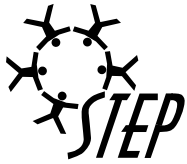
SOCIAL PROTECTION AND INCLUSION: EXPERIENCES AND POLICY ISSUES



The Strategies and Tools against social Exclusion and Poverty global programme (STEP) of the International Labour Organization (ILO) is active in two interdependent thematic areas: the extension of social protection to the excluded and integrated approaches to social inclusion.

STEP supports the design and dissemination of innovative systems intended to extend social protection to excluded populations, especially in the informal economy. In particular, it focuses on systems that are based on the participation and organization of the excluded. STEP also contributes to strengthening the linkages between these systems and other social protection mechanisms. In this way, it supports the establishment of coherent national social protection systems based on the values of efficiency, equity and solidarity.

STEP's action in the field of social protection fits in the broader context of combating poverty and social exclusion. It places particular emphasis on improving understanding of the phenomena of social exclusion and on strengthening integrated approaches, on a methodological point of view, aimed at reducing this problem. STEP pays special attention to the relationship between the local and national levels, while at the same contributing to international activities and agendas.

STEP conducts a variety of activities: it carries out research and studies; produces knowledge development platforms based on ICT, methodological tools and reference documents; provides training; conducts field projects and technical assistance in the definition and implementation of policies; and promotes the development of networking between the various actors concerned.

The programme's activities are carried out within the Social Security Department of the International Labour Office and the Global Campaign on Social Security and Coverage for All.

Strategies and Tools against social Exclusion and Poverty programme
Social Security Department
International Labour Office
4, route des Morillons
CH-1211 Geneva 22
Switzerland
Tel: (+41 22) 799 6544
Fax: (+41 22) 799 6644
E-mail: step@ilo.org
http://www.ilo.org/step

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Preface

At the 89th International Labour Conference in 2001, governments and the organizations of employers and workers of more than 150 countries reached a New Consensus on social security. Within the framework of this consensus, the International Labour Conference indicated that the highest priority should be given to "policies and initiatives which can bring social security to those who are not covered by existing schemes". Following a proposal of the Conference, in 2003, the Director General of ILO launched the Global Campaign on Social Security and Coverage for All.

The 89th International Labour Conference gave priority to the extension of social security in light of the following: only one person out of five in the world benefits from adequate social protection, and more than half of the world's population has no social security coverage at all. Despite a worldwide reduction of poverty, exclusion from social protection persists. It is frequently only one dimension of a broader, often increasing, exclusion particularly affecting access to rights, social services and the possibility of decent work.

Governments will only be able to overcome these difficulties if they manage to better integrate social and economic objectives. The dichotomy between these two categories has, in the past, led to political decisions which failed to have the expected effects on the vast majority of the population. The social impact of economic policies was neglected. The importance of considering the needs and aspirations of women and men was underestimated and the rise in insecurity and social conflicts, as well as political instability, undermined expected growth and development.

Increasingly, facts reveal that it is not only necessary but more effective to work simultaneously on growth, reduction of inequalities, achieving social security for all, reinforcing civil rights and institution building. In view of this orientation, new social protection policies seek to establish closer links with employment and income-generation policies and, more generally, to create synergies with measures supporting social inclusion. This publication documents efforts made in this direction.

Initially, it presents experiences at the global level concerning social assistance, which establish stronger, multiple and positive links with labour market policies and with the provision of basic social services. These links are notably established in conditional cash transfer programmes and in guaranteed minimum income schemes. The experiences of Latin America and Europe are rich in lessons on the modalities of design and implementation of these mechanisms. The programme *Chile Solidario* links assistance to access to services, and constitutes an "entry point" for social insurance. The transposition of these systems for the low-income countries should be considered with extreme caution, as the conclusions of this publication indicate. In these countries, the institutional conditions of governance and the weakness of local infrastructure may require intermediate approaches more centred on the territory, as the article on the experience in Angola suggests.

Secondly, the publication presents a rich discussion about the different forms taken by policies aimed at extending the coverage of social insurance, as well as case studies on the experiences of developing countries. China, India and Brazil seek to address deepening inequalities by adopting policies aimed at universal social security coverage. In this way, they have developed pragmatic and original approaches: by providing social assistance on a massive scale and creating links between social assistance and local development policies (Brazil); by extending national solidarity to the rural producers through health insurance cooperatives (China); and by institutionalizing and progressively supporting the initiatives from excluded groups (India). The article on Portuguese-speaking African countries underlines that social protection for those in the informal economy in rural and urban areas will undoubtedly have to be initially based on the efforts of the communities and the grass-roots groups, as much as on the State.

The Universal Declaration of Human Rights states in article 22 that: "everyone, as a member of society, has the right to social security." The realization of this right requires an updating of its methods of application with respect to the changes in the world of work and social life. The diversity of the experiences presented in this publication encourage us to reflect on the ongoing adaptations and evolutions necessary to guarantee that the principles of dignity, solidarity and participation linked to the right to social security remain alive. There is much work to be done to make this right effective for the greatest number of people, in particular those most vulnerable and those who work in the informal economy. By supporting the definition and implementation of new policies, the ILO works to achieve this goal, notably in developing countries.

Lastly, I wish to thank the Government of Portugal which, through essential financing granted to the Strategies and Tools against social Exclusion and Poverty programme (STEP), in its component "Fight against social exclusion", made it possible to launch this useful and timely debate on the evolution of social protection in the world, in particular in the developing countries of Africa.

Assane Diop
Executive Director, Social Protection Sector

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STEP wishes to thank Luciano d'Andrea for his support in making the compilation of articles possible and Wouter van Ginneken for his significant comments on the articles and his insight in the conclusions.

The book benefited significantly from substantial observations on original draft versions from the department of Social Security, in particular, by Krzysztof Hagemejer, Carmen Solorio, Christina Behrendt, and Wolfgang Scholz, as well as STEP experts, Valérie Schmitt-Diabaté and Philippe Vanhuynegem. Philippe Marcadent and Luis Frota oversaw the production of the book.

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Introduction

Luciano d'Andrea

Social protection began to be recognized as a universal right in the 1940s.[1] However, its full implementation is still far from being a reality. Millions of people worldwide still do not have adequate access to social protection services, or are not covered by any scheme. The extension of social protection remains one of the highest priorities of the International Labour Organization.[2]

The specific factors, which are hindering the achievement of this objective, remain a subject of international debate. However, there is an increasing and broadening interest in the huge impact that global trends have, in particular, on social protection, and how these 50-year-old systems, are adapting in response to the objectives of combating poverty and exclusion. Processes, such as economic and social globalization and their impact on the labour market, the informalization of work, increase of international migrations, global health risks (such as HIV/AIDS pandemic) and the "digital explosion" have all profoundly modified the nature and dynamics of poverty and social exclusion over time, above and beyond chronic poverty and social exclusion.

Social protection remains a key weapon in the fight against poverty and social exclusion, as indicated by the expectations of its contribution to the Millennium Development Goals (MDGs). In order to achieve this objective, social protection systems need to strengthen their links with mechanisms that prevent

[1] We can mention here the ILO 1944 Declaration of Philadelphia which recognized "the solemn obligation of the ILO to further among the nations of the world programmes which will achieve (…) the extension of social security measures to provide basic income to all in need of such protection and comprehensive medical care" and the 1948 Universal Declaration of Human Rights, stating that "everyone, as a member of society, has the right to social security".

[2] The 89th Session (June 2001) of the International Labour Conference reasserted the pivotal role of the extension of social protection in the struggle against poverty and social exclusion, indicating that the highest priority should be given to "policies and initiatives which can bring social security to those who are not covered by existing schemes".

and combat poverty and social exclusion. To a certain extent, social protection systems have to aim at moving targets, which change considerably in size, features and directions, over time. In the domain of social protection, the rate of innovation, in terms of theoretical elaboration and practical applications, has remained high in the last decades, and continues to rise. New strategies and instruments to combat poverty and social exclusion are derived from a clearer understanding of their changing dynamics and with the experimentation of new technical solutions to address them.

The essays collected in this book reflect the updated picture of these innovative efforts. Different perspectives can be seen in each author's approach to social protection-related issues.

Some essays (de la Brière and Rawlings; Kazepov and Sabatinelli; Barrientos), start with the presentation of a series of new forms of social assistance schemes carried out in different countries, drawing from them broader directions of change with regard to their reinforced focus on social inclusion. Other papers focus specifically on country experiences in this regard (Ducados; Chaterjee and Ranson; Pérez Díaz), raising a major issue concerning the uncovered workers in the informal economy (Rodrigues, Fialho and Lopes) and addressing particular national experiences referring to the objective of the universalization of social protection (A. Hu; Silveira). Finally, one contribution (Lautier) provides an overview of the main challenges that social protection systems presently confront, with particular regard to the objective of better incorporating the most vulnerable people, whilst retaining the universality of the systems.

The book presents a wide range of information, empirical material and theoretical arguments, allowing an identification of the main trends in the evolution of social protection systems and the major challenges they have to cope with today, in order to respond to the persisting and new challenges of poverty and social exclusion.

In his conclusions, W. van Ginneken gives an effective interpretation of the key questions emerging from the different essays. In this Introduction, I will concentrate on the three issues that appear to be particularly significant: the existence of a new model of social assistance; the extension of social protection; and, the increasing weight of the local dimension.

Towards a new social assistance?

The essays in this book raise the question: what are the new models or patterns of social protection emerging from the accumulation of experiences gained over the last years, in relation to the objectives of fighting poverty and social exclusion?

In fact, many essays suggest that a consistent set of transnational trends in social protection are emerging.

The exhaustive overview by de la Brière and Rawlings on Conditional Cash Transfers (CCT) is particularly stirring. Although CCTs are only an instrument, they appear to be the bearers of a "DNA structure" profoundly different from that which shaped the traditional forms of social protection. The principle of conditionality introduces a criterion of exchange between service providers and beneficiaries which produces a new two-way system of obligations. In this way, CCTs aim, not only to address current poverty through the provision of cash transfers, but also long-term poverty and exclusion by fostering investments in human development, especially among the young, focusing on their health, education and nutrition enabling them to become productive members and full citizens of society. According to de la Brière and Rawlings, the CCT approach "reflects a new thinking on the rationale for social protection, which re-examines the presumed trade-off between equity and efficiency by considering the long-term social and economic costs of uninsured risks and unmitigated inequalities and the potential role of safety nets in addressing these issues".

In his essay, A. Barrientos, tries to identify some of the distinctive characteristics of this "new thinking", through an analysis of many advanced experiences in social assistance (PROGRESA in Mexico, "Food/Cash for education" in Bangladesh, "Child Support Grants and Social Pensions" in South Africa, "Bolsa Escola" and "Bolsa Familia" in Brazil, "Puente Programme/Chile Solidario" in Chile).

Barrientos singles out a set of common features which make these programmes structurally different from traditional approaches, highlighting their increased linkages with labour market policies, such as: the provision of a mixed package of cash transfers and service provisions; the focus on households and not on individuals or the community; a multidimensional view of poverty; the renewed focus on the poorest people; the use of social protection measures as a means for facilitating household investment in human, physical, and social capital. In all, these features reflect an effort to overcome a static view of social assistance which "provides temporary safety nets to groups that are economically inactive", in order "to develop regular and reliable forms of support capable of delivering medium and longer-term human development improvements".

The underlying idea of the experiences presented in the Barrientos's paper is that social assistance is to be used as an activating factor, both in fighting social exclusion and in promoting economic development. However, this strategy does

not necessarily turn into a specific model of social assistance, which could be replicated and transferred, given the specific design and circumstances of its implementation in the different settings.

The study by Kazepov and Sabatinelli, on minimum income policies in Europe provides a good example of this aspect. In their essay, the authors succeed in showing that this same notion of activation has been interpreted in different ways, according to the vision of welfare dominant in national culture, i.e. universalistic visions: "that tend to underline the structural causes of social exclusion, and to socialize the risk and the consequences of being socially excluded" or liberal visions: "that tend to stress the individual responsibilities among the causes of the social problems". Therefore, the same "philosophy" of social protection, once applied in different national contexts, produces distinct models of action which, in turn, tend to develop different, if not divergent, measures.

This is not surprising. Sooner or later, new approaches, programmes and experiences must be integrated into an already existing tradition of social protection which is, at the same time, an intricate web of informal and formal institutional and social relations.

Nevertheless, innovative experiences very often require, and even foster, other broader changes of a systemic nature.

The Puente programme, presented in Pérez Díaz's paper, is an inspiring example of this. This programme is, undoubtedly, a very advanced and innovative approach to social protection. It is based on a set of "pillars" (service personalization; use of highly advanced monitoring and evaluation systems; high level of coordination among public and private actors; pro-active orientation; beneficiaries' participation, etc.) which can also be understood as components of a "model". However, Puente programme presupposed a different way of thinking and managing public administrations as a whole. For example, it required that some well-established distinctions (e.g. between service providers and service users) or organizational principles (e.g. a rigid task division among administrative sectors and levels) were questioned, both theoretically and practically.

The experiences of first-generation cash transfer programmes such as Progresa\Oportunidades (de la Brière and Rawlings; Barrientos) and even more that of second-generation "Chile Solidario" sharply highlight the wide systemic preconditions necessary to spearhead this new model of social assistance. As these innovations bring changes to the system, these changes are fed back to the interventions and lead to adaptations in their design and implementation.

Extending social protection and universalization

Issues of a systemic nature also emerge when the question of the universalization of social protection is examined.

In his comprehensive analysis of this issue, Lautier gives an overview of the theoretical and practical questions which social protection systems had, and still have, to cope with in extending coverage. His analysis identifies contradictions and ideological ambiguities related to the universalization process, questioning the concepts of "most vulnerable" or "social rights" today. This has resulted in a separation and contradiction between social protection for the "most vulnerable" and the general process of universalization. It has also resulted in a lack of coordination between the two ways historically used for universalizing social protection, i.e. the *top-down* movement (a central policy decision is followed by the establishment of laws, institutions, financing mechanisms) and the *bottom-up* movement (small-scale social protection initiatives are expanded, repeated and brought together in a social security system).

According to Lautier, a revolution in thinking is required to overcome these limits, making "social security for the 'most vulnerable' part of a general process of universalization". This implies reconsidering "the many problems universalization poses: the need to reconstruct the institutional backbone of social security in most countries of the South; the financing problems that will subsequently arise; and, lastly, the need for a total rethink of the question of social rights and their trade-offs".

