomposing the fall of five per cent in the Gini index between 1996 (before Progresa/Oportunidades was implemented) and 2004, Soares et al. (2009) show that the programme was responsible for 21 per cent of the decline in inequality.

When implemented at scale, medium term cash transfers and productive safety nets have in effect served to contribute a 'new source of growth' and stimulus to domestic production by shifting consumption to those with a high marginal propensity to consume as well as towards services and goods likely to have a relatively greater local content and thus likely to result in lower leakages by way of imports than a consumption pattern fuelled by deciles at the top. Araújo, et al.'s (2011) analysis of Brazil's growth regime from 2001 to 2009 indicates that internally, the growth regime was wage-led, but when the external sector is factored in it can be characterized as profit-led. Soares, (2011b) points out that if the Brazilian version of welfare state rooted in the 1988 Brazilian Constitution has required increases in the tax burden to enable the implementation of its vision, it has also had major productive benefits for the economy. The increase in the income of the lowest deciles through both a pro-poor labour market performance and pro-poor redistributive policies have allowed the Brazilian economy to have another source of dynamism in addition to the external demand driven growth led by the boom in commodity prices. The internal consumption fueled by the emergence of a large lower middle class alluded to earlier and the expansion of (expensive) consumption credit jointly with the anti-cyclical measures adopted in 2008-9 also help to explain why the crisis was relatively mild in Brazil (-0.8 per cent in 2008) and why growth bounced back so vigorously in the following year (7.5 per cent in 2009).

The impact on demand is even more critical in the local level, particularly in under-served areas. Jonasson and Helfand, (2008),⁵ point out that, in Brazil, the poorest regions that are further away from substantial urban centres and have large concentrations of poor people, (organically evolving) rural non-agricultural employment (RNAE) are unlikely to be significant in providing a pathway out of poverty.

Cassell (n.d) finds that between 2003 and 2008, the income of family farmers grew by 30 per cent and that while income from labour activities contributed to 56 per cent to this growth, pensions contributed 29 per cent, and cash transfers programmes contributed 15 per cent.

The analysis of spill-over effects and impacts on the local economy are still nascent but as with the macro-level impacts, it is becoming evident that there can be significant stimulus effects. The impacts of cash injections are likely to be even higher for services which are locally produced and consumed.

Antonopoulous et. al. (2011) and Hirway et. al (2008)'s estimates of multipliers for public employment programmes such as EPWP and NREGA indicate that significant gains can be realized from a focus on social sectors and investment in local infrastructure initiatives. These programmes provide extensive co-benefits and therefore reinforce the achievement of multiple development objectives. However, to date, the role of social services as a stimulus for local development is not adequately emphasised. For example, in many developing countries, deficits in public services such as early childhood and elder care are typically compensated for by increased unpaid work performed mostly by women and children.

These deficits also have implications for the time-burdens faced by women and for their labour force participation particularly when there are young children at home. Addressing them would thus have multiple benefits and spill-over effects including on women's labour force participation. Employment programmes that have incorporated components on social services include South Africa's EPWP, Argentina's crisis recovery Jefes y Jefas programme and South Africa's new CWP. In particular, South Africa's EPWP (social development pillar) and the CWP have focused on the provision of Home Community Based Care (HCBC) and Early Childhood Development (ECD).

The second important channel which is not adequately highlighted in the policy literature is the impact on the labour market . The thinking was that by raising the reservation wage or offering alternative work opportunities at a comparable wage, the programmes would potentially distort the labour market by competing for labour with other productive sectors and discouraging participants to look for or take up other work. In those countries where public works have been adopted as long-term policy instruments these concerns were addressed through some of the design features - e.g. scheduling works and offering work in periods of low labour demand, thus avoiding labour shortages in other sectors of the economy.

However, there has also been a growing realization that for many of the vulnerable, labour markets do not function very well and so distorting them is perhaps not such a big concern. Those who live in areas where there is no work available but are not able to migrate or afford the costs of transport are particularly affected. Others, in particular women, are not able to take up work far from home because of domestic duties. In many agricultural areas labour markets are dominated by monopoly employers and workers have no choice but to accept work at low wages and poor working conditions. For many of the working poor what the labour market offers is short-term casual work resulting in low levels of income security.

Social protection programmes can positively "distort" these markets by helping to set a wage floor and giving local people an alternative to taking on unsafe, hazardous work. Added worker effects are also important for the household and the economy and public employment programmes have often had significant impacts by way of bringing women into the labour force and improving gender differentials in wages.

Drawing on recent results from the NSS Survey for India, Chandrasekhar and Ghosh (2011a) indicate that NREGA has had significant impacts on ensuring that market wages rose to be closer to the minimum and in reducing gender-based wage differentials in a context where countries like India were already found to have some of the largest gender gaps in wages.

Productive Inclusion

Productive inclusion (*inclusão produtiva*) is a cross-cutting thread that runs through Brazilian development policy. While there appears to be no standard definition, based on usage, it can be taken to mean capacity building activities to enhance access to formal employment and/or improve the quality of productive work and activity that the poor are inserted into through self employment, individual, collective self-employment (associative or cooperative), family farming etc.

It has social assistance, production chain and territorial dimensions. It incorporates policies aimed at strengthening family farming while providing food to the vulnerable (e.g., Food Acquisition Programme [*Programa de Aquisição de Alimentos*], PAA). It also includes a focus on complementary policies to strengthen the productive inclusion of social assistance beneficiaries as well as equity-enhancing agrarian development and territorial development policies. The different productive inclusion programmes are not implemented as stand-alone pillars but can, in principle, be selected by local authorities from a ‘menu of options’ based on the needs of the particular region or territory. This is particularly the case with regard to areas targeted for special attention through the Territories of Citizenship strategies (*Territórios da Cidadania*). Launched in 2008, the Territories of Citizenship strategies aim to promote economic and social development through the ‘universal basic citizenship’ programmes and sustainable territorial development strategies.

Analysis of the programmes such as the Public Food Acquisition Programme (*Programa de Aquisição de Alimentos*, PAA) point to the benefits of publically “regulated” market involvement. Even the poorest family farmers need to engage with the market in order to acquire cash to meet basic needs. For the most part, however, poor farmers face high transaction costs and risks, which result in their receiving less than optimal prices and benefits. Brazil has long had programmes to improve access to finance and training. By themselves, however, these also posed risks for poor farmers: e.g., how to repay loans if prices fell or if output was less than expected, for example. The new generation of productive inclusion programmes, which use forms of public procurement, work to mitigate production and financial risks. Whether involvement in these programmes leads to new market opportunities or whether the programmes remain the primary channel for the engagement of small family farmers depends upon whether the initiatives can stimulate investment in productive facilities, on distances from markets, and on the extent to which collective organisation can lower the transaction costs of involvement—that is, market search, transport, storage, marketing and related costs, and the need for investments. Analysis suggests that in poor areas that are far from urban centres and where infrastructure facilities are poor, such public programmes have a valuable role to play by way of ensuring predictable demand for the products of family farmers and stimulating economic and social investments as indicated above. The demand-side stimulus (through public procurement at predictable prices) complements the more traditional supply side policies (e.g. credit, insurance, and technical assistance) in the context of a regulated market or institutional framework.

Source: Lal, R. and Junior, W. (2011).

Third, there are impacts on productivity and incomes of the poor through enabling asset creation and more productive use of assets. The channels for this are: injections of cash which can be invested productively (see Lehman, 2010 for Progres/Oportunidades); and the creation of productivity-enhancing public assets (e.g. watersheds, terracing, flood mitigation, water conservation, roads as supported by PSNP in Ethiopia and NREGA in India).

In addition, services are also important to reduce vulnerability of households: e.g. home based care and vegetable gardens supported by South Africa's CWP and investments in watersheds and other productivity enhancing investments on the lands of poor and marginal farmers which is also supported by NREGA.

The use of these types of modalities to strengthen the productivity and incomes of poor producers provides different ways of promoting equity from below to complement labour market and sectoral policies consistent with harnessing a country's comparative advantages in products for which there is market demand.

Duncan Campbell (2011) reiterates that 'the sheer magnitude of survivalism in otherwise healthily growing developing countries argues against reliance on growth alone to solve labour market problems. (...) in policy terms, one should be thinking just as much about how to improve employment's contribution to growth as one should about how to improve growth's contribution to employment' and further, "while sustained, strong growth is a prerequisite for productive employment creation, a relevant policy question to ask is whether the productive employment content of growth can be increased irrespective of the rate of growth. Here, industrial and sectoral policies need to be elaborated that are consistent both with harnessing a country's comparative advantages in products for which there is market demand, and with a view to increasing the opportunities for paid employment. This also entails a need to address constraints to the development of potentially profitable sectors, notably in terms of inadequately qualified labour supply, barriers in access to credit, or inappropriate, costly, time-consuming regulations." Campbell (2011:112-113, 122-123).

He argues that the state through its support to more resilient and predictable employment based productive safety nets and guarantees can work to mitigate the current 'crisis of distribution' and employment while also enhancing the productivity of labour, particularly in the employment-led growth sectors and contributing to the well-being of households. This has the potential to make both the outcomes and the growth processes – particularly in currently under-served areas – more inclusive. Thus, in the context of the development role that these types of programmes play as well as a result of the need to explore ways of providing more medium term support to addressing vulnerability, both cash transfers and public employment programmes are being conceived of as multi-dimensional and medium term safety nets.