Lautier's paper suggests that the extension of social protection happens through the capacity, not only to find out and apply new ideas and solutions, but also to "link up" all the pieces involved in the universalization process (bottom-up and top-down approaches, national-community/group based initiatives), etc. This capacity seems to be typical of the most advanced experiences aimed at extending social protection.

Particularly meaningful in this regard, is the Self Employed Women's Association (SEWA), presented in the essay by Chatterjee and Ranson. SEWA – the largest union of poor women informal workers in India, counting almost 800,000 members – developed a social security scheme (SEWA SS) aimed at improving access to health care among poor women working in the informal sector. The broad success of the SEWA SS programme, in terms of extension of coverage and quality improvement of women's lives, is surely due to its innovative set-up (effective targeting procedures, capacity in identifying and removing the social, administrative and economic barriers hindering women to access social and healthcare service; high quality organization; consistent participatory approach, etc.).

SEWA SS's success also appears to be linked to its "holistic" view of social protection. This is reflected by its multidimensional structure that is a "system",

including four different sectors, i.e. healthcare services, childcare services, housing and insurance. A view also expressed in SEWA's explicit strategy, which is to serve "as a conduit through which its members can better access, and shape, existing health and social protection services". All this makes SEWA SS a public-private partnership-based initiative whose actions result, not only in a remarkable extension of social protection to women informal workers, but also in an increasing improvement of public services that work for, and with, the poor. Obviously, the malfunctioning of public services will have a direct impact on the effectiveness and the quality of the SEWA SS scheme.

The analysis made by A. Hu on rural health insurance in China adds further elements to the dynamics connected with the extension of social protection. The figures presented by Hu show that the substantial efforts of the government to redevelop the rural health insurance system with strong financial support, but also thanks to high economic performance, increased dramatically the coverage of rural health insurance in the last three years and is expected to achieve universal coverage in the rural areas by 2010, similar to the remarkable development of health insurance in Korea over 1970s and 1980s. At the same time, it is worth noting that some of the factors facilitating the extension process today could become the hindering factors of tomorrow. For example, the county-based schemes, financially and administratively independent of each other, need to be integrated gradually, at least acquired entitlement to benefits being convertible, in order to ensure portability, equality of benefits and sustainability of protection. State solidarity should be maintained and perhaps reinforced. Similarly, decentralization, which allows flexibility in accordance with local variations, could foster polarization of the poorest and richest municipalities. The current low-level benefit, in terms of actual reimbursement rate, is another concern. If benefit provisions are inadequate, although no explicit or unique criteria are accepted and applied globally, social protection against poverty and exclusion cannot be achieved, even if a universal personal coverage has materialized.

The China case suggests that extending social protection is not a linear process, marked with points of no-return, hence the need for remarkable improvements in the attitude and capacity of governments and international agencies to continuously control the outputs of their programmes, for a rapid understanding of their possible unintended impacts or counterproductive effects.

The non-linear and systemic nature of the extension process implies that shortcuts are not allowed. The essay by Rodrigues, Fialho and Lopes provides us with a good example. In their article, the results of a research project on extension of social protection to informal workers in the Portuguese Speaking African Countries (PALOP) are presented and discussed. They show that the formalization of informal workers and their access to formal social protection schemes, even if financially sustainable, would encounter many obstacles of a social, cognitive and economic nature.

Firstly, it is considered that formalizing existing conditions is not economically attractive either to workers or employers. Among informal workers, there is a diffuse lack of trust in the State and its institutions. Secondly, formal social protection services are perceived as ineffective and managed in bureaucratic ways. Finally, different forms of community-based social protection mechanisms have been developed to support informal workers and their families.

Extending social protection reveals itself as a systemic affair, requiring control over a number of variables pertaining to different domains, such as the functioning of public administrations, the State-citizen relationship, the culture of the community, the structure and the evolution of the labour market and the quality of social service provisions.

The local dimension at the forefront

Many pieces of the social protection puzzle discussed above are systematically analyzed in Silveira's paper on the experiences and strategies in the fight against social exclusion in Brazil.

Silveira sees as the major question for improving social protection systems, the integration among sectors, themes and actors. However, as shown by the Brazilian case, such an integration involves a profound change in the State-citizen relationship, which should allow passage from a government-based approach (centred on public actors) to a governance-based one (where all public and private agents in the public terrain, with their morphologies and flows, are involved), whilst local governments and decentralized State agencies retain a central role in regulation and control.

This search for integration casts new light on the relevance of the local dimension. The local is not in opposition to the national or the international levels. Rather, it appears that all factors and policies connected with poverty and social exclusion are funneled, regardless of their point of origin. For this reason, according to Silveira, "the political and socio-productive inclusion initiatives from the *local* correspond to multi-scale or *trans-scale* dynamics", making local dimension probably the best field for initiating social inclusion, overturning, in this way, the usual "logic for the construction of social bonds (political and productive)" attributing to the local dimension a marginal position, with respect to the national dimension.

The experience of the Fundo de Apoio Social (FAS) in Angola, presented in Ducados's essay, is particularly meaningful in this perspective. Launched by the World Bank in 1994, the FAS provided funds and assistance for implementing more than 2,000 local development sub-projects in the fields of health, education, water and sanitation, and economic infrastructures.

The core of the FAS approach is the establishment of a cooperation link between representative community groups (*nucleos comunitarios*) and local level

organizations (*agencias de enquadramento*) around common goals to identify and prioritize infrastructure needs, and to prepare subproject proposals for FAS consideration. In this way, local entities enter an extra-local dimension, through an itinerary, which includes technical assistance, capacity-building initiatives, monitoring and evaluation and the embeddedness of local actors in a network of local, national and international public and private agents. At the same time, extra-local agents are compelled to pass through local entities and to recognize local dimension as a privileged field in which national and international strategies can be monitored, evaluated and improved.

The case of the FAS shows that a locally-centred approach is different from a localistic one. In the former, local dimension is understood as the activation point and regulating principle of the action against social exclusion, even at the national and international level. In the latter approach, local dimension is viewed as the impact point of national and global dynamics (policies included) which local actors cannot control or even understand.

This changing perception of the local dimension is part of a broader effort, well documented in this book, to introduce large and small innovations, to be developed and disseminated, in order to improve the capacity of social protection systems to cope with the old and new forms of social exclusion and poverty, affecting contemporary societies.

Examining conditional cash transfer programmes: A role for increased social inclusion?

Bénédicte de la Brière
Laura B. Rawlings[1]

Conditional Cash Transfer (CCT) programmes have been widely adopted as a new approach in social assistance that may hold promise for combating poverty and fostering social inclusion. Their central tenet is the linking of cash to behaviour by providing money to poor families contingent upon certain verifiable actions, generally minimum investments in children's human capital, such as regular school attendance or basic preventative health care. This focus on beneficiaries and their roles and responsibilities in long-term investments in human capital, as opposed to more traditional models of providing goods and services, represents a considerable departure from past social policy. It recognizes demand-side barriers to investment in human capital including lack of information, the direct costs of access to health and education services such as uniforms and transportation, and the opportunity costs of schooling because of reliance on child labour.

Going beyond traditional social assistance policies, CCT programmes seek to address not only short-term consumption needs, but long-term poverty by fostering human capital investments in the complementary areas of nutrition, health and education. They are also seen as a promising avenue for going beyond relief to focus on redistribution and indeed they are among the most effective programmes in terms of reaching the poor, notably those outside of the purview of traditional social insurance programmes, which are often linked with formal sector employment. These features have made CCTs particularly attractive in countries with high levels of inequality where the extreme poor are characterized by very low levels of income, consumption and human capital.

[1] Authors wish to thank Kathy Bain, Christina Behrendt, Pedro Cerdan Infantes, Benjamin Davis, Margaret Grosh, John Maluccio, Ferdinando Regalia, Helena Ribe, Marco Stampini, Wouter van Ginneken for their comments.

CCTs are quickly becoming central instruments in many countries' poverty reduction agendas. On the economic side, research has shown that the elasticity of poverty to growth is much lower in countries with higher inequality. Growth is seen as necessary, but insufficient to reduce poverty; redistribution also plays an important role (Perry et al., 2006). It is hoped that CCTs' contributions to reducing inequality, combined with economic growth, can provide an equitable foundation for broad-based poverty reduction. On the social side, it is hoped that these longer-term investments will reduce vulnerability in the short-run and contribute to breaking inter-generational poverty in the long run by helping today's children become productive members and full citizens of society tomorrow.

CCTs feed into the broader debate on social inclusion on several levels, as they often lead to changes in accountability relationships between central governments, local governments, service providers and beneficiaries, among others. On national social policy level, CCTs are gaining popularity as instruments for reaching excluded groups, notably the extreme poor living outside the reach of social protection programmes tied with formal sector employment. Yet many argue that despite efforts at programme coordination, CCTs have yet to be adequately inserted within a broader institutional reform of social and economic programmes that would bring about effective inclusion and poverty reduction. On a local level, some CCT programmes have been criticized for using mechanisms that run counter to social inclusion goals with respect to local governments and communities. Finally, at an individual level, targeting of households with children and making monetary transfers to women is a hallmark of CCT programmes, but many of them have been criticized for not serving the needs of other excluded groups, such as the elderly or the disabled or those living too far away from schools and health centres to effectively comply with programme conditionalities.

Though CCT programmes have achieved quantified success in reaching the poor and bringing about short-term improvements in consumption, education and health, most of them have not been in existence long enough to evaluate their success in reaching their longer-term poverty alleviation objectives. Many programmes remain limited in coverage relative to the population of eligible beneficiaries. There is, thus, an active debate on their actual and potential contributions to social inclusion, which is spurring a rich variety of approaches to programme design and implementation. Finally, it is not clear how to replicate CCTs' successes to date for other beneficiaries or in other settings, particularly low-income countries with limited administrative capacities.

What has been established is that CCT programmes are at the forefront of experimentation in both social policy theory and social programme administration. This experimentation includes, not only the application of new social assistance paradigms, but also novel approaches to targeting the poor, monitoring conditionalities, involving beneficiaries, transferring funds, incorporating gender issues and rigorously evaluating programme outcomes. Many of these features,

though not intrinsic to these programmes, constitute important advances in the design and administration of social policy and are also key to meeting CCT social inclusion goals.

Part I gives a brief overview of CCT programmes including their role in promoting innovations in social protection. In part II, we describe the technical modernizations in social assistance, which these programmes have fostered. Part III focuses on their role in social inclusion while part IV concludes by describing some of the challenges faced by countries, of varying income and institutional capacities, in using this tool to address issues of inclusion.

I. Conditional cash transfers overview[2]

Since the mid-1990s demand-side programmes linking cash to behaviour have been widely adopted across a range of countries. Labour and employment requirements were introduced to social assistance transfer programmes as part of welfare reform through the Temporary Assistance for Needy Families in the USA and the New Deal in the UK.[3] More typical CCT programmes have been successfully implemented on a large scale in several middle-income countries, such as Brazil, Chile, Colombia, Ecuador, Jamaica, Mexico, South Africa, and Turkey. In these countries, CCTs often began as programmes for poor, rural and indigenous families with young children, but expanded to include urban households (Brazil, Mexico) or hard-to-reach groups such as internally displaced (Colombia) or disabled people (Jamaica), as well as an expanded range of sub-programmes such as secondary school completion incentives (Mexico), adult education (Brazil), psycho-social assistance (Chile), micro-credit, and housing (Brazil). Finally, some low-income countries such as Bangladesh, Burkina Faso, Cambodia, Kenya, Lesotho, Mongolia, Nicaragua, Honduras and Pakistan are experimenting with the approach, often on a smaller scale, while others, especially in Africa, are considering its adoption (Save the Children, 2005).

A. An innovation in social assistance

CCT programmes belong to the family of social assistance programmes that constitute a country's formal, publicly-provided safety net. Traditionally, social assistance has focused on transfer mechanisms to redistribute income to the needy, helping them to overcome short-term poverty in periods of crisis. It was distinct from social insurance, not sharing the latter's focus on market failures

[2] This section draws largely on Rawlings, 2005.

[3] Argentina Jefes y Jefas de Hogares Program, which started in 2001, as a response to the crisis also include a labour or training requirement for its beneficiaries.

and long-term solutions to risk management. However, this distinction is fading as social assistance grows to address longer-term challenges of poverty and inclusion, and social insurance grows to include poverty-targeted minimal insurance schemes.

This also reflects a new thinking on the rationale for social protection, which re-examines the presumed trade-off between equity and efficiency by considering the long-term social and economic costs of uninsured risks and unmitigated inequalities and the potential role of safety nets in addressing these issues. Investing in poor people's human capital is seen as a way to promote the virtuous cycle between social protection and human development (World Bank, 2005). Not only is social protection increasingly seen as an investment for development and poverty alleviation, but also as a cornerstone for the improved management of social policy and public expenditures (Vakis, 2005). As outlined above, CCTs epitomize this new thinking through their focus on both short-term relief and long-term redistribution. These programmes are also playing a growing role in the modernization of social protection.

By supporting minimal levels of consumption and providing incentives for long-term investments in human capital, CCTs and other safety nets may have an important role in compensating for the market failures that perpetuate poverty, particularly in high-inequality settings (Ravallion, 2003). In addition, the conditionalities can help internalize positive externalities of children's education and health which would otherwise not be captured (de Janvry and Sadoulet, 2005; Das, Do and Ozler, 2005).

B. Basic elements of CCT programmes

There are two components associated with most CCT programmes: education and health/nutrition. The education component consists of a cash grant targeted to primary school-age children, and/or in countries with higher educational attainment to secondary school-age adolescents. The cash is granted on an individual per-student basis and is conditional on enrolment and attendance of usually 80-85 per cent of school days. The grant generally covers direct costs (school fees and supplies, transportation costs) as well as opportunity costs derived from the income lost as a result of sending children to school rather than to work. To this effect, grants are higher for secondary school students than for primary school students in Colombia and Mexico. They are also higher for girls in Mexico[4] to provide an added incentive for reversing a rural pattern of low female participation in secondary school.

Health and nutrition monies consist of a cash grant usually targeted to preschool children and pregnant and lactating women. The cash is generally granted

[4] In Cambodia the pilot scholarship (Filmer and Schady, 2006) and in Bangladesh, the Female Stipend Program (Khandker, Pitt and Fuwa, 2003) only cover secondary school girls.

to families (not individuals) for food consumption, conditional on household members complying with the country's protocol of preventative basic and reproductive health visits. In Honduras, the grant reflects the value of the time of the mother for the trip to, and waiting time at, the health centre. In Colombia, the amount is equivalent to the mean income required to allow an indigent family to reach the extreme poverty line where they are able to consume an adequate amount of food.