Consider the case of India which has seen high growth rates for a number of years and the emergence of comparative advantage in new value-added knowledge intensive niche sectors. A significant share of employment continues to be in the informal sector and in agriculture. The approach paper for India's 11th five year plan (2006-11) posits that 'accelerated agricultural growth should be viewed not so much as source of direct employment but as necessary condition for reducing under-employment and promoting faster rise in agricultural earnings per head. We must recognize that existing farm sizes set a limit to how much can be earned from farming and that with rapid growth in non-agriculture many farmers may find it better to lease or sell their farms and move to non-farm occupations. Many other farmers will resort to mechanisation in order to increase productivity, and in the process reduce employment of hired labour. This is why the discussion above has assumed that the entire issue of additional employment creation should be viewed from the non-agriculture side (...) Planning efficient and equitable shift of labour from agriculture to non-agriculture involves many millions of people and the issues involved cannot be ignored any longer (...)'.

It goes on to stress the importance of acknowledging that ‘processes of structural change, for example declining hired labour demand in agriculture, *will have victims on the agricultural side who are also most likely to be victims of vulnerabilities on the non-agricultural side. A number of measures are already in place to deal with vulnerabilities (...) However, we must do much more to manage the consequences of structural change*’.⁶

The approach paper views India’s National Rural Employment Guarantee Act (2005) as a mechanism to ensure a predictable social safety net to rural households who are guaranteed employment of up to a hundred days per year in rural areas. At the same time such programmes are viewed as having the capacity to build rural infrastructure especially if resources from other programmes are pooled (convergence approach). See GOI (2006:5, 80).⁷

While the objectives of Progres/Oportunidades and *Programa Bolsa Familia* (BFP) are quite different from a rights-based safety net such as NREGA, they can be viewed as performing a somewhat analogous function of providing medium term support for a large proportion of poor and vulnerable households.⁸ In Mexico, PROGRESA was launched in 1997 in the wake of the major crisis of 1994-95. It was one of the first home grown CCT initiatives to make a link between cash transfers and the promotion of investment in human capital and has been the source of inspiration for numerous countries in Latin America. The Progres/Oportunidades model is one of shared responsibility (co-responsibilities) where families are expected to play an active role in their own development and carry out activities in exchange for economic assistance. From a programme launched in selected rural communities which were able to provide services, Progres/Oportunidades has grown to cover 5.5 million households (one in four Mexican households) by 2010. More than 70 per cent of the participants are regarded as extremely poor. While Bolsa Familia is not an entitlement or a right and the law that created the programme explicitly states that the number of beneficiaries must be adjusted to the available budget, the programme appears to be well targeted with limited exclusion errors, and to adjust for the volatility in the incomes of the poor, allowing families to stay in the programme as long as they meet the criteria and co-responsibilities.⁹

The programmes, thus, do not have ‘time limits’ as to how long poor and vulnerable households can stay in the programme or any default ‘exit strategies’, although the programmes have a focus on helping families to move out of poverty and the programme. In the case of Progres/Oportunidades, the *Esquema Diferenciado de Apoyos* (EDA, Differential Support Scheme) programme was introduced in 2004 with the objective of smoothening the process of graduating families who are considered not eligible (above the cut-off point of the proxy means used in the programme) following the re-certification process that takes place three years after the incorporation of the families into the programme.¹⁰ Rural households are transferred to EDA after six years and urban households after four years in the programme (González de la Rocha, 2010). The EDA works through the gradual withdrawal of monetary benefits during a period of three years (Yaschine, DAVILA, 2008). In line with its focus on a longer-term view of accumulation of human capital for the children, the programme has a longer timeframe for the reassessment of the eligibility than Bolsa Familia.

In the case of Brazil, the approach taken is to help families to move out of poverty through the deployment of ‘complementary programmes’. These incorporate a focus on adult education, opportunities for youth, job training, labor intermediation, subsidized access to electricity and to the rural electric grid expansion programme (*Luz para todos*), rural extension, or microcredit to those who either are or may soon be *Bolsa Familia* beneficiaries.¹¹

As elaborated upon later in this paper, the key to facilitating this is Brazil's Single Registry which is the entry point not only for Bolsa Familia but also for a host of other social programmes. In addition, social support is provided to families subject to different types of familial vulnerabilities with the aim of promoting social inclusion.

While most analyses look at minimising disincentives, it is also interesting to note that not only have the adverse impacts on the labour market been limited, there have also been significant types of positive impacts. Two types of impacts can be looked at. What happens to the labour supply of beneficiaries and what are indirect impacts on the labour market? By providing poor families with a predictable complementary source of income, albeit limited, cash transfers or engagement in public employment programmes such as NREGA would have a direct impact on the reservation wage. In principle, participants in these programmes could reduce their labour supply and participation rate. On the other hand, the partial income supplement could also allow the poor to search more intensively for a job and to potentially refuse work that is hazardous.

Participation in the labour market also depends upon demand side factors and the overall performance of the economy. For the case of Brazil, Machado et al. (forthcoming) and Soares, S. (forthcoming) take stock of a number of different assessments that have been done and find that while estimates of the exact size and the statistical significance of effects appears to vary from one study to the next, they are almost always small. Interestingly in Teixeira's (2010) study for Brazil, the impact appears to be differentiated by gender with a small but statistically significant decline in the number of hours worked by women with children. This likely has to do with the difficulties faced by young mothers in juggling child care and work in the absence of affordable early childhood care.¹² For South Africa, Eyal and Woolard (2011:18) find that the receipt of a child support grant (CSG) is associated with a 'higher probability of being in the labour force, lower unemployment probability for those who do participate, and a higher probability of being employed. These effects are not small, and are as high as 15 per cent for some groups'.

These results are indicative of the ways in which transfers can help to mitigate the cost of job search and engagement in labour markets. They also point to the very real difficulties faced by women with young children. South Africa's Department of Social Development (2006) discussion document highlights some of these challenges. According to the beneficiary profile of care givers of the child support grant (CSG), over 65 per cent of caregivers of children receiving the CSG are single parents and that more than 11 per cent of them have never received any formal education, while 71,5 per cent have received 1 to 11 years of education. Over 85 per cent of the caregivers are unemployed. Altman and Boyce (2008) note that approximately 18 per cent of the care givers of CSG recipients do already work. Thus the challenge is how to enhance livelihoods of the caregiver where feasible, and more particularly that of working age people in the same household as the grant recipient since the grants are typically shared with family members.

South Africa's Community Work Programme (CWP) provides a framework to do this and more through its focus on providing regular access to a minimum level of work, on a predictable basis, as an employment 'safety net'. The programme was initiated in 2007. Its expansion to a million positions by 2013/14 is one of the priorities of the implementation plan on job creation within the ambit of South Africa's New Growth Path.

Inspired by India's NREGA, the CWP provides participants with a minimum number of days of regular work, typically two days a week or the monthly equivalent. It is an area-based programme, targeting poor communities in rural and urban areas and informal settlements. The goal is to create part-time work for a minimum of 1,000 people per site; sites vary in geographical size. Further, as Philip (2010) points out, the guiding principle of CWP is that "The work performed must be 'useful work' – work that contributes to the public good, and/or to the quality of life in communities.

A key feature of the CWP is that work is identified and prioritised through participatory processes at community level. In the first instance, much of the focus of the work in the CWP has been addressing the most immediate social crises confronted by local communities: vulnerable children, destitution, inadequate nutrition, safety, and care of many kinds. Over time, the content of work at CWP sites is expected to increasingly focus on public goods, public infrastructure and environmental rehabilitation and investment that also enhance local economic development." (Philip, 2010:21)

Section 2: Responding to Multiple Vulnerabilities: Policy Challenges and Innovations in Design

2.1 Food Security, Crisis and Inclusive Growth: Protection and Promotion of Livelihoods to Enhance Food Security and Nutrition

Even before the current peak in food prices, there were 925 million people around the world who lived in chronic hunger (FAO, 2010). Social protection and productive inclusion frameworks in many countries have explicitly sought to address to the needs of the extreme poor and hungry. Increasingly, it is being argued that a dual-track approach that combines short-term and emergency relief with longer term initiatives (including targeted actions at the vulnerable and the food insecure) is urgently needed. The programme approach needs to be able to ensure short-term/immediate actions to tackle hunger along with longer term initiatives to create resilience through enhancing productive capacity and income opportunities. Structural factors that hamper people's capacity to sustain their livelihoods and render them more vulnerable to food shocks need to be tackled if there is to be a sustainable solution to food shocks (UN, 2010; FAO, 2009). This section explores the experience of three countries – Ethiopia, Brazil and India – that have incorporated twin-track approaches in their food security agendas.

The PSNP is the main pillar of Ethiopia's Food Security Programme (FSP). Focused on rural areas, it provides food and cash to 1.5 million food insecure rural households through an integrated programme framework that offers a direct transfer to labour-deficit households and an opportunity to work on public works for households with adequate numbers of able-bodied. The focus of the public works is community asset creation for agricultural activities. Sixty percent of the projects target soil and water conservation (Lieuw-Kie-Song, 2011). Graduation from the PSNP is sought to be ensured by linking it with other programmes such as the Household Asset Building Project (HABP). The HABP seeks to facilitate access to inputs, technologies and services, particularly through rural extension and micro-credit. The combination of the two interventions – PSNP and HABP – have increased cereal yields at household level (Lieuw-Kie-Song, 2011).

The PSNP has been shown to have had positive effects on food security as well as on the livelihoods of smallholder farmers. Food consumption by households was enhanced as cash transfers were mostly used to purchase food, and beneficiaries were protected against sales of assets while investment in agricultural inputs was also observed (Stephen and Guenthe, 2009).