In some countries, CCT programmes go beyond the demand-side incentives and also strengthen the supply of health and education. In Nicaragua, teachers receive a modest bonus per participating child, half of which goes to the acquisition of school supplies and private providers are contracted to expand basic health coverage. In Mexico, resources are set aside to cover the cost of additional demand owing to the programme. In Honduras, PRAF provides grants directly to schools and health centres. In El Salvador, the CCT programme is part of a holistic rural development strategy that includes infrastructure investments in schools, health centres and water and sanitation.

Table 1 provides more details about several of these programmes, which have acquired important roles in individual countries' portfolio of poverty alleviation measures and efforts to reform their social protection systems. In Mexico, PROGRESA and its successor *Oportunidades* were introduced as part of a major reform of social assistance that replaced shorter-term less well-targeted programmes such as tortilla subsidies. Likewise, Jamaica's PATH and Brazil's *Bolsa-Família* were introduced to replace or consolidate an existing array of income transfer programmes, while improving targeting and cost-effectiveness. In Colombia, *Familias en Acción* was introduced as a cornerstone in a new safety-net strategy designed to protect the poor during to the worst recession in 70 years.

C. Poverty targeting and welfare results

CCT programmes are efficient in reaching the poor: on average 80 per cent of the benefits go to 40 per cent of the poorest families (Coady, Grosh and Hoddinott, 2004; Lindert, Skoufias and Shapiro, 2005). They have had reasonable success in meeting their basic welfare objectives, namely reducing short-term poverty through increased total and food expenditures, decreased malnutrition (stunting) among young children, higher educational enrolment, lower dropout and repetition, and reduced child labour. In the area of education, some of these results include (Glewwe and Olinto, 2004; Maluccio and Flores, 2005; Skoufias, 2005; Attanasio et al., 2005):

- an increase in primary school enrolment from 75 per cent in the control group to 93 per cent in the treatment group in Nicaragua, from 82 to 85 per cent in Honduras (and virtually no effect on the already high, 94 per cent, enrolment rates in Mexico and Colombia);

Table 1. Basic information on selected programmes

Country	Mexico	Brazil
Year of the data (introduced)	2002 (1997)[1]	2005 (2001)[2]
Number of beneficiaries	4.2 million hh (20% pop.)	8.7 million hh (22% pop.)
Average unit transfer (US$ PPP 2003/ month/hh[3])	$62 education $21 health-nutrition	$64 total
Annual Budget (US$)	$2.6 billion	$ 3.0 billion
% of GDP	0.32	0.36
Education benefits	▪ Education grant ▪ School materials ▪ Supply and quality strengthened ▪ Savings account for graduates	▪ Education and nutrition grant
Health and nutrition benefits	▪ Food grant ▪ Basic healthcare ▪ Nutrition and health education ▪ Nutrition supplements ▪ Improved supply	
Grant periodicity	Bi-monthly	Monthly
Target group for education grants	Poor households with children 8-18 enrolled in primary and up to 20 years old in secondary school	Extreme poor and poor households with children 6-15 years old
Target groups for health and nutrition grants	▪ Poor households ▪ Nutrition supplements to pregnant and lactating women, children 4-24 months and malnourished children 2-5 years old	Extreme poor households and poor households with children 0-15 years old, pregnant and lactating women

[1] Progresa (Programa de Salud y Educación) started in 1997 and was expanded in 2002 through the Oportunidades programme. [2] Bolsa Escola started in 2001, Bolsa Alimentação and Auxílio Gas in 2002, Cartão Alimentação in 2003 and they were merged in Oct. 2003 into Bolsa Família. [3] From Lindert, 2005.

Jamaica	Colombia	Country
2004 (2002)	2005 (2000)	Year of the data (introduced)
63,000 hh (8% population)	340,000 hh (4.6 % pop)	Number of beneficiaries
$27 education $27 health-nutrition	$53 education $31 health-nutrition	Average unit transfer (US$ PPP 2003/ month/hh[3])
$ 18.3 million	$ 100 million	Annual Budget (US$)
0.32	0.12	% of GDP
▪ Education grant	▪ Education grant	Education benefits
▪ Health grant ▪ Health education	▪ Health and nutrition grant ▪ Nutrition and health education	Health and nutrition benefits
Bi-monthly	Bi-monthly	Grant periodicity
Poor households with children 6-17	Poor households with children 7-17 enrolled in school (2nd to 11th grades)	Target group for education grants
Poor households with children 0-5, pregnant and lactating women, people over 65, persons with disabilities, destitute adults under 65.	Poor households with children 0-6 not participating in other programmes	Target groups for health and nutrition grants

- an increase in secondary enrolment from 70 to 78 per cent in Mexico and from 64 to 77 per cent in Colombia for the control and treatment groups, respectively;
- a decrease in school drop-out rates from 13 to 9 per cent in Mexico, from 7 to 2 per cent in Nicaragua and from 9 to 5 per cent in Honduras;
- a decrease in grade repetition from 37 to 33 per cent in Mexico and from 18 to 13 per cent in Honduras;
- however, impacts on attendance and learning are mixed.

In the area of household consumption and nutrition:

- average consumption, in the treatment group, was higher by 13 per cent in Mexico and 15 per cent in Colombia, than in the control group;
- in Colombia, children under two years grew taller by 0.78 cm in urban areas and 0.75 cm in rural areas. Rural children aged two to six grew 0.62 cm taller. In rural areas, children aged two to four gained an additional 300 grams, while same age urban children gained nearly 500 grams. In Nicaragua, stunting prevalence (low height for age) in children under five years decreased by 5.3 per cent.

In the area of child labour:

- in Nicaragua, the percentage of children aged 7-13 in first through fourth grade, who were working, decreased by 4.9 per cent. In Mexico, labour force participation for boys showed reductions as large as 15-25 per cent relative to the probability of participation prior to the programme.

Other verified impacts include linkage effects in the local economy (Coady and Harris, 2001), multiplier effects through self investments (Gertler, Martinez and Rubio, 2006), spillover on the non-poor (Bobonis and Finan, 2005), protection against shocks (Maluccio, 2005; de Janvry et al., 2005b).

II. Modernization in operations

CCTs have introduced a number of modernizations in programme administration that have helped establish them as among the more effective and efficient in the array of social assistance transfers. These are important to furthering goals of social inclusion as they allow for improvements in management. Taking advantage of technological advances, they seek to reduce clientelism and corruption through modern systems for beneficiary selection, registration, payment and monitoring of programme conditionalities. Some have also used systematic evaluations

strategically to provide empirical evidence about their performance that has been crucial to generating support for them across party lines and political administrations. Finally, in many countries, the introduction of a CCT programme is part of a broader reform of social assistance linked to the reduction or elimination of less well-targeted and effective programmes in order to keep social assistance expenditures budget neutral and more results-focused. Programme proponents emphasize these features as important elements of a reformed approach to social assistance, based on administrative efficiency, transparency, fiscal responsibility and results. Several of these features are discussed below.

A. Unified registries of beneficiaries

To decrease overlap and duplication of benefits, large-scale programmes are using unified electronic registries of beneficiaries, which generally assign recipients a unique social identification number that allows them to be tracked over time and across programmes (Castañeda and Lindert, 2005). The administration of these registries varies, with completely centralized operations in Mexico and decentralized administration in Brazil, Turkey and Argentina that is consolidated into a centralized national database. These databases are sometimes cross-checked with other databases from formal employment, registry of deaths and pensions, to bring them up to date and ensure compliance with regulations. As operations stabilize, the quality of the registries tends to improve, but concerns have been raised about their overall reliability and the risks associated with privacy, the potential for manipulation, and the "high stakes" nature of errors of inclusion and exclusion.

B. Strategic use of evaluations

Unlike most traditional social assistance and development interventions, CCT programmes tend to include evaluations, notably impact evaluations, conducted by external evaluators, as an integral part of their design. The evaluations serve a technical purpose by providing an empirical basis for expansion and modification, as well as a political purpose by providing policy-makers with credible evidence to scale-up effective programmes and protect them during political transitions. In Mexico (Skoufias, 2005), Nicaragua (Maluccio and Flores, 2005), and Honduras (Glewwe and Olinto, 2004), they used gradual geographic expansion to randomly incorporate beneficiaries, taking advantage of logistical complexities, fiscal constraints and uncertainties about programmes' impacts to introduce methodologically solid evaluations based on experimental designs. More recently, they are increasingly using quasi-experimental designs with matching methods, such as in Jamaica, Colombia and Brazil. Most countries combine quantitative and qualitative analysis to gain a better sense of beneficiaries' perceptions and of community dynamics and processes.

C. Strengthened monitoring systems

Another area where CCTs have introduced innovations is in the monitoring of programme conditionalities. Effective monitoring is intrinsically linked to programme credibility, as illustrated by the drop in school attendance, which followed the collapse of the monitoring during the unification in Brazil and the subsequent increase, as the new monitoring system became functional. As much as monitoring contributes to programme effectiveness, most countries still face numerous institutional challenges in setting-up their systems and following up on the results. Mexico, Colombia and Nicaragua centrally manage extensive records of all beneficiaries while others, such as Brazil use a system where only households who are not fulfilling are reported. Colombia complements its basic monitoring approaches with random audits of school and health centres to check records and attendance and Argentina uses its quarterly household survey to monitor compliance with the work requirement on a macro-level.

These integrated monitoring and evaluation systems provide policy-makers with a useful set of tools for programme design and implementation, based on data collected from the field and reported to administrators. The element that has received less focus is devolution to and community-based monitoring and evaluation. These approaches, which range from community score cards to the publication of public expenditures, foster beneficiary engagement and transparency by using information that is either generated and managed locally or transmitted from administrators down to beneficiaries.

D. Improved payment systems

In some countries, CCTs have been at the forefront of adopting new payment technologies to reach out to populations, many of whom had not participated previously in the financial sector. These advances are also important elements of improved programme administration. For example, through the use of debit cards, several countries (Argentina, Brazil, Mexico) have improved their payment performance and their agility in disbursing the benefits to intended beneficiaries. Electronic transactions are easier and faster to verify and enable a better timing of programme outlays. Also, financial data can be consolidated and placed on the Internet (Brazil discloses transfers to municipalities), giving beneficiaries and local managers tools for greater accountability.

Many of these administrative modernizations first introduced in CCT programmes have been expanded and applied to other programmes. In Mexico and Colombia, evaluations are now mandated for many social assistance programmes and in a number of countries, unified beneficiary registries are allowing for the coordination of benefits from an increasing array of programmes.

In middle-income countries, these modernizations in operations have required substantial upfront investments, particularly given their links to advances in

technology. These costs are amortized over the life of the programme, as demonstrated by Mexico's PROGRESA/*Oportunidades* programme whose administrative costs went from 51.5 per cent of total budget in 1997 to 6.0 per cent in 2003 (Lindert, Skoufias and Shapiro, 2005). More than the technological innovations, these changes may also be helping to foster a results-based management culture and a focus on the efficiency of public spending, a marked departure from the limited attention paid to these issues in the past, especially in Latin America. However, these innovations, because of their heavy information technology and institutional capacity requirements, may well represent one of the greatest challenges for the implementation of these programmes in low-income settings. In these settings, a stronger reliance on community monitoring (as in the Kenyan pilot) may prove to be more feasible than the rapid introduction of technological innovations to foster increased inclusion and accountability.

III. Social inclusion

The role of CCTs with respect to social inclusion touches on many issues and foments considerable debate. In certain areas, such as the targeting of poor households, research results are available and point to both notable success and potentially troubling concerns. Other areas of the debate, particularly with respect to long-term inclusion and poverty alleviation objectives, will only be clarified in hindsight several years from now. We attempt to address these issues of inclusion from three perspectives: (i) implementing national social policy, notably with efforts to target the poor and coordinate social assistance policy; (ii) changing accountability relationships between different levels of government, service providers and beneficiaries; and (iii) reaching typically excluded groups, notably women.

A. National efforts to target the poor and coordinate social assistance policy

Targeting the poor. Probably more than any other widespread social assistance programme to date, CCTs have employed explicit selection of beneficiaries through targeting mechanisms in order to maximize coverage of the poor with limited fiscal resources. This strategy is seen as particularly relevant in settings where demand-side stimuli are needed to ensure access to existing social services, notably health and education. As such, CCTs are being employed to redress the exclusion of poor and vulnerable groups who have historically not benefited from public social programmes.

Operationally, most CCT programmes combine geographical and household targeting in two steps (Castañeda and Lindert, 2005). First, priority areas

are selected based on marginality (Mexico, Nicaragua, Panama) indexes, using micro-area poverty maps when available. Then, they collect information on household characteristics either through a census (Mexico rural areas) or on-demand in other areas (urban areas in Brazil and Mexico).

They then apply some sort of household eligibility criteria. In the United States and the United Kingdom, verified means testing is the rule. It is generally not possible in developing countries because of seasonality, informality and costs. At the other extreme, Brazil uses unverified self-declared income. Most other countries in Latin America use proxy means tests, which allow for a broader, multi-dimensional notion of poverty (more politically palatable). Eligibility is based on a weighted index of selected characteristics, which are easy to observe, difficult to manipulate and associated with poverty. As mentioned in Part I, these have fairly impressive results in terms of targeting efficiency.

While these methods improve the overall targeting of the programme and boost the registration of poor households, they raise several issues which may run counter to social inclusion goals. First, they favour mostly variables associated with structural poverty, making it difficult for households to join the programme when they face a shock (loss in income, illness of a family member). Second, since the formula for the scores are generally centrally managed, and kept secret to avoid manipulations by households and local officials, they are often obscure and difficult to understand for individual families and have caused tensions within communities, where households are divided into beneficiaries and non-beneficiaries (Adato, 2000; Adato et al., 2000a) (see also III.C). Finally, in settings of generalized poverty or low implementation capacity, household level targeting may be neither desirable nor feasible. There, it may be possible to experiment with block transfers to communities, adapting the experience of community-driven development initiatives supported by social funds. Indeed in the new CCT programme introduced in El Salvador, or under design in Panama, all eligible households within communities with indices of pervasive extreme poverty will receive transfers, without resorting to proxy means tests to estimate the poverty level of individual households.