The Indian government has about 20 schemes in place to tackle food insecurity and malnutrition. The policy agenda places a pivotal focus on public works, subsidized food and school feeding. India's MGNREGA not only seeks to ensure food security through access to paid work (up to a 100 days/household) but also focuses its attention on assets that can have positive impact on rural development and agricultural activities in particular.

This includes natural resource management and rural infrastructure. While the impacts of NREGA in food security need to be further investigated, local examples of improved nutrition within the family and increased wages have been reported in the press (Rook, 2011).

As indicated earlier, NREGA contributes to addressing working poverty and has helped to establish a wage floor in regions where the market wage was often below the statutory minimum (although this creates issues where the state minimum was above Rs. 100) as it supports the payment of the national minimum wage of Rs.100 indexed to the Consumer Price Index for Agricultural Labourers. India also places significant attention to in-kind transfers and other protection mechanisms to tackle food security and malnutrition through major schemes which include the Integrated Child Development Service (ICDS), which offers a package of services that includes the provision of meals to children and a range of education nutrition and health services for women and children; the Mid-day Meal (MDM) scheme and the Targeted Public Distribution System (TPDS), the objective of which is to provide a defined minimum quantity of subsidized food grains and /month at subsidized prices. The government procurement policy is conceived in nationwide terms and is open to all profiles of farmers. In practice this means that purchases are mainly from the best performing agricultural regions. A procurement and distribution programme of this scope poses several operational difficulties and reform of TPDS is a constant debate in the country.

Brazil, on the other hand, is a major food exporter with roughly 15 per cent of its population living in rural areas (IBGE, 2010). The family farming sector¹³ which represents 85 per cent of the country's rural establishments is responsible for the production of the major share of foodstuff consumed nationwide (IBGE, 2009). The country's food security strategy known as *Zero Hunger* is a cross-cutting framework where a number of short-term and long-term protective and productive actions are organized within the context of common strategic umbrella. The strategy has several components; in terms of budget and scope the biggest programmes are Bolsa Familia, PRONAF and PNAE.

As indicated earlier, the *Bolsa Familia* programme allows for the payment of a basic unconditional transfer to the extreme poor in addition to a variable transfer which depends upon the demographic profile of the family. *Zero Hunger* also incorporates a number of in-kind initiatives, particularly school feeding, as well as income generation initiatives with significant attention paid to supporting to family farmers. *Bolsa Familia* was also able to contribute to food security and nutrition. Greater stability in access to food, as well as increase in the quantity and variety of the food consumed, especially items preferred by children, were observed (IBASE, 2008).

Moreover, health conditionalities have increased the practice of prenatal care among pregnant women in beneficiary families along with focused attention to the nutritional status of children of preschool age (0–6 years) (Hoddinott, 2010).

As regards support to family farmers, government initiatives pay significant attention to credit and insurance through the National Programme to Strengthen Family Farming (PRONAF), which is part of a set of programmes that also aim to facilitate access to land, water, technical assistance and output markets.

Brazil's School Feeding Programme (PNAE), along with the food acquisition scheme ('*Programa de Aquisição de Alimentos*' - PAA), combine inclusiveness in food production with in-kind distribution through local food chains. Both programmes encourage government procurement of local food items whether exclusively from family producers,

Brazil incorporates these and other initiatives in its newly launched four year plan to tackle extreme poverty in the country (*Brasil sem Miséria*). The plan orients both existing and new programmes to meeting this goal through the use of a combination of instruments such as cash transfers, the provision of social services and a focus on productive inclusion. In rural areas, family farmers along with other categories, including rural workers, are core beneficiaries of the strategy. In this context, enhanced food production for household consumption and for the market is an integral part of the set of productive inclusion actions. It is intended to be fostered by a range of actions that include technical assistance, access to agricultural inputs, grants and access to public and private markets. The plan is yet to be implemented.

There are a number of common features in the way these three countries have used the twin-track approach in their food security policy and programming agendas. In terms of tackling immediate needs, permanent in-kind and cash transfer programmes along with other protective mechanisms are at the core of the three agendas.

All three countries pay considerable attention to securing and promoting the livelihoods of rural populations and of farmers in particular. In terms of permanent public works schemes, India and Ethiopia are oriented towards offering immediate cash to rural households as well as creating assets in rural areas and for agricultural activities in particular. It has been argued that these programmes can, on one hand, protect livelihoods by mitigating crises and supporting recovery and, on the other hand, serve as an important tool for longer-term development by providing public goods and creating jobs. Public works can be relevant for developing and emerging countries in situations of underemployment and service deficit. (Lal, R. et al, 2010).

In the case of Ethiopia and Brazil, particular focus is placed on productive inclusion initiatives for smallholder and family producers. Brazil makes efforts, on one hand, to build assets and offer inputs and services to farmers with the view to enhancing their supply capacity and, on the other, to facilitate market access. An integrated approach where profitable output opportunities are combined with various support actions to production and organizational capabilities can provide inclusive opportunities for smallholder farmers and support their agricultural production (Chmielewska and Souza, 2010). Reinforcing this double support to the supply and demand aspects of agricultural production can be of great relevance to the developing world as smallholder farmers constitute large shares of their rural population. These farmers are often net food buyers and support to their food production capacity continues to be paramount for increasing the availability of and access to food, especially at local and national levels.

Public procurement appeared as a key tool for providing market opportunities for farmers in India and Brazil. In Brazil, targeting mechanisms ensure that all or part of the food is procured from farmers who otherwise would have great difficulties in securing access to and production for the market. This approach is in fact being followed in other important initiatives, such as in the World Food Programme's Purchase for Progress (P4P). Put in place as a pilot project since 2009, it is present in 20 countries in Africa, Asia and Latin America. P4P programmes account for a share of WFP's overall local procurement in each of these countries and are intended to benefit half a million smallholder farmers. P4P activities are diversified. Besides procurement of staple food grains from smallholder farmers' organizations and small and medium traders, it seeks to build local capacity for food processing and quality control as well as establish partnerships to support production. The impacts of P4P as a whole await further analysis.

This approach can be further explored in the developing and emerging world as a large number of these countries use public procurement to form emergency food reserves and buffer stocks. Procurement can be oriented towards offering advantageous market options for marginalized farmers. Direct purchase from these farmers could be done partially when needed, based on an increasing quota system according to available production and logistical capacities.

Overall, the twin-track approaches of Ethiopia, Brazil and South Africa developed in different national contexts and with specific rationales reveal important inclusivity elements. Their experiences in seeking regular access to food for vulnerable populations along with production and employment opportunities, particularly in food production initiatives and other social services, reinforce the relevance of bringing marginalized sectors of society to benefit from the efforts to address food security throughout its diverse dimensions – food access, food availability, food utilization and regularity in these three spheres. Indeed, the twin-track approach is an opportunity to regard inclusivity as a central pillar of food security and give it a pivotal role in current discussions concerning sustainable solutions to hunger.

2.2 Social Protection and Climate Change Adaptation

Climate change phenomena are expected to have significant and differential impacts on crops, fishery and forestry. Rising and volatile food grain prices are forecast to continue into the next decade. The number of extreme weather events, drought and flood are expected to rise. Certain areas will be disproportionately affected - river delta regions, coastal areas, most arid and semi-arid regions in Africa and areas already vulnerable to hurricanes and cyclones for instance (IPCC 2007). Increased desertification and water shortages are also a major threat for various regions, including for parts of India and China. Another concern is the migration by businesses out of areas that are more vulnerable to climate change.¹⁴ This can have major impact on local economies and employment if it becomes a trend. Those employed in the lower echelons of those companies or dependent industries are least able to migrate and will be most affected in such circumstances.

Climate change is also a great potential threat to specific sectors. Some of the impacts on agriculture and food security have already been mentioned. But the vulnerability extends beyond subsistence farmers or those who produce for their own or local consumption. For instance farmers growing pre-dominantly cash crops are also very vulnerable. Some crops like coffee are particularly sensitive to temperature.¹⁵

Small scale coffee farmers are likely to be in need of specific social protection measures to help them make the transition to other crops or non-farming activities and cope with the effects of reduce coffee production. Apart from agriculture, fisheries, forestry and the tourism sectors have also been identified as being particularly sensitive.

These sectors typically feature a high degree of informality, self employment and part-time work and so often fall outside national systems that cover only the formal sector. Approaches that are also effective in targeting informal workers such as cash transfers or public employment programmes may be required to cover these sectors. The instability that is generated by climate change is likely to result in even more people moving in and out of poverty more frequently and increasing the risks of excluding people in need of social protection if the systems are not able to respond to these changes in a timely fashion. Apart from adjusting targeting mechanisms, these sectors may also require specific types of social protection. Small scale fishermen in areas threatened by hurricanes and cyclones may need micro insurance to cover their boats and equipment for instance. Tourism provides a livelihood to many working poor, and in areas where it will be affected, social protection measures to support livelihood diversification might be required.