Coordinating social assistance policy. As mentioned earlier, the introduction of CCTs is often pivotal to a more broad-based reform of social assistance policy, often in the wake of fiscal crises. In these cases, which include Mexico, Colombia and Jamaica, this has entailed the rationalization of other less well-targeted or cost-effective programmes, a feature that has contributed to CCT's financial sustainability and to the overall harmonization of social assistance policy.

Additionally, CCTs are being increasingly coordinated with other social programmes in order to strengthen synergies in poverty alleviation. For example, Chile's *Programa Puente* targets the 100,000 poorest and most excluded families in urban areas and provides beneficiaries with the support of a social worker for two years. While the monetary value of the transfer is relatively low (US$22 PPP 2003 per family per month), the programme aims at inserting families into the wider safety net through a tailored plan of conditionalities. Similarly, *Bolsa-Família* in

Brazil seeks to promote local synergies by linking the beneficiaries to preferential housing, micro-credit and local business development, and *Oportunidades* in Mexico piloted various expansions to the basic programme through the *Plataforma Oportunidades* – albeit with limited success to date – as well as credits for secondary school graduates that can be used for micro-enterprise, further education or housing.

However, many argue that despite efforts at inter-institutional coordination, CCTs have yet to adequately fit within broader institutional reforms of social and economic policies that would allow for effective inclusion and poverty reduction to take place. Two concerns are often raised. The first is the need for a more comprehensive social protection reform, notably of pension and health insurance systems, which often pose substantial problems of fiscal sustainability and inclusion of the poor, and whose scale, in terms of expenditures and coverage, typically dwarfs social assistance programmes. The second area of concern is the need for CCTs to strongly link with programmes that support labour market insertion and employment to provide incentives for graduation and opportunities for moving out of poverty.

B. New accountability relationships

In both intended and unintended ways, CCT programmes are changing accountability relationships between national and local governments, social service providers and poor households. These dynamics are manifested both "downstream" between service providers and beneficiaries, as well as "upstream" between local agents and central governments. The dynamics vary considerably with programme design, notably with respect to the degree of decentralization and the level of engagement of civil society. These accountability relationships are key to fostering social inclusion, yet they have not been studied as closely as other aspects of CCT programmes. Several of these accountability relationships are discussed below.

Between central governments and beneficiaries: conditionalities, co-responsibilities or rights? Central to CCT's approach is a new focus on "co-responsibilities" between the State and citizens where the State lessens its paternalistic role, time limits are placed on benefits and beneficiaries are required to comply with certain requirements. This relationship is reinforced through the provision of cash directly to beneficiaries, which allows the national government to forge a one-to-one relationship with poor households, without the intermediation of service providers or, in the case of centralized programmes, local government. Some have argued that this "short-route" approach to social service delivery undermines efforts at needed reforms of existing programmes and is detrimental to local democratic processes (World Bank, 2004).

In Mexico, the central government issues identification documents and numbers, verifies compliance and delivers cash transfers. By requiring families

to take responsibility for the schooling and health of their children, the programme seeks to foster a culture of co-responsibility between the government and families and emphasizes the contract aspects with penalties for non-compliance. *Oportunidades* beneficiaries perceive that these co-responsibilities help keep the programme "honest" and see them as a "benefit"; they appreciate the responsibility and positive outcomes associated with increased health care and schooling (Lindert, 2005).

In Brazil, the federal managers of *Bolsa Família* argue that health and education are basic "rights" and that the conditionalities encourage the poor to "realize" these rights. This contract or rights approach is supposed to depart from traditional, more paternalistic approaches to social assistance and is used to counter criticisms of CCT as hand-outs. The relevance of this approach critically hinges on an adequate, high-quality supply of services.

While the systems are technocratically transparent, certain features, notably centralized confidential formulas for selecting beneficiaries and lack of consultation at the local level, contribute to confusion regarding programme operations, perceptions of arbitrariness, and frustration among beneficiaries (Adato, 2000). Among the criticisms voiced, under these more centralized systems, are the lack of transparency in the selection of beneficiaries, the limited engagement of local governments and civil society, the lack of appropriate appeal mechanisms, and problems with verification and enforcement of norms and conditionalities.

Between beneficiaries and service providers. More recently, and notably among the more decentralized programmes, CCTs have implemented a number of mechanisms designed to improve inclusion by addressing the accountability of service providers to beneficiaries through strengthened appeals mechanisms, community participation and civil society engagement.

These efforts often involve engaging civil society and/or local government. At the central government level, several programmes such as those in Argentina, Brazil and Chile have established boards that include civil society representatives. Civil society is often engaged at the local level as well, through participation in consultative councils (in Argentina, Brazil and Chile) or via elected beneficiaries (in Mexico and Colombia) who serve as conduits between their communities and the programme providers.

In decentralized settings, the effective provision of social services requires the accountability of local providers, often elected mayors, to the programme's potential beneficiaries. In Brazil's *Bolsa Família*, beneficiary selection and conditionality monitoring are delegated to municipal governments, which operate social councils to which stakeholders can appeal to claim their rights.

Many of these mechanisms are still in their infancy and have yet to function as anticipated. A study of 261 municipalities in the northeast (de Janvry et al., 2005a) shows that social councils' performance is extremely uneven. Many municipalities do not form the council (even through it is a programme requirement). Even when they exist, the councils do not function because they meet irregularly or

lack information about the beneficiaries. However, when the councils function properly, they positively impact on programme implementation.

Between local and central governments. An increasing number of countries are decentralizing part, or all, of the delivery of social assistance services to states, provinces (USA, Argentina) or municipalities (Brazil, Bolivia, Colombia). In the USA, reporting relationships between the federal government and the states has dramatically changed from the food stamps directed implementation model to the results-based management of the Temporary Assistance to Needy Families (TANF) programme with block funding linked to audits and impact evaluations. States have more autonomy in implementation, provided they respect basic eligibility criteria and maintain adequate performance in targeting, cost-efficiency and outcomes (GAO, 2001). In these situations, the challenge of inclusion becomes a shared goal between central and local authorities.

In Brazil, after a first wave of directed implementation where municipalities were executors, *Bolsa-Família* is experimenting with "pacts" with states and municipalities. The pacts seek to better coordinate the activities and coverage of local and federal level programmes and provide larger benefits or greater coverage in a more cost-efficient and transparent way. To strengthen programme accountability, the executive is also involving the federal and state "Ministério Público" public attorney offices.

In Colombia, the central government administers the *Familias en Acción* programme in coordination with municipalities and its performance reflects both national government and local governments' capacity. For example, it uses a targeting system operated by municipalities, but the wide variation in municipalities' administration of the proxy means test resulted in mixed targeting outcomes at its earlier stages. Additionally, the CCT programme operates only in municipalities with an adequate supply of health and education services – primarily a local responsibility under Colombia's system of decentralized social service financing – which acts as an incentive for municipalities to address health and education service provision problems.

C. Including the excluded

Women: the key to human capital development? Perhaps more than any other types of social programmes, CCTs have incorporated gender dimensions into their operations as a strategy for promoting higher investments in children's human capital and for redressing the legacies of gender-based discrimination.

Intra-household analysis in the fields of economics (Haddad et al., 1997), sociology, and anthropology provides ample evidence across a range of cultures that women tend to invest more in children. Acknowledging this finding, CCTs provide grants to mothers, in a much-noted departure from the traditional social assistance focus on the household head.

CCTs have also applied differential payments based on gender, often providing higher payments for enroling girls in school, as is the case in Bangladesh's Female Stipend Programme (Khandker, Pitt and Fuwa, 2003) and Mexico's *Oportunidades*. As noted by Das, Do and Ozler (2005), if social norms are driving gender discrimination, CCTs offer the government scope to positively discriminate in favour of women and induce a community-wide change of preferences.

The election of mothers as local representatives to serve as conduits between beneficiaries and the CCT officials (as is done in Mexico and Colombia) contributes to the greater visibility of women in local affairs, a major change in most rural and, especially, indigenous communities. Just as individuals learn from their neighbours, their preferences may change according to the behaviour of others in their community.

What has been the result of these efforts? Long-term results are pending, but results from early programmes show that concerns about increased domestic violence did not materialize (Adato and Roopnaraine, 2004 for Nicaragua). On the contrary, in Mexico, men reported feelings of relief at not being nagged by their wives for money they could not provide (Adato et al., 2000b).

On the economic front, after nine years of programme operations in Mexico, recent evidence (Gertler, Martinez and Rubio, 2006) reveal investments of a substantial part of the transfers (25 per cent) in productive activities (with an estimated rate of return between 32 and 49 per cent). Some of these investments occur in non-agricultural women enterprise activities, further improving the long-term prospects of beneficiary households beyond the transfer, through diversification of income generation sources. In the long run, these investments may also yield significant changes in women's empowerment and insertion in economic networks.

CCT's focus on children. CCTs have focused on holistic investments in children's human capital as the key element of a long-term strategy for promoting social inclusion. CCT programmes actively promote established synergies between health, nutrition and education and many of them recognize the need to begin these interventions as early as possible and include pregnant and lactating women as beneficiaries. These investments point to inclusion as a long-term goal that will best be realized within a generation, given adequate investments in the young.

By linking transfers to the presence of children, CCT may inadvertently increase the desirability of having children. Stecklov et al. (2006) examine the general impact of three programmes – Mexico PROGRESA, Nicaragua *Red de Protección Social* and Honduras *Programa de Asignaciones Familiares* – on fertility. They also show that differences in the interpretation of the programmes' eligibility rules explain their differing impacts on fertility. Fertility first increased with PRAF through an increase in marriages – apparently because of incentives to childbearing by allowing parents to join the programme by having children after it had begun. In contrast, RPS and PROGRESA had no impact on fertility, despite an increase in contraceptive use. In both programmes, households are not able to join after the

initial roster is set (for a three-year period in PROGRESA) and benefits are capped to a certain amount. In the Mexican case, the increase in contraceptive use may have been offset by the increased exposure to pregnancy due to lesser migration and spousal separation (Stecklov et al., 2005). PRAF managers altered the eligibility rules to mirror those of RPS and *Oportunidades* in December 2003.

In conclusion, by shifting the focus of social safety nets from short-term assistance to long-term investment in the human capital of the poor, CCTs have a potential to help address unmitigated market failures which perpetuate poverty and exclusion. CCTs have met with success in reaching the poor, notably the extreme poor, and with generating investments in the human capital of the young. However, it remains to be seen whether long-term goals of breaking patterns of exclusion and the inter-generational transmission of poverty can be realized. What seems evident is that reaching these lofty ambitions clearly depends on more than just the implementation of CCT programmes and much of the work on CCTs today involves ensuring their successful articulation within broader social protection policies.

CCTs are also changing social accountability relationships between beneficiaries, governments and social service providers. These dynamics often depend on the degree of centralization or decentralization of the programme and many recent efforts have included the stronger engagement of local government and civil society. CCTs also rely on intra-household allocation of responsibilities, potentially strengthening the role of women in their households and communities. Through all these mechanisms, CCTs can help alleviate social exclusion. However, there remains a vexing number of issues to address so that CCT contributes to greater social inclusion in different country contexts.

IV. The unfinished agenda of CCT programmes

As programmes evolve and countries with very different institutional and financial capacities consider the approach, new issues are emerging regarding the sustainability and replicability of CCTs and efficiency gains yet to be realized.

A. Graduation and exit strategies

A test of CCT programme effectiveness is families' ability to graduate from it and exit out of poverty through increased investment in health, nutrition and the education of young generations. Yet, there is an increased recognition among policy-makers that this type of emancipation is not contingent solely upon access to CCT programmes, but depends on insertion into the wider economy, notably through rural development and labour market policies. Chile has set-up *Programa Puente* (the "Bridge Programme") to support extremely poor families'

insertion into the wider economy through the coordinated use of social safety net programmes. Other programmes, like *Bolsa Família*, seek to foster synergies with local development interventions and micro-credit or business development plans. The implementation of these complementary programmes in conjunction with CCTs is still incipient (Handa and Davis, 2006). Similarly, many of them face the question of how to design procedures which encourage graduation and do not create new dependencies. The USA, Mexico, Nicaragua and Chile have set up time limits and/or declining benefits.

B. *Timing and focus: missing child care and pre-school interventions?*

Young children in developing countries suffer not only from deficits in nutrition and health, but also in fine and gross motor skills, cognitive and socio-emotional development (Schady, 2005). Early childhood development (ECD) outcomes are an important part of a child's welfare. In addition, poor outcomes have long-lasting effects through decreased school readiness. School-based interventions may, therefore, be less effective. A government concerned with equity may more effectively equalize initial endowments through ECD interventions than compensate for cumulative differences in outcomes later in life (World Bank, 2005).

While most CCT programmes recognize the link and synergies between health/nutrition and education, the first component is generally less funded and the transfer is at family-level (Table 1). Gertler and Fernald (2004) show that children in the evaluation sample of *Oportunidades* appear to have very serious cognitive deficits. Matching with communities that were not eligible for *Oportunidades*, they report significant differences in motor skills and fewer socio-emotional problems. On the other hand, they find no evidence of the duration of programme exposure on any of these outcomes. This suggests that on its own it may not lead to improvements in child cognitive developments.

On the other hand, Schady (2005) points to the potentially important and complementary role of early childhood stimulation and improved parenting behaviour. While there is a large body of evidence in the USA, little information is available in developing countries. In Central America, several countries run large *Atención Integral a la Niñez Comunitaria* (AIN-C) programmes. El Salvador is considering including it in the supply-side of its new CCT. If deficits in cognitive development are cumulative, CCTs are perhaps missing an important opportunity by not directing more resources to pre-school children and pregnant women.

C. Reaching special vulnerable groups: Indigenous people, disabled, elderly, those out of the reach of services

By design, CCT programmes require minimum access to schools and health centres. This leaves aside households in communities, which are severely underserved and maybe among the poorest. Programmes, like the *Red de Protección Social* in Nicaragua, have used innovative contracts with private providers and non-governmental organizations to expand basic health coverage to extreme poor populations.

In countries with significant indigenous populations, CCTs face concerns about the pertinence of some of the education and health conditionalities, and the targeting of nuclear households rather than extended families or communities, which may undermine some solidarity and risk-sharing arrangements. Some of them adapt the conditionality menu to respect indigenous schools and traditional health practices, but there is scant evidence about the performance of CCTs in these contexts.

Little evidence is available as to the success of CCTs in reaching disabled people, which may constitute up to 10-15 per cent of the most vulnerable in post-conflict environments. PATH in Jamaica explicitly includes them as eligible, but information is missing on whether they manage to comply with conditionalities.

When CCTs focus on poverty for eligibility, they also potentially cover some of the elderly, who then receive the basic food transfer with the preventive health coverage. While this may provide basic social pension coverage for some, there is scope for improvements in coverage and efficiency by improving coordination with social insurance programmes, where they exist.

In Colombia, *Familias en Acción* now seeks to include internally displaced households, which requires innovations for identifying and following households as they re-settle temporarily or permanently and specific services to help them overcome conflict-related social exclusion issues.

While the challenges in reaching the extreme poor and vulnerable are serious, CCTs impacts are wider on the poorest of their beneficiaries (Schady and Araujo, 2005; de Janvry and Sadoulet, 2005). This will certainly require complementary interventions both on the supply-side and for children of uneducated parents. In Africa, countries will face the issue of reaching orphans.

D. Institutional coordination with the supply-side ministries

Most CCT programmes have not resolved the difficult issue of balance between demand-side and supply-side investments. PRAF in Honduras planned an experiment with variations on the provision of transfers and supply-side investments but the latter were delayed. In Mexico, de Janvry and Sadoulet (2005) show the importance of distance to school in explaining drop-out, pointing to the fact that for children living three kilometres from a school, a supply-side

transportation subsidy would achieve the same gains as the CCT. For children living further away, construction of additional schools would be necessary.

A related issue is the quality of services provided. Without greater attention to the provision of quality services, CCT programmes run the risk of condemning poor households to use low, and worsening, quality services, as demand increases.

E. Financing and implementation in low-income countries

To date, CCT programmes have been implemented mainly in middle income, high inequality countries with substantial institutional capacity. To what extent this model can be successfully adapted to other settings, notably in low-income countries with limited administrative capacity, remains to be seen. Using simulations, Kakwani, Veras and Son (2005) show that pure cash transfers would result in little increase in school attendance in 15 African countries. CCTs would not make much difference to poverty unless unsustainably large resources were committed, but the they might increase school attendance, provided supply issues were resolved and that transaction costs for eligibility, enforcement of conditionality and payments delivery were not prohibitively high.

Caldès, Coady and Maluccio (2006) and Lindert, Skoufias and Shapiro (2005) show that, despite their operational complexity, CCTs are administratively efficient. While operating costs can be high at the onset (PROGRESA) or if the provision of services is included (Nicaragua *Red de Protección* Social), they decrease as it matures (around six per cent for *Oportunidades*). Low-income countries with supply shortages will face similar issues. Since the highest costs are targeting and conditionality monitoring, countries will have to experiment with using only geographical targeting, relying on communities for determining eligibility and verifying compliance, and use innovative low-cost technologies to deliver payments.

F. Risk-coping and CCTs

As mentioned in part II, CCT programmes illustrate the shift of social assistance from redistribution and assistance for short-term poverty shocks to long-term investments to address fundamental market failures. However, CCTs have provided beneficiary households with protection against short-term shocks, both systemic and idiosyncratic. Maluccio (2005) shows that the Nicaragua *Red de Protección Social* protected household's total and food expenses and children's school attendance against the effect of the Central America coffee crisis in 2000-2001. Given the variety and frequency of natural disasters facing the country, the programme is presently running a pilot, including some training and non-agricultural activities, to diversify income sources. Similarly, de Janvry et al. (2005b)

show that PROGRESA fully protected children's schooling from shocks due to unemployment and illness of the household head as well as natural disasters in the community. This is doubly important since short-term school drop-out has long-term consequences due to irreversibility. The programme, however, did not prevent children from working more when their household was hit by a shock.

As a result of their focus on structural poverty, existing CCTs are not designed to easily incorporate households, which face shocks driving them into poverty. To adapt more readily to the cyclical nature of poverty, CCTs could consider expanding counter-cyclically during times of crisis and employing mechanisms such as on-demand applications and shorter recertification periods. They could also be used to protect vulnerable groups when shocks affect their household, such as incorporating children whose families have been affected by HIV/AIDS. Existing programme structure could also be used to provide specific crisis-related services to a wider range of beneficiaries than its recipients.

Conclusions

CCT programmes have shown considerable achievements under a variety of circumstances. They are at the forefront of a new thinking on social protection, which re-examines the presumed trade-off between equity and efficiency by considering the long-term social and economic costs of uninsured risks and unmitigated inequalities and the potential role of safety nets in addressing these issues. By providing incentives to parents to invest in the long-term human capital development of their children, there is a hope of addressing issues of deep-seated exclusion and the inter-generational transmission of poverty.

By introducing modernizations in their operations, including adopting unified beneficiary registries, credibly enforcing poverty targeting and conditionalities, and using evaluations in a strategic way, these programmes have introduced many innovations in social assistance policies. Thanks to strong political support from the highest levels, they have been used to promote transparency in social policy and counter legacies of paternalism and clientelism.

They are contributing to social inclusion in several complementary ways: recognizing and explicitly targeting the poor, focusing on children and delivering transfers to women, and changing social accountability relationships between beneficiaries, service providers and local and central governments. Despite clear success in reaching the poor and fostering investments in human capital, concerns have been raised about CCT programme norms that may run counter to inclusion goals. These include lack of transparency in the selection of beneficiaries, community–level discord associated with the targeting of individual households, the limited engagement of local governments and civil society under more centralized CCT programmes, and the lack of appropriate appeals mechanisms.

These programmes are not a panacea against social exclusion and their limitations should be recognized and addressed by focusing on more comprehensive social policy reforms that include, but are not limited to, CCT programmes. Broader reforms of social protection systems will be needed to tackle more fundamental issues of exclusion in most middle income countries and CCTs may not be appropriate in many settings. CCTs' effectiveness may increase by strengthening links to the labour market, shifting the balance between their early childhood and school-age components, and making eligibility more flexible to include households facing shocks. Even CCT programmes' more narrowly defined objective of fostering long-term investments in human capital is contingent upon the supply of quality, accessible health and education services. They also need to improve their coverage of hard-to-reach groups. Finally, in limited institutional and financial capacity environments, operations will also certainly have to be simplified, relying more on communities to safeguard transparency and social accountability.

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The Puente Programme, a bridge between the family and its rights

Entering the social protection system, *Chile Solidario*

Cecilia Pérez Díaz [1]

Background of the Puente Programme

In the last decade in Chile, both the poverty and extreme poverty indexes have significantly diminished. In 1990, when the Coalition for Democracy Party (*Concertación de Partidos por la Democracia*) rose to power for the first time, the population living in poverty diminished from 38.6 per cent to 18.8 per cent, at the end of 2003. Likewise, the number of individuals living in extreme poverty during the same period decreased from 12.6 per cent to 4.7 per cent. In other words, since the re-establishment of democracy in the country, poverty has been cut in half and extreme poverty has been reduced by a third.[2]

Nevertheless, the obvious progress of such a reduction, which characterized the first half of the decade of the nineties, considerably dropped during the following five year period, starting in 1996. This situation was accentuated in the years 1999-2000. In fact, during this period, marked by the severe internal impact of successive economic crises of an international origin, the percentages reflecting the poor population and households in poverty decreased very little, whereas the number of persons living in extreme poverty increased slightly but noticeably.

[1] This article was begun in 2005 when the Solidarity and Social Investment Fund (FOSIS) was under another government authority. In March 2006, the newly elected Government of Chile designated Cecilia Pérez Días, Executive Director, and she introduced minor precisions to the text to reflect the government's suggestions.

[2] In Chile, as in the rest of Latin America and the Caribbean, the measuring method that is used is "absolute poverty". This method only records the financial per capita income of the members of a household. The line for extreme poverty is defined by the cost of a basic food basket; the poverty line is calculated on two baskets in order to include other basic spending such as health, clothing, education and transport. The official measurements are carried out by Mideplan every two years via the National Socio-Economic Characterization Survey (CASEN) that has been taking place since 2003.

According to official information provided by the National Socioeconomic Survey (CASEN), in 1998, 4.7 per cent of households in Chile (173,900) were living in extreme poverty, in other words, their income was not sufficient to cover the needs of the basic food basket. In terms of individuals, this is equivalent to 820,000 people (5.6 per cent of the country's population) who were living in extreme poverty throughout the country.

By the year 2000, 177,600 households were at this poverty level (4.6 per cent of the total households). In number of individuals, this represents 849,169 people living in extreme poverty or, 5.7 per cent of the country's population.

Various evaluations carried out by the Ministry of Planning and Cooperation (Mideplan) and other institutions have indicated that, despite the wide variety of public social programmes directed to meeting the needs of the most vulnerable, the social benefits were being used to a greater extent by poor families that were not indigent instead of those living in extreme poverty.

This meant that the important social focalization efforts that the country had deployed had been successful with some of the poor families, but not successful enough to target "intra poverty". This can be explained, in part, by the following: the social benefits directed to those living in extreme poverty had been allocated based on the demand expressed by loosely organized groups, leaving behind those who were not "linked" to the existing social networks, in other words, the poorest of the poor.

Added to this, the characteristics of extreme poverty in Chile have changed significantly and those living in this situation are even more vulnerable today than they were 10 years ago. Currently, there is a core of "hard poverty," which conventional social programmes and existing public intervention strategies have been unable to cope with.

It was concluded that to obtain more significant results in overcoming poverty and, in particular, extreme poverty, it was not enough to improve the criteria, instruments and focalization methods, but it was also necessary to design, and put into practice, new social intervention models that were more appropriate and of a higher quality. Therefore, it seemed necessary to generate a policy of social intervention programmes organized on the basis of the offer of the State itself.

Specifically, it was necessary to fight against the atomization of public assistance and make it easier for the potential beneficiaries, for whom it was designed in the first place, to gain access to it. Previously, social assistance work had focused on specific areas of vulnerability, such as children, young adults, women, older adults, individuals from ethnic backgrounds, etc., and had responded to the requests of those implicated.

In 2002, with this background information before him, President Lagos decided to give priority to the eradication of extreme poverty and proceeded to create *Chile Solidario* (Chile in Solidarity), a social protection system. Its objective is to incorporate the families living in extreme poverty into the State's network of social protection in a guaranteed and/or preferential manner (depending

on the benefit offered), meaning that the linkages, interaction and manner on which the existing programme was adapted had to be completely rethought.

President Ricardo Lagos himself described those for whom the initiative Chile Solidario was destined as "*those Chileans who are outside the protection system and do not know about family allowances, potable water subsidies, social security, grants to prevent dropping out of school, health programs and training*".[3]

It was necessary to "*knock on the doors*" of those 225,000 families that were living in extreme poverty or the 210,000 households and 15,000 single older adults, according to the official records for the year 2000, and explain to them how they could gain access to their entitled benefits. To accomplish this, it was necessary to "*build a bridge between families and their rights*".[4]

The family was viewed as the new focus for social intervention, based on records that demonstrated the greater effectiveness of social programmes when they centred on the family, and on the woman within the family as the main protagonists in overcoming poverty.[5] Additionally, the need to provide psychological and social services to families living in extreme poverty was emphasized. This support allows a family to achieve concrete results and maintain these results over time, thus improving their quality of life and not just their (low) income.

The Chile Solidario system comprises three central components to benefit the targeted population: (i) psycho-social support and the Family Protection Voucher; (ii) guaranteed monetary subsidies; and, (iii) preferential access to social development programmes. All of these components reflect the will to link institutions, coordinate public assistance, as well as assistance that could be added by the private sector. The psycho-social support component created the Puente Programme, which was entrusted by the Solidarity and Social Investment Fund (FOSIS) and implemented together with the municipalities, in other words, the local governments, in all the communes of the country where conditions of extreme poverty had been registered within the population.

On 21 May 2006, on the occasion of her first Presidential message to the Nation, Michelle Bachelet, confirmed the policy and specified its scope: "We will also struggle to fight poverty. The goal for 2010 is an ambitious one: zero extreme poverty. This year, we will extend the Chile Solidarity program to 7,254 people living on the streets, as well as close to 15,000 seniors who live alone. We will also incorporate 50,000 new families into the Puente ("Bridge") program. That will mean that by the end of 2006, 290,000 families will receive protection benefits from the State – close to a million people living in extreme poverty."

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[3] Speech given by President Lagos in his message to the nation on 21 May 2002, during which he announced the creation of the social protection system, Chile Solidario.

[4] Ibid.

[5] Refers to "Estrategia de intervención integral a favor de familias en extrema pobreza", Mideplan, January, 2002.

In terms of how the system will work, she added: "I also want to announce that these people will have a special Chile Solidarity ID card so that they can receive priority access to social services."

What is the Puente Programme?

The Puente Programme is an endeavour to find a better way for people to learn to relate to each other and make significant changes in their current living conditions. Therefore, the main focus of the intervention is the people, the multiplicity of relationships that are created and the ties that are generated when participating in the system and receiving support.

The Puente Programme is a psycho-social intervention of a temporary and limited nature whose objective is to support, in a personalized manner, families and their members in order to overcome the extreme poverty they are facing when selected and invited to participate.

Families gain access to the Puente Programme and the other social services provided by the State, according to the points obtained in their application and on the form providing socio-economic information, known as the CAS *ficha* or, more recently, as the *Social Protection ficha*.[6] From year to year, according to the slot pre-assigned to each commune, the families possessing a valid *ficha* are invited to participate in the programme until the number of families is complete or until reaching the limit of points that has been determined.[7]

Since the Puente Programme is based on a commitment made by a family, their integration into the social protection system is on a voluntary basis. Therefore, the family has the liberty to decide if it wishes to participate or not in the programme. To date, approximately 4.6 per cent of the families invited to participate have declined the offer.[8]

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[6] The CAS ficha is a questionnaire that municipalities use on request by the interested parties wishing to be informed of the socio-economic situation of their family. It is valid for two years. Depending on the points obtained, preferential lists are drawn up to enter the Puente Programme and to apply for the State's financial grants. This profiling method has received strong criticism and has been modified a few times since its creation during the 1980s. At the time of this article, authorities at the Ministry of Planning and Cooperation approved a new model of the *ficha*, known as "Social Protection" *ficha*, and prepared it in conjunction with experts and individuals belonging to the poor segments of the population. This new tool will indicate different points according to the benefits provided, such as financial, housing, health and invalidity grants. Moreover, there will be an overall score for entering the Chile Solidario system. The Social Protection *ficha* will measure income, employment conditions and social vulnerability. It will be put in practice, massively – to replace the data provided by the previous one – by the end of the current year.