The mechanisms used to finance social security may also need to be reviewed and adjusted if a social security scheme is to be “climate proofed”. The financing mechanism will need to be flexible and able to extend coverage on short notice for instance. In the case of contributory schemes, it may be necessary to ensure that those who are likely to be in need of social protection schemes also start contributing. In some cases, increased overall vulnerability may lead to increased overall demand for social protection, with long-term fiscal consequences. Social protection can support adaptation efforts in the face of climate change by:

1. reducing the exposure and sensitivity to the effects of climate change;
2. increasing adaptive capacity;

Promoting migration as a response to adaptation remains one of the more controversial adaptation policies and in most cases is considered a policy of last resort. Predicting the effect of climate change on migration is also extremely difficult, as the decision to migrate is usually driven by multiple factors of which environmental effects are just one. The International Office on Migration (IOM) has developed some principles for shaping migration policies in the face of climate change however and argues as with all migration, it is critical to “*ensure that migration can be a choice and to prevent forced migration*” (IOM 2009). Secondly it is argued that (voluntary) migration should be considered an adaptation strategy in and of itself because:

“While migration can be a manifestation of acute vulnerability, it can also represent an adaptation strategy since it can: help to reduce risk to lives, livelihoods and ecosystems; contribute to income diversification; and enhance overall capacity of households and communities to cope with the adverse effects of environmental and climate change. Migration has been used for millenniums as an adaptation strategy and is likely to be of growing importance in the future”

This then raises the question of how to support voluntary migration. Johnson and Krishnamurthy (2010) identify various ways in which social protection can play an important role in supporting voluntary migration; assistance with accessing labour markets in the new location, helping to cover the costs of migration, and programmes that provide assets transfers at new locations.¹⁶

One important implication of supporting migration for social protection systems is the ability of the system to migrate with the beneficiary and make the benefit “portable”. Climate change may of course also give rise to forced migration. While the consensus is that this needs to be avoided as much as possible, this may not always be feasible. In such circumstances, social protection systems that are integrated with DRR measures are likely to be more effective in supporting those forced to migrate in establishing new livelihoods in their new location.

Livelihood diversification is seen as an important adaptation strategy. Social protection measures can support these in various ways. Asset transfers and micro-credit can enable investments in assets required to engage in new livelihoods for instance. Livestock, beehives or tools for trades and crafts are examples of such assets, but there are many others.

PEPs can also be used to create or enhance existing public assets such as marketplaces, roads, bridges and other types of safe river crossings as well as private assets for the (extreme) poor, such as watersheds, fish ponds, water wells and irrigation, and terracing of hilly land.

Cyclone Sidr (Bangladesh) impacts and employment and livelihoods of natural disasters

As a result of cyclone Sidr (Bangladesh) a total of 567, 000 persons were affected in their employment, corresponding to 14 per cent of all households in the twelve affected districts. Livelihoods were affected mainly by damage to income-generating assets and by loss of employment and income. Damage to assets includes mainly the loss of fishing boats and gear, factory equipment, tools of self-employed workers, damage to fish ponds, loss of livestock, destruction of common assets such as roads and electric networks, destruction of cowsheds and other farm infrastructure, silting of land, destruction of shop inventories and business premises, and the loss of income-earning human capital in many of the households hit by loss of human life.

Nonagricultural Business Damage

Private businesses lost infrastructure, equipment, and inventory in the cyclone. This included small retail shops in marketplaces across the affected areas, small factories (rice mills, sawmills, ice factories, potteries, etc.), trade shops (blacksmiths, barber shops, repair shops of various sorts), some wholesale trade stores, many tricycle vans and rickshaws, sewing machines, tools held in private homes for the self-employed, and many other kinds of equipment. Damages affected about 30,500 establishments and 75,000 jobs. In addition, about 27,000 self-employed workers without a fixed establishment lost tools and other assets. Destroyed assets had an estimated total value of BDT 262 million (US\$ 3.8 million), most in the industrial sector.

Loss of Output and Revenue in Nonagricultural Businesses

Private businesses had to interrupt or reduce activity for varying lengths of time due to the cyclone, extending in some cases to more than two months, due to destruction of assets, lack of electricity, or other reasons. Other small and informal businesses even took longer or completely lost their economic base. The average industrial establishment interrupted operation for more than 40 days. Commerce and service enterprises stopped for much shorter periods, but were also affected. Total loss of revenue in industrial and commercial establishments due to reduced activity has been estimated at BDT 3.3billion (US\$ 47 million), most of it in the non-industrial sector.

Source: Government of Bangladesh 2008.

An interesting development in Brazil has been the recent introduction of the *Bolsa Verde* (Green Grant) cash transfer programme. This cash transfer is structured as complementary to *Bolsa Familia* and provides an additional transfer to extreme poor households living in or around protected natural areas. The grant aim is to incentivize the sustainable use of forestry resources and prevent destruction or overharvesting in these areas.

This approach highlights the possibility for other conditions, specifically related to adaptation, to be attached to cash transfer programmes. While the nature of the conditions would depend on the context of where such programmes take place and what the most suitable local adaptation strategies are, the important point is that such CCT could be used to promote local adaptation activities- and provide resources for households to actually invest in these.

The poor could benefit from a wide range of insurance products beyond crop and livestock to help them mitigate the risks of climate change: assets, health, accident, life, loss of income, livelihoods and unemployment could all be relevant, depending on the context. (See Box on cyclone Sir in Bangladesh for examples of how livelihoods outside agriculture were affected by the cyclone). While a number of schemes are being tested around the world, there are a few interesting questions that arise.

The most obvious issue is of course the affordability of insurance for the poor. Beyond the problems poor people face in covering these costs, there is the additional potential problem that given the higher vulnerability of the poor, the cost of insurance could be even higher in relative terms, making it even more unaffordable. One option to be explored in this regard could be the use of “non-contributory” conditional insurance schemes, analogous to non-contributory social security interventions like conditional cash transfers. This would imply that poor people would be covered by an insurance scheme without contributing financially, but on the condition that they would change their behaviour to be less vulnerable to the effects of climate change (and where necessary be supported to do so).¹⁷ Where such insurance is seen as desirable, this could support behavioural change that makes households and communities more resilient. Such schemes could also be coupled with CCTs with green conditions attached as discussed earlier.

PEPs can also make an important contribution to support the construction and adaptation infrastructure and “climate proofing” of assets. Examples include (Donnges 2010):

- Irrigation and water and land resource management in rural areas to address the variability and intensity of water supply and improve the quality of existing land. This includes community forestation.
- Flood control, drainage and water conservation structures both in rural and urban areas to deal with the variability and frequency of water availability.
- Rural transport improvement and maintenance to ensure that transport networks can withstand the increased level of rainfall and flooding.

Adaptation is a long-term process and projects will be most effective if they are part of a larger integrated strategy. In particular when it comes to water conservation, maintaining a watershed approach is critical. This is dramatically demonstrated by the Loess Plateau watershed rehabilitation programme in China which transformed the part of the plateau where the rehabilitation measures were implemented.¹⁸

Such comprehensive rehabilitation of a watershed results in a range of co-benefits: increased vegetation, improved soils, reduced erosion and rain water runoff, rising groundwater tables and cleaner surface water, culminating in a more resilient ecosystem and increased agricultural productivity. In addition it also contributes to climate change mitigation by capturing carbon through increased vegetation.

Public works and employment programmes (PEPs) can also support pro-active climate proofing in poor urban areas, for instance by providing work to the local community to clean, maintain and improve drainage structures to reduce water damage caused heavy rains and storms and floods and supporting hurricane- and earthquake-proof construction.

Where PEPs allow work on private assets of the poor, they can assist with climate proofing whether in urban or rural areas. Terracing can dramatically improve the ability of farmland in hilly terrain to withstand heavy rains for instance. PEPs can also contribute by improving dwelling by for instance nailing down roofs to prevent them from blowing away or raising floors to prevent flooding.

In fact, one of the most common areas where PEPs are increasingly being used is in activities that are related to the environment.¹⁹ There is a wide range of activities involved- some have infrastructure elements- but others involve no infrastructure at all. Mostly they have a strong links to sectors where productivity is closely linked to the state of the natural environment: water (availability and quality), agricultural productivity, forestry and tourism. Furthermore these activities can also preventative of mitigative- such as cutting firebreaks to contain the spread of wildfires should they occur. PEPs provide a vehicle to get these things, which are often not prioritized when budgets are allocated done.

The set of “Working for”²⁰ programmes in South Africa are examples of such programmes.²¹ Each programme focuses on a different environmental concern or threat: invasive plants that use of scarce groundwater, restoration of threatened wetlands, maintaining and protecting coastal areas, reducing the threats of wildfires etc. All these activities fall within the mandate of government, have clear links to economic sectors and productivity and offer work opportunities at a large scale. Further much of this work is ongoing of recurring.

In Ethiopia, PSNP’s main focus is soil and water conservation which is direct linked to agricultural productivity which in turn impacts on food security. As a programme it therefore does not only address food insecurity through the provision of income, but also addresses one of its underlying causes: low productivity caused by a deteriorated natural environment. The underlying strategy for deciding on PSNP projects and work is watershed management. The aim is to improve the overall watershed area through a number of interventions and as a result improve water availability to higher groundwater tables and sustained stream flows, improved soil conditions, reduce erosion and enhance indigenous vegetation in critical areas. Similarly in India, NREGA has a strong focus on works related to soil and water conservation.

Overall implications and what needs to change?

A number of implications emerge from the identified need for social protection measures to be more responsive to the effects of climate change and support effective adaptation. Firstly, it clear that social protection programmes will increasingly need to be designed to respond to vulnerability and not just current (income) poverty. Many of the vulnerable may not be categorized as poor currently, but can quite easily fall into poverty. Climate change can increase their vulnerability even further.

Furthermore, there are those living in some regions and working in sectors that are currently relatively stable, but are particularly vulnerable to the effects of climate change. Social protection systems must be able to support these as well when they are actually impacted. This implies adjusting current targeting practices and consideration of more universal approaches that can simplify these issues.

Secondly, social protection instruments themselves will need to evolve, so that they can respond to different kinds of vulnerabilities. Consideration may need to be given to having the option to provide both in-kind and cash transfers as PSNP does for instance.

Conditionalities of CCT's could also be amended to include conditions that would support behavioural change that increases resilience. PEPs need to focus more on identifying additional assets and services that could support local adaptation and food security efforts.

Thirdly social protection systems will need to become more agile, given the various uncertainties of how climate change impacts will unfold. This will require finding the right levels of decentralization, responsive financing mechanisms such as contingency budgets and new ways to manage systemic risks such as rising food prices, increased migration flows, higher unemployment or the (partial) collapse of certain sectors.

New or additional demands climate change can place social protection systems

New or additional demands	Example	Possible adaptation of Social Protection responses
Increased coverage due to loss of income/ higher unemployment	Businesses may move away from areas vulnerable to extreme weather events leading to higher unemployment and closure of local businesses due to reduced local demand	Administrative ability and financial capacity to increase coverage to cover increased number of unemployed
Increased coverage due to reduction in income	Productivity of small farmers is decreased due to increased droughts and floods	Schemes to provide complementary income or assistance to those who have experienced temporary or long-term losses in income to ensure they maintain a minimum income level
More frequent crises and shocks, greater instability	Due to climate impacts on agriculture, food prices increase and are more volatile food prices thus destabilising household consumption and increased numbers of households that move in and out of poverty (sometime poor)	Flexible arrangements and eligibility requirements for social protection schemes targeting the poor are adjusted to avoid exclusion of the sometimes poor
Increased need to support transitions and migration	Workers in sectors negatively affected by climate change may need to shift to other economic sectors	Social protection systems to be designed to support such transitions by guaranteeing income during training and searches for new work. Social Protection systems will also need to be able to follow those who migrate so that they do not incur a loss of benefits in the process
Increased need for health care coverage	Increased spread of diseases due to increased temperatures combined with reduced income results in additional need for supporting access to health care	Universal health care coverage is expanded to cover those diseases whose spread has increased due to increased temperatures

Source Lieuw-Kie-Song et al (*Forthcoming*).

Finally, the alignment and integration of social protection policies with adaptation and Disaster Risk Reduction policies will become increasingly important. Social protection systems will need to improve their ability to respond. For instance social protection systems can use early warning systems to better anticipate extreme weather events and anticipate food shortages that may be a consequence of these. PSNP in Ethiopia has been doing this for instance, and the early warning system can trigger the programme risk financing mechanism to increase available funding. Furthermore it would appear that there is room and opportunity to promote learning, knowledge sharing and cross-cutting research across these policy areas and their associated disciplines to enhance design and implementation of future interventions.

Another important strategy is to enable these systems to pay in cash or kind in contexts where food supplies are constrained and cash transfers may contribute to increasing local food prices even further. Such a strategy requires that there are sufficient stockpiles of food and logistical capacity to distribute these in-kind payments if required. It is also being used in PSNP, as the programme also receive in kind donor support.

Section 3: Towards Inclusive and Resilient Social Protection Systems: Design Issues and Innovations

The recent crisis has strengthened interest in social protection and calls for ensuring effective protection have grown in major policy fora. It has also motivated the review of the design and efficacy of various policy instruments such as cash transfers (conditional and unconditional), subsidies, and public works programmes with a view to identifying how easily they could be scaled up and augmented during the crisis.

In particular, the crisis has increased interest in programmes that appear to have had significant impacts on poverty and inequality and appear to have contributed in various ways to enhancing the productive contribution of social protections. There is particular interest in cash transfers programmes from Latin America and new and innovative ways of delivering public works programmes in some countries in Africa and Asia.

Considerable attention is being given to the design of individual ‘flagship’ programmes. The experience during the recent crisis signals the importance of explicitly identifying mechanisms to consolidate programmes and strengthen integration. Each country needs to identify how integration can be promoted across a set of programmes and how the programmes across the spectrum of the *social protection system* can be designed to promote resilience and respond to new structural vulnerabilities while addressing defined national priorities.

There are potentially some policy and design trade-offs between policies and programmes that strengthen resilience in the face of crisis and those that respond to longer term development needs. For example, targeted programmes that encourage investment in human capital and work to smooth consumption and income flows in the context of current or structural poverty are not necessarily able to rapidly respond to the needs of the ‘new poor’ created by the crisis or able to respond to the increase in the ranks of the vulnerable.

Proxy means tests based on determinants of chronic poverty are, by definition, not responsive to volatility and variations in income. This would appear to be a challenge for CCTs programmes, especially those with a strong focus on the long-term human capital objectives.

Countries have, however, adapted their programme approaches to respond to the new contexts in various ways. CCTs linked to more inclusive registries were used by countries to quickly respond to the crisis under the assumption that those higher up in the distribution of the proxy means scores (the near poor) would be those more vulnerable to the crises. From a technical perspective, CCTs could be adapted to a crisis/shock event to protect human capital investment in the children of the new poor in a *ex-ante* fashion through the introduction of shock related variables into the proxy means test as well as through non-structural determinants of poverty in an *ex-post* manner by allowing a continuous process of registration in which potential new beneficiaries (new poor) could quickly update their information into the system and have their proxy means score recalculated to determine eligibility (De Janvry et al.,2008).

Many question related to the targeting mechanisms and instruments remain open. In the context of limited resources how to balance the focus on the chronic poor and vulnerable groups (e.g. bottom 10 per cent as largely used in some unconditional cash transfer programmes in Africa) with new groups of poor created by growth-related volatility, climate change induced disturbances and significant fluctuations in the prices of food and fuel? Can and should vulnerabilities over the life cycle for those in the formal and informal economy be addressed through separate programmes or are there growing political economy imperatives and opportunities to adopt more integrated approaches? Can large scale programmes being implemented to foster investments in human capital to address inter-generational poverty be responsive to the needs of the new vulnerable/poor in crisis contexts? How to link a focus on medium-term inclusive structural change with the new approach to public employment programmes which look to foster productive inclusion of poor communities? How to expand the range of policy options to respond to the under-/un- employment of educated youth given that training, job subsidies and microfinance do not necessarily deliver in the short term? Is there a growing role for employment safety-nets that goes beyond the short-term crisis response with a view to link them with medium to long-term objectives?

To the evidence based on the evaluation of individual programmes, has been added the anecdotal evidence that countries that had more comprehensive and integrated social protection schemes were more successful in weathering the crises. These countries were more likely to adapt and expand their existing programmes and/or develop new ones in a timely manner than countries that were still in the embryonic phases of their social protection systems, i.e., either working on a pilot basis or considering just the traditional instruments that they have used in similar circumstances in the past. In short, countries with more integrated social protection systems were able to show macroeconomic resilience (macro and meso level impacts), being able to quickly recover from the crisis, as well as to foster resilience at the household level (micro level), limiting the impact of the crisis on poverty and inequality as well as its damaging effects on development outcomes: food and nutritional security, education and health.

3.1 Adapting to Country Resources and Realities

It is important to recognize, nonetheless, that countries have different capacities in responding to the crises and in adapting social protection and employment policies to deal with them. Middle Income countries and the larger developing economies were able to rapidly make funds available for countercyclical policy measures. In these countries, expansion of social protection programmes to prevent the worsening of both chronic and (new) transient poverty during the crisis was part of fiscal stimulus packages. An added objective was the maintenance of consumption levels and aggregate demand.

LICs, on the other hand, are more likely to have restricted fiscal space and to be highly dependent on grants (ODA). In such circumstances, the move toward a more comprehensive social protection system would need to be careful in identifying clear priorities and in choosing programmes that have stronger synergies with the productive side and potential for integration with other locally identified priorities in the developmental agenda. This challenge is compounded by the fact that ODA is the most volatile source of public finance (Roy et al., 2009) and, in times of global crisis and fiscal squeeze tends to be cut just when it is needed the most.

Some innovative programmes like the PSNP in Ethiopia have produced important lessons that can be shared among the LICs. Four interesting features of PSNP seem to have a broader potential for learning and sharing: 1) a high level of coordination and alignment among donors and the Government of Ethiopia; 2) a design that recognized the different needs of chronically food insecure households with a mix of direct support (cash transfers) to those unable to work (elderly and disabled) and with a public work programme that provides work to households with sufficient labour during the lean season in areas (woredas) identified as highly vulnerable to food insecurity; 3) the capacity of bringing together in its design multiple objectives, i.e., improving food security among beneficiary households, preventing the depletion of assets at the household level, and creating assets at the community level; without overwhelming the programme with competing objectives; 4) a food security flagship programme (PSNP) that does not need to be a stand-alone initiative, it can be part of a broader food security strategy that include other programmes such as Household Asset Building Programme (with a view to enabling a smooth graduation from PSNP), Resettlement Programme and Complementary Community Investment Programme.

3.2 Using Information Systems to Strengthen Delivery, Accountability and Integration Across Programmes

The deployment of single registries and/or of interconnected databases seems to be one important innovation that even if initially linked to some flagship programme were able to be implemented in a much broader manner.²² In Latin America, such systems became quite popular and proved their utility and multipurpose potential during the recent financial crisis. Where registries were more inclusive [included not just the poor/eligible but also deployed a broad definition of vulnerable and/or were linked to population registries and national ID databases], they could contribute to mitigating the policy trade-offs and enhance the social protection system's capacities to deliver during the crisis and contribute to addressing poverty and vulnerability during the medium/long term.