[7] The cut-off score is not the same throughout the country. It varies according to geographic conditions present in each of the thirteen administrative regions.

[8] This percentage includes families who are "untraceable", as well as those who decline participating for a wide variety of reasons. The percentage of families, who "interrupt" their participation in the course of the two years, represents an additional 5 per cent.

Puente was not designed to provide products or benefits, but rather to generate objective and subjective conditions, enabling each family to satisfy their own specific needs. It is thought that fundamental changes in people take place when their emotions and attitudes change. As a result, they find themselves being more proactive and able to change their views on life and vision of the future, as well as enlarging and strengthening their social relationships and connections. Therefore, the raw material of the Puente Programme is its human resource element.

The psycho-social strategy comprises establishing a personal and periodic relationship with a trained professional. This individual is known as the *Family Support Counselor* and they are responsible for the participating family over a period of 24 months. Through regular work with the family, which is carried out at their home (the frequency of which decreases as advancement in the intervention processes increases), the counselor implements support activities according to a previously established method, enabling the family to develop a particular process for improving their living conditions.

In line with this strategy, each family works together with the counselor to fulfil the 53 minimum social rights required for an improved quality of life. These are divided into seven categories: personal identification, health, education, family dynamics, housing conditions, employment and income. They are considered the minimum threshold required by the Chile Solidario system and represent an end to extreme poverty for all the families who meet them. Obviously, each family enters the programme with a different set of minimum rights; social rights lacking are those that the family needs to "work on" to meet all 53 requirements.

All families exit the Puente Programme after two years, but remain in the Chile Solidario system for three additional years. In terms of methodology, families who meet all 53 minimum social rights are considered as a "successful exit" and those who fulfil 52 or less are considered as a "simple exit".

In 2002, when Puente was created, it was decided that at least 70 per cent of the families should exit the programme having met all of the 53 social rights.[9] To date, this limit has been met. The remaining 30 per cent of "simple exits" is explained, according to available data, by a combination of factors: the existing public assistance was incapable of meeting the needs (23 per cent approximately); the family did not fulfil its commitments with the family support counselor (7 per cent approximately).

The 53 minimum social rights also serve to "incorporate into a network" the various participating elements such as the family, public institutions, and the relationship between them. These elements all have a common, visible and easily communicable objective. The success of some families affects the success of the other element (the institutions). Both share the same social values motivating their actions.

During their participation in Puente, families receive a Family Protection Voucher, which is a direct money transfer. The value of this gradually decreases

[9] Refer to the annex for more detailed information on the 53 minimum social rights.

during the intervention period in order to avoid creating a dependency. The objective of this voucher is to support families in their insertion process with the local network of services and available benefits and to stimulate them into fulfilling one or more of the minimum rights.

Social protection for the family is activated upon their participation in the system by signing a Family Contract for improving their household living conditions. The Family Contract is formalized as an explicit commitment between the government and the municipality, represented by the Family Support Counselor, and the family. The State assumes the responsibility of providing the members of a family with a set of supports and resources. In turn, the family agrees to work towards eradicating the more precarious aspects and needs that they have given priority to by making use of the opportunities that the public social network offers at the local level.[10]

It is important to reiterate that since Puente is a standard programme it can adapt to the particular needs of each family. During their first meetings with the Family Support Counselor, the family members give a diagnosis and evaluation of the material and non-material resources they possess and determine and prioritize their most urgent needs. Once this has been carried out, they work sequentially on each of the aspects of the order they assigned, resulting in an integrated group effort designed to overcome their situation. Throughout the intensive phase (the first six months), the intervention focuses on establishing confidence between the family and the Family Support Counselor, on establishing the conditions in which the family finds itself in relation to the seven pillars of the programme, and on the fulfilment status of the 53 minimum rights. In time, the meeting with the Family Support Counselor evolves into a means of following the family's progress (the next eighteen months). Nevertheless, the counselor is always present throughout the duration of the programme.

To make it easier for individuals to carry out this plan, the Puente Programme has devised a working and conversation technique in the shape of a chart, not unlike a boardgame, by means of which the family can "visualize" its resources, projects, commitments, goals, advances made, etc., in each of their sessions.

For the participants, the Family Support Counselor becomes a reinforcement, teaching them how to obtain benefits and informing them on their rights vis-à-vis the State. Since contact takes place in the home, which is the closest and safest space, the counselor is perceived by beneficiaries to be a means of support beyond financial and is considered to be "*one more family member*" (as indicated by numerous testimonials, which we will see later).

[10] This psycho-social intervention model contains the following breakdown of costs for a family during an intervention lasting 24 months: psycho-social support, US$92; solidarity support, US$300; administrative costs, US$44. Total cost per family amounts to US$436. Psycho-social support represents 21 per cent of the cost; the Family Protection Voucher, 69 per cent and administrative costs only 10 per cent.

Necessary coordination

Together with the mobilization and management of the families themselves, the fulfilment of the 53 minimum social rights also means that the network of resources of public and private institutions at the local, regional and national level, also need to be mobilized. It is up to the public social network of Chile Solidario to provide families with an adequate amount of goods, services and technical assistance to help them fulfil these conditions.

From the beginning, the FOSIS strategy was to implement the Puente Programme together with an institution or body that would have comparative advantages with regard to its position at the local level. From this perspective, the municipalities or local governments were the obvious choice; for the families, the municipality is the most direct means of accessing information, benefits and relevant services to improve their living conditions.[11] Moreover, municipalities have accumulated knowledge on the implementation of various programmes and social projects within the area and have forged a network of institutional cooperation relationships that provides them with a solid strategy base for carrying out a social project such as the Puente Programme. For these reasons, the local level was considered the most appropriate to carry out this social policy.

In each commune, where the existence of extreme poverty is officially determined, FOSIS establishes an agreement with the respective municipality to implement the Puente Programme together. From then on, a Family Intervention Unit (UIF) is assigned**,** directed by a municipal civil servant designated by the mayor, who will be responsible for conducting and executing the programme in that commune. In addition, a Local Intervention Network comes into operation, as well as any public and private institutions or bodies that provide services or benefits for families living in poverty within the commune. This network is crucial for the intervention model to achieve the desired results since substantial changes are required from those participating.

The implementation of the programme by the government with the municipalities via FOSIS, also provided the opportunity to develop, at the local level, the management capacities and to set up the modalities needed to sustain the changes made by the families. Finally, the effects of optimizing the municipality's own resources for a programme directed specifically at extreme poverty were also considered.

[11] In Chile, the health and education services at the State level for the population are carried out by the municipalities.

Table 1. Total number of families invited to participate in the Puente Programme
(Per region and year)

Region	2002	2003	2004	2005	2006*
Tarapacá (I)	1583	3663	5246	5940	5985
Antofagasta (II)	1134	2812	3946	4681	4811
Atacama (III)	1751	3731	5482	6807	7323
Coquimbo (IV)	1802	3914	5716	6764	6908
Valparaíso (V)	4109	9221	13330	18926	19574
O'Higgins (VI)	3030	4759	7789	9391	9815
Maule (VII)	5047	8559	13606	16 755	17276
Bío Bío (VIII)	6340	22378	28718	40181	42345
Araucanía (IX)	3093	12414	15507	22928	23906
De los Lagos (X)	4084	13040	17124	24627	25553
Aysén (XI)	501	788	1289	1348	1418
Magallanes (XII)	545	729	1274	1476	1629
Metropolitana	11359	26148	37507	48781	50432
TOTAL	**44378**	**112356**	**156734**	**209605**	**216977**

* Figures until April 2006.

Key concept: Local Intervention Network (RLI)

In this context, a local network is defined as a group of actors within a territory sharing a common vision; the network is autonomous and has the capacity to produce a project or product for which an interdependency of relationships and a coordination of work are established. The parties agree that cooperation is the best way to achieve these common goals.

The management of the programme under the modality of a network forces the government institutions to be more dynamic (within their organizations), to act more proactively with other actors, both government and private, in favour of the objectives proposed and to provide a clear policy. The network allows optimization of the available resources, efficiently and effectively, because it prevents duplicating functions, high administrative costs, loss of synergy and dispersal of benefits.

The idea behind the Puente Programme has been to form an open social network integrated by various institutions sharing the common objective of providing concrete solutions to the participating families in each of the communes enabling them to meet their needs. It is not a formal network where each institution reports and informs on its actions to the other and tries to reach a degree of coordination with them. On the contrary, the goal of this programme is to establish a network, rather than a formal meeting space, in which the various representatives of each institution can develop a means of action and communication to satisfy, in a timely manner, the needs of the families they serve.

Gradually, as the work with the families advanced, the teams responsible for this task began to encounter difficulties supporting the families in their goal of fulfilling the 53 minimum social rights. It became clear that the presence of individuals, such as school and medical directors, was unnecessary at the meetings scheduled by the network. Instead, it was necessary to establish more direct operational relationships with the individuals working with the institutions, since their proximity to the people placed them in a better position to offer suggestions to resolve the problems arising. Specifically, this meant identifying the key civil servants of these institutions (those in charge of public assistance) and giving priority to establishing a relationship with them more than to "centralized instructions" to offer preferential assistance to these families.

The action strategy of the RLI began to base itself more on the will and commitment of its members rather than on the various authorities and formal agreements, intrinsic to an intervention network, and not to one that simply provides coordination.

The Family Intervention Units, who were able to generate a RLI that effectively constituted an institutional support to the process of accompanying the families, have based their success on their ability to involve the strategic actors of this network in direct activities with the families. Their strategy for getting people to participate was to involve them in the problem-solving process with all of the network's members, not just those directly involved. For these networks, reaching a goal means being able to share visions and expertise, provide a methodology and reorganize resources between all members, with the obvious limitations placed on decisions of how specific resources are to be allocated.

Implementing local networks in this manner was not easy as it entailed changing the attitude of the public civil servants involved in such a way that their direct superiors would listen to their requests. The work needed to be carried out was not with the minister or director, but rather with the individual who provided assistance to the public. In some cases, it was necessary to create special offices or systems to carry out certain tasks in order to avoid a duplication of functions between institutions.

Four years after the programme began, an evolution of the model throughout the country can be observed. The establishment process has been progressive and dynamic and, even though there are similarities, the different regions, provinces and communes have all brought their own flavour to the programme.

A public and private alliance

Given the characteristics of the seven pillars of the Puente Programme: personal identification; health; education; family dynamics; living conditions; employment; and income, private enterprise is a necessary ally towards meeting the 53 minimum social rights. For example, a right of the "Living Conditions" category is that the house have access to uncontaminated water. In Chile, all sanitation companies are private; therefore, it is necessary to establish an agreement with the appropriate company in each case to help the family gain access to potable water and sewage. Social leaders also provide indispensable support as they ensure that families learn about the community's available resources and development programmes within the local network, which is one of the family's rights included in the "Family Dynamics" category.

From this concept, and from the idea of relationship management previously analyzed, FOSIS searched for allies in the private sector, or in civil society, whose work and professional ties focused on the issue of overcoming poverty. A company that incorporates social responsibility into its management has an enormous potential for cooperating as a proactive actor in the development of its local community. The same applies to institutions, technical training centres or universities, to name a few of the many qualified actors that provide and make this network a truly solidarity network.

In this context, the alliance between the public and private sector has helped overcome specific pitfalls rather than creating areas for discussion and exposing theories on pertinent tasks. In this way, the effort of private enterprise has had a change of focus, of place of intervention and of objectives. These are no longer accidental or arbitrary, but are integrated into a process that includes tools, services and resources that are specific and tangible.

The Puente Programme, four years on: the balance sheet

FOSIS, and the 336 municipalities working with it, went beyond the coverage objectives they had set for the year 2002, when President Lagos entrusted them with the implementation of the Puente Programme throughout the country. The specific goal for Puente was to contact 209,398 families, of which 70 per cent needed to successfully exit the programme, in other words, fulfil the 53 minimum social rights, before the end of his mandate.

By 31 December 2005, 209,605 families had been contacted and, as indicated above, approximately 290,000 families will have participated by the end of 2006. More importantly, however, is that of the 67,716 families that have since left the Puente Programme, after participating for the required two years, 48,346 of them

have fulfilled all of the minimum social rights set out by the programme. In other words, 71.4 per cent of the families overcame the extreme poverty conditions in which they found themselves when they entered Puente via Chile Solidario.[12]

Of the thirteen regions of the country, nine exceeded the national average of successful exits. Of these, the percentages for the regions of Aysén, Antofagasta and O'Higgins were 93.3, 91 and 89.2 per cent, respectively.

How are these results obtained?

From May 2002, the FOSIS Puente Programme became the means of entering the nascent social protection system known as Chile Solidario. In the space of a few months, the programme was already operating in over 300 communes. At present, the programme exists in 336 communes, with an equal number of agreements signed between FOSIS and the municipalities.

Each year, approximately 50 to 60,000 families enter the Chile Solidario system via the Puente Programme thanks to the work carried out in the field by 2,750 Family Support Counselors hired by FOSIS and the municipalities, throughout the entire country, reaching even the most geographically remote regions.

In 2003, the various FOSIS programmes were updated to provide "preferential access" to the families of Chile Solidario, in order to help them fulfil the 53 minimum social rights. In this way, sensitive and complex topics were approached, such as employment and/or how to generate new income sources for the home, or issues for which the State did not have an adequate programme, as in the case of the "Housing Conditions" category and the reinforcement of school education at all levels, including literacy instruction for adults.

That seven out of ten families are capable of achieving the programme's objectives is due mainly to their own efforts and will to overcome their situation of extreme poverty, and to the active network of social protection that the State has been building, as well as to the wide range of support institutions operating at the local, regional and national level, including FOSIS.

As Puente members testify:

> "The Puente Program appeared suddenly; first Mr. Claudio came to my home. It was during the summer, in February of last year. Mr. Claudio came to visit and told me about the Puente Program and asked if I wanted to participate. He read some of the papers and information he brought with him. Then I understood because he said the Puente Program was going to help me and that it also included some money. Then, he gave me some papers to sign. They gave me a certificate and then we were committed".
>
> Julita Laguna, age 45, Nueva Imperial commune, Region IX.

[12] The coverage and results data are available on a monthly basis on the online monitoring and follow-up system of the Puente Programme, FOSIS. In this case, the results correspond to those of December 2005.

"I've grown since being in the Puente Program last year. Before, I did not have the type of personality that could go and speak to the mayor, ask him for help, tell him that I was not doing well. I was too embarrassed to tell Ms Caroline (Family Support Counselor) to show me how to do something, but not anymore. I'm more mature. I've grow with the guidance and now I can ask when I don't know".

Pilar Zamudio, age 47, Arica commune, Region I.

"(Puente) has opened doors for me and if not, then I know where to go".

Berta Adasme, San Bernardo commune.

Criticisms

The Chile Solidario system, and the Puente Programme in particular, constitute an "innovative policy that is characterized by the use of creative means for overcoming extreme poverty"[13] and, because of implementation time periods, its efficiency must be measured rapidly. This requires the programme to be flexible but, at the same time, does not offer a true picture of its efficiency.

The Puente Programme has had to correct some errors along the way; for example, the availability of government records in order to assist families towards fulfilling some of the minimum rights. This was especially true for the category "Family Dynamics", since the State does not always have access to the adequate authorities for resolving topics related to it.

Another criticism of the model was that many of the poor families not receiving assistance from the programme felt that benefits were being taken from them in order to favour those who were part of Puente. It took some time for municipalities to obtain the necessary resources to satisfy the demands of both groups. This is certainly a concern for central Government too. Sectors of the society that used to enjoy social benefits through FOSIS can no longer do so, since resources have been reallocated to the programme.

The reason why the Puente Program was established with the municipalities, and not directly with the central government, was also questioned, as was the hiring process of the Family Support Counselor. In other words, criticisms conducive to politicizing the programme and distancing it from its political-technical design. These criticisms diminished when the law was approved that made the existence of the system of social protection legal. Criticisms started to decrease within congress, with the endorsement of the activities that had been carried out two years earlier.

[13] Riquelme, Verónica and Valenzuela, María Elena. "Chile Solidario y los desafíos de la igualdad". International Labour Office. Santiago, Chile. 2005, p. 47.

However, beyond the challenges experienced by this approach to overcome poverty since its pilot implementation in 2002, the real outcome will only be available once the families start exiting the system at the end of 2007. Only then will it be possible to quantify the real contribution of Chile Solidario in the fight against poverty.

Chile Solidario is Law

The Chile Solidario Law, promulgated 17 May 2004 and unanimously approved in both chambers of the National Congress, institutionalized the process that had started in 2002. It contributed to endorsing the government initiative and gave political legitimacy to the criteria, actors, methods, public resources and basic procedures used for implementing the system. Moreover, it extended for up to a period of five years, a group of protective social benefits to families willing to improve their condition through their own efforts and with the support of the State.

The law states that families participating in Chile Solidario have access to the following benefits: psycho-social support for two years; family allowance; assistance pensions for old-age and invalidity; potable water subsidy; a subsidy aimed at preventing students from dropping out of schools (provides resources to grammar schools and high schools). It also provides a Family Protection Voucher (financial support that gradually decreases over two years) and an Exit Voucher (during three years) for all families, participating during the full period, fulfilling the minimum social rights fixed by the system.

This is how the social protection system Chile Solidario maintains families in the system for a total of five years, guaranteeing them access to a package of financial benefits. As yet, it is not possible to report on the results of Chile Solidario, since the first family will only complete its five year period in 2007.[14]

In this context, Chile Solidario becomes one of the pillars on which a social protection system is being built, contributing to diminishing social inequalities that still persist in spite of the success achieved in economic growth, poverty reduction, extension of access to the most important social benefits, and the impact of public expenditure redistribution.[15]

The social protection system has been designed as a mechanism combining policies and actions, which accompany people's life cycle; considers the families in all their diversity as the risk subject; allows the social assistance to be completed

[14] The first families joined the Puente Programme in June and July 2002.

[15] Hardy, C., Minister of Planning. "Hacia un sistema de protección social fundado en derechos", report presented at the Iberoamerican Social Development Fund, Madrid, 26 and 27 June 2006, pp. 2-3.

with promotion and development; and is citizen based, therefore, not limited to work and/or income issues.

By 2010, the Government has undertaken to lay the foundations of this system, comprising: the Chile Solidario social protection system, addressed to families in extreme poverty; a Childhood Full Protection system to fight against social inequalities and protect children, from conception to 10 years of age; a Labour Protection system for workers (men and women) that promotes decent work throughout their working life; and, a reform of the social security and pensions system that promotes universal coverage and more equity.[16]

With Puente, we win together

Another important aspect has been the ability to take advantage of the evaluation and social participation authorities created by FOSIS for the users of its programmes. Since 2001, under various modalities and emphasizing different issues, the meetings "*Juntos Ganamos, participación en movimiento*" (Together we win, participation in movement) have been taking place with the participants of the various programmes, mainly those who execute projects managed by the community itself.

From 2003, however, Puente families became the main users not only of Puente, but of the rest of the programmes offering "preferential access". Therefore, a specific modality evolved for the meetings and they became known as "*Con el Puente, Juntos Ganamos*" (With the Bridge, Together We Win), and in the years 2004 and 2005 these meetings were set up as the only modality.

The "Together We Win" meetings are a means for direct participation in which the users of the programmes elaborate their critical and independent opinions on the quality of the services they receive and how useful they have been for their personal and collective development. To meet the level of citizen participation recommended by President Lagos at the beginning of his mandate, the FOSIS created an entertaining working method combining group work between pairs with group work as a whole. The exchanges that took place with the authorities present were recorded on cards or evaluation forms.

This method resulted in meetings with high levels of participation. One of their main characteristics is that everyone – beneficiaries, civil servants and authorities – is treated equally. Beneficiaries voice their opinions freely and the authorities listen and take note of them.

This new modality, "With Puente, We Win Together" is a better expression of the symbolic nature of the meetings, given the heterogeneous background of the participants and the particular way they relate to the programmes they

[16] Op. cit., pp. 5-6 and 8.

evaluate. Thus, participants often comment on the way the programme has had an impact on their lives, rather than voicing criticisms or specific recommendations. In a group of meetings that took place during 2005, with a participation of around 10,000, a section was added in which the groups offered recommendations and suggestions to organisms of the Local Intervention Network whose representatives were present to listen and respond. The results of these meetings are public and are shared with the local, regional and public service authorities through videos shown regionally or via printed or digital bulletins and press releases.

Significant changes as a result of integrating the intervention

To conclude our presentation, we have included accounts by families that have participated in the Puente Programme. Their testimonies show the different ways in which they have benefited from the overall system.

> "The Puente programme offers economic assistance and guides me with the help of Miss Ingrid who is my Family Support Counselor. I have been able to fix my house and I have taken courses in food handling, risk prevention and first aid. It has helped my daughter and me get ahead."
>
> Tomasa Castillo, Monte Patria commune

> "For me the Puente Program was the best part and it helped me and my family a lot. Now we all work together. But what is most important is that it has improved the relationship I have with my son. He didn't want to study, everyday he begged me to take him out of school, that all he wanted was to die. In this sense, Miss Mirna, who is my family support counselor, has helped me a lot. She guided him and spoke to him. Today my son has a grade average of 5.6 (out of 7); he values his education and is happy. I would like to tell everyone that the Puente Program is really good because it helps families develop and grow."
>
> Luisa Ramos, Punitaqui commune

> "Puente has helped a lot because I have seen how much the people who work in this group care. As a family we are given preference in different places. Work helped give me more self-esteem, it has helped me in my relationship with my family and has given me more comforts and helped me enlarge my home."
>
> Alex González, Retiro commune

> "I have met all of my goals, I was chosen for projects, I have my tools and, financially speaking, I am better and have been able to help my family get ahead, especially my children who are in secondary school. Since I entered the program two years ago, we have a better life as a family and I feel better both personally and at work, since when you are out of work all the family problems arise because of

a poor economic situation. Now I approach different organizations that I did not know about before and that help us such as FOSIS, the Municipality, the Civil Registry, the INP, and others."

Osvaldo Flores, Arica commune

"Before I entered the Puente Program, I was one of those people who always stayed home. In 2002 when I entered, I learned about my rights as a woman and citizen; this makes me feel freer. I also learned how to organize my household chores and the time spent with my children better; I have more patience with them now. In other words they've helped me a lot."

Gloria Osorio, Arica commune

"I am proud that our country takes poor people into consideration through the Puente Program. I never dreamt of having everything that I have today. My dreams have come true; now I can work as a seamstress thanks to the sewing machine that I got from a project."

Olga Núñez, Combarbalá commune

Annex

The guaranteed minimum social rights for an improved quality of life[1]

The minimum social rights for families to fulfil in each of the categories of necessities are described below. In parenthesis (when relevant) are the parameters fixed by the programme so that the participating family can exit it successfully.[2]

a. Identification

1. All members of the family must be incorporated into the Civil Registry.
2. All family members must have an identity card.
3. The family needs to have a valid *Social Protection ficha* (or *ficha CAS*) in the municipality where they reside (on the date of exiting the programme, the record must be valid).
4. All male family members older than 18 must have their military status up to date (if they have been called for military service, they should be in the process of either fulfilling it, completing it or officially postponing it).
5. All adult family members should have their legal background records normalized (or in the process of being normalized).
6. Members of a family who have a disability need to have it recognized by the Commission of Preventive Medicine for Disability (COMPIN) and registered in the National Disability Registry, if the disability should be recognized.

b. Health

7. The family must be registered in the Primary Health Care System (possess a credential or document certifying the fact).
8. Pregnant women should have their medical check-ups up to date (according to the guidelines of the Ministry of Health. Upon exiting the programme the last medical check-up required needs to have been made).
9. Children under six years of age should have their medical check-ups up to date (according to the guidelines established by the Ministry of Health. Upon exiting the programme the last medical check-up required needs to have been made).
10. Children under six years of age should have their vaccinations up to date (upon exiting the programme the last medical check-up required needs to be up-to-date).
11. Women over 35 years of age should have a recent Papanicolau exam.
12. Women using a contraceptive method should be followed by a doctor (upon exiting the programme the last medical check-up required needs to have been made).
13. Elderly family members should be under the supervision of a doctor (upon exiting the programme the last medical check-up required needs to have been made).

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[1] For additional information visit http://www.programapuente.cl, http://www.chilesolidario.gov.cl/ and http://www.fosis.cl

[2] When there is no indication within parenthesis, this means that the minimum rights expressed is the actual parameter to fulfil.

14. Members of a family suffering from a chronic illness should be under the supervision of a doctor from the corresponding health centre (upon exiting the programme the last medical check-up required needs to have been made).
15. Members of a family with a disability, who would benefit from rehabilitation, should be participating in a rehabilitation programme (or be aware of alternatives and in the process of joining one).
16. All members of the family should be given personal healthcare information (according to the content and criteria determined by each family intervention unit with the local intervention network).

c. Education

17. Children of pre-school age should attend a pre-school or kindergarten programme (if there are no vacancies, then they should at least be registered and in the application process).
18. If the mother works and there is no other adult able to care for the children, children under six years of age should attend a daycare programme (if there are no vacancies, then they should at least be registered and in the application process).
19. Children under 15 years of age should attend an educational institution (in the case of dropouts, then they should be in the process of reintegration).
20. Children of pre-school, primary or secondary school age should participate in the corresponding school assistance programmes (of the benefits that exist in the commune, according to the parameters set by the family intervention unit with the local intervention network).
21. Children 12 years of age or older should be able to read and write (or be in the process of learning).
22. Children with a disability, who are able to study, should be incorporated into the standard or special education system (if there are no vacancies, then they should at least be registered and in the application process. If there are no establishments available, they should at least be in the process of learning to read and write and do basic mathematical operations, according to their age).
23. An adult responsible for the education of the children should be in contact with the school (authorized as representative by the school and have attended the most recent parent/guardian's meeting in accordance with the exit date of the programme).
24. Adults should have a positive and responsible attitude towards education, at least recognizing the necessity that the child participates in a formal education system.
25. The adults should be able to read and write (or those who desire to learn to read, write and perform basic mathematics should be in the process of learning).

d. Family Dynamics

26. The family should have the daily custom of discussing topics like habits, schedules and recreation areas.
27. The family should have adequate mechanisms to cope with conflicts.
28. There should be clear rules within the family.
29. There should be a fair distribution of household chores (amongst all family members, regardless of sex and according to their age).
30. The family should be aware of the community resources and development programmes available through local networks (sports clubs, senior citizen centres, action groups, community organizations, etc.).

31. If there have been incidents of domestic violence, the individuals directly involved need to be incorporated into an appropriate support programme (or at least know of them and be in the process of joining).
32. A family with a child living in foster care or in an institution should visit that child regularly.
33. A family with a child in the penal system should support them and participate in their rehabilitation process.

e. Housing Conditions

34. The family situation regarding ownership of the land and the house in which they live must be clearly defined.
35. If the family wishes to apply for a house, they should be in the process of doing so.
36. The family should have access to clean water.
37. The family should have an adequate energy system.
38. The family should have an adequate sewage and waste disposal system.
39. The home should not be vulnerable to floods and adequately protected from leakages.
40. The home should have at least two habitable rooms.
41. Each family member should have their own bed with basic accessories (sheets, blankets, pillow).
42. The family should have the basic kitchen and dining equipment to meet its needs (plates, cutlery for each person, and pots and pans).
43. The family should have an adequate system for disposing of garbage.
44. The environment surrounding the home should be free of contamination.
45. The family should have access to the potable water subsidy, if appropriate.

f. Employment

46. At least one adult family member should have a regular job and a stable salary.
47. No child under 15 should leave school to go to work.
48. Individuals who are unemployed need to be registered in the Municipal Employment Information Office (OMIL).

g. Income

49. Family members who have the right to the Family Housing Subsidy *(SUF-Subsidio Único Familiar*), should be receiving it (or in the process of applying for it).
50. Family members who have the right to a household allowance should be receiving it.
51. Family members who have the right to Social Security Assistance (PASIS) should be receiving it (or in the process of applying for it).
52. The family should have an income above the line of extreme poverty.
53. The family should have a budget organized according to their resources and priority needs.