In the Dominican Republic, the SIUBEN (a registry of potential beneficiaries of social protection programmes) that had been expanded to help in the implementation of "*Solidariedad*", a CCT programme that covers those living in poverty (both moderate and extreme), was used to help with rationing and rationalization of the gas subsidy. The latter was targeted to the poorest and lower-middle-income households through a new programme called *Bono Gas*. The SIUBEN database covers 60 per cent of the population of the country and the CCT programme 21 per cent of the population. Therefore, SIUBEN is not simply a registry of the poor, but also those vulnerable to poverty. It can be used in various ways – for social protection programmes with a more universal coverage or for programmes that address the needs of those who are not necessarily poor, but are vulnerable in other dimensions. i.e., it can be used to design different interventions that can be tailored to specific vulnerabilities of families or local communities

(Gamez, 2011). In addition, resources saved through the gas subsidy reform were used to expand the coverage and the amount paid to the beneficiaries of the CCT programme. The existing database and payment mechanisms that were already in place helped the government to respond quickly to the crisis. As a result, the extreme poverty headcount continued to fall – a trend that started with the implementation of the CCT programme in 2005 – and poverty remained constant, despite the severe impact of the crisis on both consumer price index and food price index and on the level of activity (Gamez, 2011).

Mexico has also used its CCT programme, Progres/Oportunidades, to quickly respond to the food and fuel crises as well as the financial crisis. New components were added to the existing transfers such as *Apoyo energetico (energy support)* that corresponded to an additional 60 Mexican pesos to compensate for increases in cooking gas expenses and the *apoyo infantil vivir mejor (child support)* which offered 100 Mexican pesos for every child between 0-9 years. Moreover, the number of beneficiaries of both *Oportunidades* and *Programa de Apoyo Alimentario - PAL (Food Support Programme)* were increased. PAL, unlike *Oportunidades*, is a food and nutritional security programme that geographically targeted poor villages without the supply of services that would enable beneficiary families to comply with *Oportunidades*'s co-responsibilities (Soares, 2011).

Similarly to the Dominican Republic, Mexico was able to quickly respond to the crises because they already had tools in place that could be used to expand and modify existing programmes. The expansion of the cash transfer component of *PAL* did not imply starting a new programme from scratch, it used the same technology (database and targeting mechanism) used in *Oportunidades*. In addition, the idea is that once the supply of services is in place in the underserved villages, *PAL*'s beneficiary families would be incorporated into *Oportunidades*.

The expansion of *PAL* also addressed the common criticism that *Oportunidades* tended to exclude the neediest and most underserved villages. As for the impact of the crisis, between 2008 and 2010, according to CONEVAL (2011) poverty increased in Mexico from 44.5 to 46.2 per cent whereas extreme poverty slightly declined from 10.6 to 10.4 per cent. These results suggest that the transfers were able to protect those living in extreme poverty, but it was not enough to prevent a slight increase in poverty. This may be due to the fact that the crises had more severe impact in urban than in rural areas and highlights the need to develop special components and adapt the targeting tools to those, who despite not being poor, can become temporarily poor during a crisis. These vulnerable groups are not eligible to receive targeted benefits for the poorest or social security benefits available to formal workers. This situation reveals the fragility/vulnerability of the so-called rising low middle-class with regard to the crisis recovery.

Oportunidades has also helped the development of other programmes such as the social pension programme, *70 y más*, which from a specific and modest component of the programme became a programme on its own. It used the technology and approach developed by the previous programme to address other type of vulnerabilities. Similarly, *Oportunidades* has developed links with a health insurance programme (*Seguro Popular de Salud*) that provides health insurance to give access to a basic bundle of health services. Once again, this points to how flagship programmes can enable and help in consolidating programmes/initiatives that tackle other dimensions of poverty and vulnerability.

3.3 Improving Coordination and Integrating Programmes to Foster Resilience and Make Growth more Inclusive

More important than using the registries developed by CCT or similar programmes to quickly respond to the crises, is to use these sources of information to be more proactive in identifying how to make the growth process itself more inclusive. For example, consider *Puente*, the entry to *Chile Solidario*, an integrated programme in Chile, whose objective is to fight extreme poverty and social exclusion through a tailored strategy that is jointly developed by social workers, who are in charge of psychosocial support to the families, and beneficiaries.

The idea is that the persistence of extreme poverty and its insensitivity to the growth process, as observed in late 1990s in Chile, is to a large extent explained by the lack of access to opportunities and to social policies/programmes (Larrañaga et. al., 2009a). Thus, it is necessary to give intensive attention to beneficiary families and to guarantee their access to (adequate) social policies. The programme focuses on the following dimensions: health, education, housing, employment and income, family dynamics and identification as means to enable the families to achieve at least a minimum acceptable level in each one of these dimensions.

This approach required a good database to identify the different vulnerabilities of the extreme poor families and to rank them in order to establish some priority for the psychosocial support. This was done through the information available in the Social Protection Form (*Ficha de Protección Social - FPS*), a tool used to calculate the vulnerability index (proxy means) of the families and that covers 65 per cent of the population in Chile. This information is also uploaded to the Registry of Social Information (RIS) and merged with the administrative information of social programmes. This system, thanks to the existence of a number that uniquely identifies the (potential) beneficiary of the social programmes both in the programme database and in the FPS database, allows social workers and programme managers to have on time access to the socioeconomic information of a (potential) beneficiary of a programme and the situation of his/her family. The design of *Puente* also highlights the need of having a database of the supply of programmes/services available to the poorest segments of Chile. This was achieved by the Integrated System of Social Information (SIS) whose objective was to improve coordination and complementarities among different programmes from different ministries (Robles, 2011).

This technology also allowed Chile to use its social protection programme as part of the economic stimulus designed by the Chilean government to mitigate the effects of the 2008-9 crisis. A temporary cash transfer, Family Support Benefit (*Bono de Apoyo a la Familia*), was paid to four million families, constituting 23 per cent of the population, in March and August 2009 and in March 2010 with the aim of smoothing the impact of the crisis on the income of the poor and vulnerable. Unlike in Mexico, the new components added to the transfer in Chile were temporary, and were not paid to families after March 2010. However, a new cash transfer was introduced to complement the transfers received by *Chile Solidario* beneficiaries, *Asignación Social* (Social Allowance), represents an increase of 56 per cent in the budget of *Chile Solidario* in relation to 2010 (Robles, 2011). The new benefit has an unconditional component and a conditional one. The former varies from US\$ 9 to \$15 per capita (per family member) depending on the degree of vulnerability of the family (as per the Social protection Form - FPS). The conditional component refers to health, education and women's insertion in the labour market.

The latter is a novelty with regard to conditionalities in the Latin American region and more than a punitive conditionality it is like a negative income tax that provides an incentive to work. It is worth mentioning that unlike most CCTs in the region, *Chile Solidario* did not have explicit health and education conditionalities nor a system to monitor them.

With regard to the impact of the crisis, data from the Chilean household survey shows that despite the crisis, there has been a small fall in poverty from 13.7 per cent to 11.5 per cent between 2006 and 2009, but an increase in extreme poverty from 3.2 per cent to 3.6 per cent. Moreover, the income inequality measured by the Gini index remained constant at 0.53 whereas income inequality of earnings net of social transfers increased from 0.54 to 0.55 (Robles, 2011). Without the transfers of the Chilean social protection system the crisis would have had a negative impact on inequality and possibly a much larger impact on extreme poverty. The data assisted in making a case for an increase in the value of transfers for the extreme poor and to reassess the time and also the methodologies used to work with the extreme poor families who are part of *Chile Solidario*. As for the productive inclusion of the beneficiaries of Puente/Chile Solidario, administrative data and evaluation indicators have shown that the employment and work targets agreed to with social workers in the family strategy are the ones most difficult to be achieved by the families. (Barrientos, 2010; Larrañaga et al., 2009a). It has been suggested that innovative approaches that look not only at the family's capacities and needs, but that also add a focus on community development to boost alternative sources of income and occupations for these families.

Even as these systems can be cumbersome and expensive to setup, gains by way of facilitating improvements in the effectiveness of the social protection programmes are increasingly becoming clear. For South Africa, if the databases of the grants programmes (Old Age Pension, the Child Support Grant and social transfers) could be interlinked with the registries of the Expanded Public Work Programmes (EPWP) it would be easier to have a good diagnostic of the needs of the families and to better plan the type of work that would need to be offered or could be offered by EPWP and other programmes. The importance of cross-checking databases to avoid duplications and identifying inclusion errors cannot be denied. However, it is becoming clear that the role of the systems in expanding the set of opportunities available to families, decreasing exclusion errors and improving coordination have been less emphasized to date. The information can be used to analyze impacts of programmes and to serve as inputs for process and impact evaluations whose results can be used to enable a continual process of programme redesign and refocusing of objectives.

The well-known Single Registry (Cadastro Único) of Brazil is another database of potential beneficiaries that has been much improved thanks to the consolidation of conditional cash transfer programmes. It has recently become the central "informational" pillar for the new strategy to eradicate extreme poverty (Brazil without Extreme Poverty, *Brasil sem miséria*). The new strategy is made up of three components: 1) a minimum income guarantee; 2) access to basic services, including water and sanitation; and 3) productive inclusion.²³ The consolidation, expansion and improvement of the existing *Bolsa Família* is the main mechanism to achieve this minimum income level that would allow families to become more productive not only in the long-term via investment in human capital, but also in the short to medium term by indirectly subsidizing their food consumption as well as their costs of transportation, which are the minimum pre-requisites for the families to be able to have access to opportunities. Proactive

search of potential beneficiaries who are excluded from both *Bolsa Familia* and more worryingly from the Single Registry will be the priority in this strategy. Partnerships with local civil society organizations, private sector, municipal and state governments are fundamental to fight exclusion errors, since it will rely mostly on knowledge at the local level. Municipalities with lower levels of coverage in relation to extreme poverty estimates will be the focus of this activity.

As for expansion of *Bolsa Familia*, recently, the government changed the cap from three to five children as regards entitlement to the part of the transfer that is conditional on health monitoring and school attendance. Such change will enable extreme poor families that tend to have a larger number of children to receive higher benefits. However, unlike Chile, the benefit is not still per capita or per child so that the transfer will still have a bias against larger families. This is to a large extent due to fear that the transfer can stimulate a higher fertility rate among the poor. A new transfer “Green Grant” (*Bolsa Verde*), alluded to earlier, will also be implemented to support conservation and ecosystem services in forests and extractives reserves. The transfer will be paid four times per year and will correspond to R\$ 100 (US\$ 60 per month).

The access to basic services component is aimed at developing an integrated approach to guarantee access of the extreme poor population to healthcare (e.g. family health programme), electricity, housing and sanitation, food security programmes, education (e.g. adult literacy and early childhood education), social assistance and civil registration (documents). This requires the scaling-up of programmes to reach underserved areas, integration of registries to identify gaps as well as training of social workers to improve their knowledge about programmes available for the target population.

As for productive inclusion, the strategy aims to reinforce the links between the food security programmes and the beneficiaries of *Bolsa Familia* since 47 per cent of the target population lives in rural areas. Family farmers will receive technical assistance based on technologies to be developed in partnership with universities and EMBRAPA – the institution responsible for the technologies that boosted Brazil’s food production during the 1970s and 1980s. Until 2014, 250,000 families will also receive a cash support of R\$ 2,400 (US\$ 1,500) in the first and the second years of the plan aimed at subsidizing investment in inputs and equipment. Improved seeds from EMBRAPA will be distributed to the beneficiaries. Another important dimension is the expansion of the public food procurement programme (PAA) targeted at family farmers from 66,000 families to 255,000 by 2014. Linkages with the school feeding programme and social service entities such as hospitals, nurseries, prisons, which are important to guarantee demand for the food locally procured, will be strengthened. This is an interesting initiative that links productive inclusion and food security.

As for the urban areas, the productive inclusion dimension will focus on skill building programmes, job placement, microcredit, and incentives for the ‘solidarity economy’. State and municipalities with the support of the Federal government will map the opportunities available at the local level and match them with the families targeted by the strategy. The information available in the Single Registry will also help to identify the family’s needs with regard to training, job placement and productive potential.

3.4 Taking into Account Gender Vulnerabilities in the Design of Social Protection Programmes

From the viewpoint of specific vulnerabilities facing women, some CCT programmes have acted as a preventive and protective tool. In some cases, they have even had a promotive dimension, in terms of engaging women in the labour market or granting them preferential access to microcredit programmes. This happens particularly when they are part of a broader strategy, like Chile Solidario, in which case some effort is made to integrate cash transfer programmes with complementary programmes. Recently an income (negative tax) type of incentive has been added. Interesting impacts have also been found for unconditional cash transfers programmes like the Child Support Grant which has enabled young mothers to send their children to school or child care, freeing their time so that they can participate more in the labour market (Eyal and Woolard, 2011). CCTs are not thus not gender neutral, even if they do not consider gender relations in their design. Evaluations of programmes such Bolsa Família in Brazil (Suarez and Libardoni, 2007) and Chile Solidario in Chile (Larrañaga et al., 2009b) reveal some potential for women's empowerment through increases in their bargaining power within the household and improvements in their social status in the community, as a result of positive impacts on their self-esteem, self-confidence and self-perception.

However, these programmes are not primarily aimed at addressing women's needs. Thus, in some contexts, they can entail a trade-off between these needs and children's well-being (as perceived by the CCT programme rationale), which is actually the main immediate objective. This may happen, for instance, when mothers who already suffer from time poverty are required to attend talks and to go to schools and health centres to certify that their children have complied with conditionalities. Small changes in design and better use of information technology and innovative service provision could lessen the time burden that the programme imposes on them (Soares and Silva, 2010).

In addition, the demands of most programmes with regard to enhancing child well-being are not presented as family duties or obligations but rather as mothers' responsibilities. Such messages can reinforce traditional roles. The programmes need to revise this type of language and to create the opportunity to trigger some discussion within the household on the traditional roles of men and women with regard to their responsibilities for ensuring the health and education of the children. Ideally, the programme language should promote a more balanced division of responsibilities between mothers and fathers and among other members of the household (Soares and Silva, 2010) and consider the provision of early childhood care through social protection programmes themselves (Antonopoulous, 2011).

Analogously, Holmes and Jones (2010) point out that public works and employment programmes (PEPs) also face some challenges in making their design gender sensitive. Here too, small changes in design can facilitate women's participation and guarantee equality of treatment in the PEP programmes as well as ensure that the assets and services they generate address gender-based vulnerabilities. NREGA's 30 per cent quota for women's participation in the work activities is one example on how to guarantee that women are not discriminated against when applying for public works. A similar approach is also applied to PSNP, especially with regard to female headed households. Flexible working hours and alternative tasks or direct support for women in late stages of pregnancy and nursing in PSNP are also features that facilitate women's participation in the programme.

In addition, it is necessary to have provisions to guarantee equal pay, especially when payment on the basis of piece-rates may generate lower pay for women. Women should also be paid in cash if this is the way male workers are paid. If the programme includes banking or post-office accounts, women should be able to have them in their names, so that they can have control of their own financial resources. Assets should benefit both men and women alike, for the latter, access to fuel wood and water closer to their homes are crucial to decrease time poverty.

Ensuring the provision of child care at the worksite and allowing for public works themselves to focus on the provision of social services, especially home based care and child care as in the case of the CWP in South Africa, is also another important mechanism that would tackle gender-based vulnerabilities and also help to convert unpaid services performed by women into paid work. In the case of NREGA, the fact that work has to be provided within a 5km radius is a draw for women. In the case of other PEPs, ideally women could be given preference for work closer to their houses to reduce the time burden and transportation costs, and also to minimize the threat of gender-base assault and violence.

It is clear that both cash transfer and PEP programmes have introduced important elements in their design to ensure that they are gender sensitive. However, there is room for some improvement and cross-learning among the different programmes/policies. As pointed out by Holmes and Jones (2010) it is crucial to understand how gender dynamics across the lifecycle shape policy and intended and unintended programme impacts in order to improve the design of the programmes so as to identify ways to also ensure a reduction in the time poverty and an increase in empowerment for women.

3.5 Adaptations and Lessons

Latin America has been leading the process of using information systems to better integrate programmes, but it is not the only region where innovation has taken place. In the aftermath of the 1997 crisis in Asia, Indonesia managed to quickly develop a database of potential beneficiaries that could benefit from an unconditional cash transfer programme designed to phase-out the generalized fuel subsidies in the country. This experience was quite important for the development of a standard CCT programme – Program Keluarga Harapan – and an innovative community CCT programme – Generasi Programme.

In Egypt, a pilot CCT programme with soft conditionalities is being designed in the Upper Egypt region with a view to strengthening women's empowerment. In India, the LADLI schemes present in several states, albeit with slightly different design, aims to increase school enrolment and attendance among girls and to avoid child marriage through the use of conditional transfers. These types of schemes show how CCTs can be adapted to different realities. Also in India, the Government of Delhi is designing a programme called 'mission convergence' to improve the information and targeting mechanisms of the several means-tested state-level transfers like old age pension, child allowance and disability grants. The idea is to rationalize existing programmes and improve the delivery of new components allowing for transparency and clearer rules. With regard to the latter, the introduction of a Universal Identity number in India has been seen as a major step forward that would mitigate problems of fraud and duplication, but also would allow programmes to be better integrated into a more comprehensive system.

As for the largest Public works or public employment programme (PEP) in the world, NREGA is also applying the concept of “convergence” to complement the public works activities with related productive interventions from other ministries. The move towards the integration of programmes of other ministries, particularly, on the infrastructure side could also contribute to the durability and quality of the assets being generated. Separately, in addition to the focus on public asset creation, NREGA allows for some of the work and assets to be constructed on the lands of marginal farmers, scheduled castes and scheduled tribes. Analogous to the productive inclusion approach in Brazil, this can be a way to directly boost the productive livelihoods of these populations. As indicated earlier, NREGA has also played an important role in improving the functioning of labour markets for the poor through the indirect enforcement of a national minimum wage thus increasing the reservation wage and the wage floor for unskilled workers – particularly women - in rural areas.

Looking Forward

The paper has explored the ways in which programmes were adapted to the crisis context with a view to drawing lessons as to how to design for resilience. It is become clear that apparent trade-offs between designing for resilience and for a more medium term contribution to growth can be mitigated by new programme approaches. What is also clear from this is that countries are able to move forward in their own ways by treating existing flagship programmes as anchors and as entry points for access to new temporary and more permanent programmes.

Key to the ability of programmes to be responsive have been their delivery platforms and the registries of beneficiaries. Where the registries have been focused on vulnerability rather than narrowly on poverty, it has been easier to include the new poor and the vulnerable. Also important here is the adoption of a more longitudinal measure of poverty (See Soares, S. 2010) since there tends to be considerable churning with people moving in and out of poverty with extensive variations in the numbers of the poor depending upon how the poor are counted.

In many of the cases discussed here, the flagship programmes were home grown. Emerging economies have tended to move in the direction of operating at scale, increasing the efficiencies of the programmes; decentralizing programme delivery and implementation and increasing accountability and transparency in programming. These approaches have been critical for increasing the results orientation and impact and reducing the costs of delivery particularly when gains from consolidation and spreading out of transaction and overhead costs could be realized. While the emerging countries have also moved towards more systems based approaches – initially through linking programmes and using a common registry, it is also clear that that many developing countries have not yet been in a position to realize these types of gains. However, the approach taken in the design of the PSNP in Ethiopia provides some grounds for optimism.

While evidence suggests that for the most part these programmes have been cheap and affordable, scalable programmes are still viewed as a luxury that should be limited to the short term. There are also some additional causes for concern. In emerging economies, the vulnerability of the new lower middle class to falling back into poverty is not sufficiently recognized. These vulnerable groups lose out on targeted benefits for the poorest as well as the benefits of the social security that formal workers have access to.

Analogously, unemployed able bodied workers in the working age group and unemployed (educated and unskilled) youth also tend to fall through the cracks in some regions. They are not considered to be a vulnerable group and the policies typically advocated to address their situation do not come close to being effective in the short term.

That said, it is also clear that when social protection programmes are designed at scale and within a medium term framework, they can contribute to fostering both an inclusive recovery and medium term growth path. Given the fragility of the global recovery and the difficulties in moving towards more inclusive growth trajectories it is clear that social protection needs to be on the long term policy agenda especially if there is to be growth with resilience.

The fuller report also identifies serious data gaps and as well as the frequent lack of inbuilt monitoring and evaluation frameworks. These are important not only for the improvement and redesign of the programmes, but also for acting as an important accountability mechanism. As the CCT programmes of Latin America demonstrate programmes and strategies that are monitored and evaluated are more likely to win cross-partisan support that can be critical for the political sustainability of the programmes.

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Notes

1. See Government of Brazil/Presidência da República Secretaria de Assuntos Estratégicos (2011) for study of rising middle class.
2. For discussion of South Africa, see M. Leibbrandt, I. Woolard, H. McEwen and C.e Koep (2010).
3. In Brazil, unlike in many other countries, there is no significant youth bulge. Fertility has been declining and is now estimated to be below the level at which a population replaces itself. See Gorney (2011) for an interesting discussion of some of the main factors behind this demographic trend.
4. M. Leibbrandt, I. Woolard, H. McEwen and C. Koep (2010) note that while coverage of grants is progressive – i.e., two-thirds of income to the bottom quintile now comes from social assistance, mainly child support grants and more than 80 percent of the elderly receive the country’s Old Age Pension, there are significant gaps in support for working age people in poverty.
5. Jonasson and Helfand (2008) point out that the proportion of the rural labour force engaging in rural non-agricultural employment also varies by region: e.g., ranging from 25 per cent in the Northeast which is the poorest region, to 39 per cent in the highly urbanised Southeast. On average, richer households were more likely to specialise in rural non-agricultural employment than poorer households—21 per cent of households in the lowest income quintile, compared to 37 per cent in the highest income quintile.
6. See Government of India (2006:79).
7. See GoI (2006:80): “To fulfill the rights created, the 11th Plan must ensure that NREGP is adequately funded and effectively implemented. State governments should address existing problems, meet employment demand promptly and, by using NREGP in convergence with other schemes, develop land and water resources effectively, especially to benefit the scheduled castes and tribes.”
8. Both aim to *complement the income* that poor families with adults of working age can secure from other sources. Brazil also has another income transfer aimed at the poor - i.e., the Benefício de Prestação Continuada (Continuous Benefit, BPC). As an *income substitution programme* aimed at the elderly or disabled in poor families, the BPC pays exactly one minimum wage. It should be noted that while most CCTs implemented in Latin America only consider poor families with children within the relevant age group as eligible, in Brazil, the Bolsa Familia programme incorporates a *basic benefit* for families in extreme poverty, regardless of their demographic composition. i.e. the *Bolsa Familia* Programme is composed of two types of benefit and has two eligibility lines. Those families whose incomes fall beneath the extreme poverty eligibility line are eligible for a fixed benefit as well as variable benefits which vary with the number of children. In the case of the basic benefit there are no conditionalities (Childless families also benefit from Oportunidades in Mexico and from Chile Solidario in Chile). Those families whose incomes fall above the extreme poverty line but below the non-extreme poverty line are only eligible for the variable benefits and receive no fixed benefit.
9. Two years is the minimum spell that a family can stay in the programme regardless to what happens to its per capita family income. After this it is reassessed and allowed to stay so long as it continues to meet the income criteria and co-responsibilities. Soares et.al. (2010:12) point out that this longitudinal approach is important: “If the poverty rate is defined as people who were poor in one of two consecutive months, the rate is six percentage points or a third higher than the poverty rate defined as individuals who are poor in any given month. If poverty is defined as those who are poor in one of two months one year apart, yields a poverty rate that is 40 per cent greater than the single-month poverty rate. ..Finally, the poverty return rate is also high. In 2005, 46 per cent of those who left poverty in a given month were back in poverty in the next one. Another 14 per cent returned to poverty two months after leaving it. Half of those who entered poverty were out of it the

following month. The very clear conclusion is that poverty is neither static nor limited to a single episode. People at risk of becoming poor are constantly crossing the poverty line in both directions.”

10. Re-certification is a process used to reassess characteristics of existing beneficiaries/households to determine whether their eligibility has changed and, hence whether they should continue to participate in the program.

11. Programmes that are complementary for the PBF include: Brasil Alfabetizado, PRONAF, Crediamigo, Agroamigo, and Próximo Passo. Brasil Alfabetizado is dedicated to adult literacy; PRONAF promotes access to credit for family farmers, while Crediamigo and Agroamigo are micro credit programmes for residents in urban and rural areas, respectively; Próximo Passo is a vocational training programme targeted at facilitating entry of Bolsa Família beneficiaries into the labour market. It incorporates PLANSEQ (a sectoral skill-building plan), which is dedicated to training and is coordinated by Brazil’s Ministry of Labour and Employment (MTE). See Soares and Silva (2009) for details; see assessments by Machado et. al. (forthcoming) and Lindert et. al. (2007).

12. For the case of Brazil, M. Kisil (2009) writes that although the Brazilian State recognised its legal responsibility and the right of the child to attend nurseries and schools and ECD became linked to the educational system within the framework of the 1988 constitutional mandates and that implementation efforts were enhanced by the Statute of Child and Adolescent in 1990, a new Federal Law for Education in 1996 that specified that nurseries and pre-schools must be integrated into the public educational system and the setting up of FUNDEB (Fund for the Development of Basic Education), composed of federal, state and municipal resources in 2007, there are still gaps in the provision of affordable early childhood care.

13. In Brazil, family farmers are legally defined in the National Family Farming Act (Law 11.326) according to 4 requirements: the rural establishment (or undertaking area of activity) does not exceed four fiscal modules (defined in each municipality); the labour used in the related activities is predominantly family-based; the family’s income predominantly originates from activities related to farming and the small-holding; the establishment is directly managed by the family.

14. Some companies decided to relocate from New Orleans for instance after hurricane Katrina, resulting in obvious job losses in the area.

15. A rise of 2 C in temperatures would make most areas in Uganda unsuitable to growing coffee for instance (ILO/UNP 2008). In Colombia coffee production is already affected by rising temperatures (See for instance NY Times, March 9, 2011 “Heat damages Colombian Coffee, Raising Prices”).

16. Being local is often a criteria for being eligible for social protection. Furthermore some programme like NREGA in India are confined to rural areas and those who migrate to urban areas are not guaranteed work. Separately, in South Africa for instance where the Old Age Grant is used to support the cost of migration of some household members. It should be noted that not all social protection systems support migration however, and some aim to reduce it. In particular where access to the system depends on locality criteria, migration may actually be made more difficult.

17. Livestock insurance could be conditional on having systems in place to limit overgrazing etc.

18. The possible transformation which such programmes can cause are well captured in the documentary “Hope in a changing climate” which features the Loess Plateau as well as watershed rehabilitation as part of PSNP in Ethiopia and VUP in Rwanda accessible on <www.hopeinachangingclimate.org>.

19. See Lieuw-Kie-Song (2010) for a more extensive discussion on the different environmental concerns PWP/PEPs can respond to.

20. This cluster of programmes consists of Working for Water, Working on Wetlands, the Coast, Working on Fire. See Government of South Africa webiste for EPWP and Department of Water Affairs [website](#).

21. Lieuw-Kie-Song (2010).

22. Joana Mostafa (2007) writes that in the wake of integration of the various cash transfer programs in Brazil, a single registry for all targeted social programs was created by presidential decree in 2001. The registry, called Cadastro Único de Programas Sociais (CadÚnico), aimed at identifying the socio-economic profile of the entire poor population of Brazil so as to inform central government on the effective demand for pro-poor policies.

23. See the Brazilian Ministry of Social Development webpage <<http://www.brasilsemmiseria.gov.br/>> and the Strategic Affairs Secretariat webpage <<http://www.sae.gov.br/site/wp-content/uploads/Portas-de-erradica%C3%A7%C3%A3o-da-extrema-pobreza.pdf>> for further details.



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