Minimum income and social integration: Institutional arrangements in Europe

Yuri Kazepov
Stefania Sabatinelli

Introduction

This study deals with the different institutional arrangements of minimum income and social integration policies in Europe. It stems from the synthesis report the authors prepared for the EU peer review process, which aimed at placing the Belgian policy *Droit à l'integration sociale* (DIS) in a comparative European context.[1]

Policies against poverty, in particular social assistance schemes,[2] represent an important part of the European social protection systems, which are articulated throughout people's lives and are composed of a wide range of public measures, from child and family allowances, through education and health systems, to employment services and unemployment benefits, public care services (for children, elderly and dependent persons), disabled, sickness and injury protection,

[1] The Peer Review of Social Inclusion Policies has been carried out on behalf of the European Commission by a consortium between INBAS, NIZW and the European Centre. For more information see http://www.peer-review-social-inclusion.net/peer/en/index_html. The EU is pursuing a policy of mutual learning for member and future member States. The peer review is one of the instruments of such a policy, whose aim is to circulate knowledge and stimulate debate and feedback on the institutional arrangements of single countries by other countries belonging to different welfare clusters, but undergoing similar welfare reform pressures. The Belgian DIS – one of the most recent reforms in the field of social assistance and last safety nets – was selected as an interesting case in the European welfare reforms scenario on the basis of an analysis of the National Plan on Social Inclusion (NAPs/Incl) reports. The DIS appeared to be a highly relevant example of the actual policy reform debate, because it intervenes on the main features of the social assistance schemes at stake: replacement rates, individualization of rights, use of a social contract, individualized insertion programmes, age targeting, to name just the most relevant ones.

[2] By social assistance schemes one usually understands non contributory tax-financed and means-tested income support and in-kind services targeted to low-income citizens, whereas other schemes, covering labour market related risks, such as old-age pensions and unemployment benefits are generally contributory-based.

to old-age and survivors' pensions and the recently introduced (only in some countries) old-age dependency schemes. The degree of coverage of the different pillars of social protection varies throughout the different European countries, and also within each country at the local level. However, public social protection in Europe is still a wide and complex system, of which social assistance represents the last safety net for citizens in economic need who, for different reasons, are not covered (enough) by the other existing protection schemes (de Neubourg et al., 2005).

Social assistance schemes have been gaining in importance in all European countries over the last years. Despite broad commonalities in this converging trend, differences among countries persist.

Our hypothesis is that within European countries we are undergoing (in relation to social assistance and activation) a deep process of change characterized by an ambivalent *converging path dependency*, that is: particular institutions and narratives (e.g. *contractuality*, *activation*, *conditionality*, …) relating to social policies aimed at combating poverty are converging. This convergence, however, is occurring within the frame of the overall welfare state settings, bringing about an increased differentiation both between countries and between sub-national territorial levels.

Within this frame of analysis we will address the following questions:

1) Why social assistance and activation schemes become more important in Europe?
2) What are the main features of the *welfare systems* within which social assistance policies are embedded?
3) What are – more specifically – the characteristics of activating policies which are relevant in a comparative perspective?
4) What is the impact of the changes and what are the critical issues emerging?

Our aim is to contribute to clarify the process through which institutions translate vulnerability and social risk into socially defined conditions of need in European countries and the respective welfare models, considering minimum income policies.

1. The European development of minimum income policies

1.1. Why are social assistance schemes becoming more important in Europe?

Social assistance schemes are becoming more important in all European countries. This does not necessarily entail that claimants are increasing as well, but that some common trends increased economic and social vulnerability. In particular we can highlight the following trends:

a) *the growth of unemployment* after the end of the seventies and the persistence of unemployment and long-term unemployment in the current phase. This brought about the fact that many unemployed had to resort to social assistance schemes when their insurance-based benefit was over.

b) *the weakening of family ties* (e.g. growth of divorces, separations, single households and single parents), reducing the possibility of relying on relational resources in developing strategies to cope with economic breakdowns.

(a) The sharp drop of the employment base in the manufacturing sector has been, more or less, counterbalanced by the increase in highly heterogeneous – and sometimes unstable and badly paid if not in the public sector – forms of employment in services. This occurred in quite different ways in different countries but, in general, the socio-economic transformation led to an overall precariousness of working and living conditions, instability of work careers, and a decreasing trend of the *full-time life-long* job perspective for some social categories. Flexibility, part-time and atypical forms of work are not synonymous with vulnerability and social exclusion everywhere. It depends on the social and economic context within which the working activity is carried out, as well as on the regulatory frame of reference. Some sub-national levels (namely, regions and cities) are hit more prominently by the transformation process than others and the various needs are also met differently in each welfare settings. However, persistent and relatively high long-term unemployment rates, also affecting the Scandinavian countries since the early nineties, changed the overall scenario, even in these dynamic or highly regulated labour markets.

(b) The weakening of family ties is the result of several interlocked socio-demographic processes, like the growth of divorces and separations, the diffusion of single households and single parenthood[3] as well as increased life expectations (implying the growth of elderly in need of care). These changes characterise to a

[3] The children (0–14 years) living in families with only one adult as a percentage of all children living in families with two adults increased from 6 to 9.7 per cent in EU-15 between 1990 and 2000 (Eurostat, 2003b).

variable degree the ongoing demographic transformations in most industrialised countries. One of their main consequences is the weakening of the *family's protective capacity* along two main lines: (i) an increasing number of individuals may become socially isolated and hence more vulnerable for longer periods during their lifetime (e.g. elderly, single mothers, single long-term unemployed); (ii) an increasing number of subjects are living in households with insufficient resources, for instance large families with dependent members (e.g. elderly, children leaving home at a later age). The risks distribute differently in the different countries and regions, also because of different welfare settings, but the overall vulnerability undoubtedly increased.

Both these changes are more extreme in cities than in rural areas and are, therefore, challenging national and local welfare arrangements. The social groups mainly turning towards social assistance are long-term unemployed, young people (where eligible), single parents and non-EU members (Arriba and Austa, 2004). The number of social assistance recipients increased in all countries over the eighties, and reached a peak around the middle of the nineties and then started to decrease, as ECHP data show (Nicaise et al., 2003). This change of direction is mainly due to three factors: (a) on a macroeconomic level, the end of the economic crisis; (b) the tightening of the targeting of the measures, excluding part of the claimants on the basis of their – or their families' – resources; (c) their increasingly activating features, moving them towards an entitlement to contributory unemployment measures in case of success, and excluding those who are less performing (see § 3.1).

1.2. The characteristics of the European welfare systems within which social assistance policies are embedded

The above challenges that national and regional (local) welfare systems have to face are, to some extent, similar. However, their institutionalised heritage further contributes to make the picture more complex. Recent debates – in particular, when they also address last safety nets in their classification exercise – point to the existence of *five European welfare systems.* These are characterized by a different equilibrium between the main responsible agencies in the provision of welfare i.e. of resources to individuals in case of need (e.g. *State, Family* and *Market*). *State regulation* (or its absence) has a prominent role as it defines the role of the other agencies and the instruments governments have in facing poverty and social exclusion.

The five systems are:

1) The Liberal welfare system. Here *State* welfare is conceived as relatively residual and intervenes only when both the *market* and the *family* have failed in allocating resources. The *market* is the prevailing mechanism of regulation and integration in a highly individualised (see positions on the "x" and "y" axis of Graph 1) and competitive society. The main example of this model is represented

by the USA, where the importance of public education, pension and health systems is very limited, and where there is an extremely residual social assistance system. Employment and welfare have historically been organised through different agencies both at the national and State level.

Among the European countries, the United Kingdom is the closest one to this model, even though some substantial differences point at a more *State centred* variant of the model, because of the legacy of the Beveridgian welfare state (expanded during the 40s and 50s) and the – comparatively to the USA – developed social services. However, poverty (mainly urban) and inequality rates are among the highest in Europe. In this system *Social Assistance* is a universalistic measure – in the sense that everybody in a condition of need can access it – but with a tight use of the means-test. Generosity and adequacy of income support levels are on an intermediate position in Europe (see "x" axis in Graph 1), lower than in Scandinavian countries, but definitely higher than in southern European ones. In the last decades, a sharp retrenchment of social expenditure was put on the political agenda, but the legacy of a highly developed welfare system allowed maintaining the core of social protection. Social assistance benefits *per se* are more or less managed homogenously throughout the country; differentiation among regions occurs more in relation to *activation policies* and to the related local partnerships (for training, stages, motivation, social insertion, …). The joint Public Employment Service (PES) and benefits agency management of the New Deals is increasingly fragmented and depends very much on the resources available locally, which are related to the degree of competitiveness regions and cities can achieve on the market.

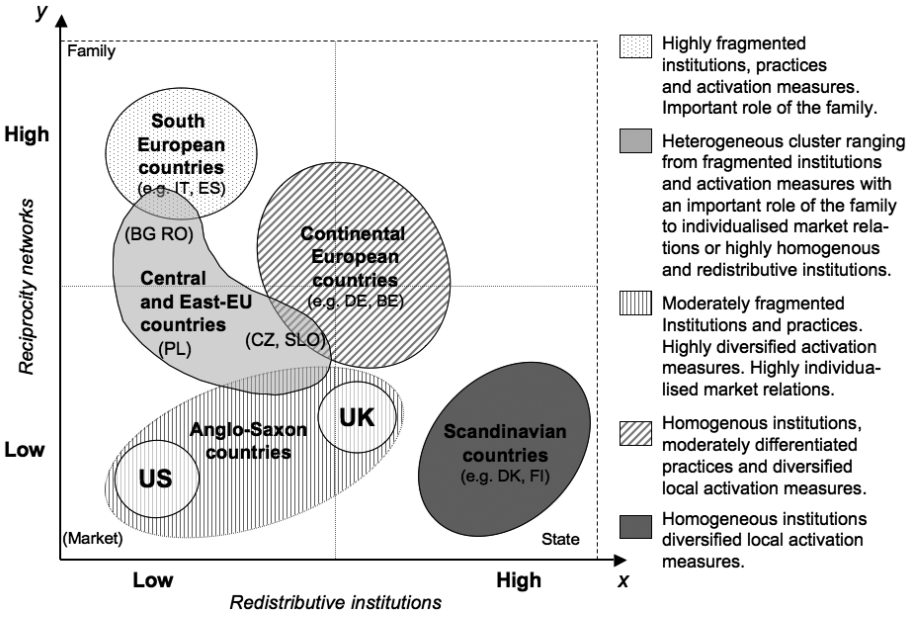
Different welfare system developments have a strong role in explaining diverging poverty rates and social inequalities within societies. Both the incidence and the duration of poverty are higher in the US and the UK; this is true whatever poverty and inequality measure is used. The lower capacity of this welfare system in preventing poverty is clearly seen in the poverty rate before and after transfers, and in particular in the comparison between the UK on the one side and Denmark and Germany on the other (see Table 1). Moreover, although the average citizen has a higher income level, the distance between the income level of the lower deciles and the median income is bigger than in the EU countries, except for the UK (de Neubourg et al., 2005). The liberal welfare system is the one absorbing least public resources (except the familistic one): as table 1 shows, expenditure on social protection as a percentage of the GDP in Denmark is almost double than in the US. In the latter model, the caution in increasing public social expenditure is linked to the rhetoric of maintaining economic competitiveness high (see Table 1).

2) The Social-democratic system. Here *State* welfare is pervasive and replaces both *family* and *market* responsibilities, and measures are universalistic, addressed to all citizens according to their need. A wide range of in-kind services and monetary transfers is supplied. The welfare *State* is the prevailing agency and *redistribution* is the most important allocation form, even though, during the last decade, some second-level insurance-based schemes have also been introduced. Market

dependency, poverty and inequality are the lowest in the EU. *Social assistance* is in this system by far the most generous one, not only in the amounts of the benefits, the high replacement ratios on the poverty lines, and on the wage levels (especially in Denmark; see table 1), but also in the institutional configuration of the measures. Social assistance is a clear right for those who are not able to maintain themselves; the payment is assured according to the persistence of the need. Recipients are entitled to a number of supplementary benefits (housing benefits, family and child allowances) which, in most cases, lift them over the poverty threshold. Social assistance is only a residual part of the *Guaranteed Minimum Income* (GMI) package, a last-resort measure that intervenes to top up the other benefits to the social assistance threshold. Adequacy of income support is a fact and local differentiation is very little, except for activation measures, which depend on local political and economic arrangements. Even though income inequality *before* taxes and transfers is the highest in these countries, income inequalities and poverty rates *after* taxes and benefits are particularly low (see the Gini coefficient in table 1), thanks to the overall design of their welfare system. In fact, the last resort social assistance measures are not so efficient in reducing the poverty rate, even if they improve the income conditions of those in need (without lifting them over the poverty line). It is the rest of the income transfers (child and family allowances, unemployment benefits, old age pensions) and in-kind services that keep a bigger part of citizens well over the poverty threshold in these countries (de Neubourg et al., 2005). This welfare model is the most expensive one in terms of percentage of social expenditure on the national GDP (see table 1); nevertheless, it maintains a high degree of social consensus, as both social and economic results are positive (see the ranking of Denmark in competitiveness evaluations in table 1). As we shall see, reforms have been approved in order to keep social expenditure under control, but the overall system configuration is – comparatively seen – still the most generous and encompassing.

3) The Corporatist system. Here *State* welfare is conceived in a meritocratic way: schemes reproduce the socio-economic status that families achieve in the labour market through the position of the breadwinner(s). The *family* is the prevailing social agency and, coherently, it is strongly supported by specific *targeted* in-kind and monetary state provisions (*active subsidiarity*). *Reciprocity* is the most important integration and resources allocation form (see "y" axis in graph 1). Even though the State intervenes extensively, this intervention is mediated by the role of the *family*. Dependency from the *market* is higher than in the social democratic model, but lower than in the liberal one. Germany (with Austria, France, Belgium) is the example of this welfare system, whose origins are to be found in the Bismarckian reforms in the second half of the nineteenth century. Social assistance is still a clear right, but the family is its target much more than the individual. Levels are lower, but still generous (see "x" axis in graph 1). Specific monetary and in-kind measures are targeted to families in order to sustain them in the major caring role assigned to them (*active subsidiarity*). These, however, may vary at the Länder level, as well as activation measures, even though within a frame of guaranteed rights.

Graph 1. European Welfare systems and the role of social assistance schemes



4) The Familistic system. Here *State* welfare is conceived in a meritocratic and fragmented way, as in the corporatist model, but it is less generous and very unbalanced in the provision of benefits rather than in-kind services. Much less resources are targeted to *family* policies (*passive subsidiarity*) and to other contributory and means-tested schemes. The consequence is that the *family* is overloaded with social caring responsibilities with or without few resources from the *State*. All southern European countries (Italy, Spain, Portugal, Greece) show a high degree of local variation. Policies are highly segmented and targeted to particular categories. Dependency from the market resembles that of the liberal model with the exception given by the fact that families reduce this dependency (low divorce rate, low single households, etc.) more extensively. As far as social assistance schemes are concerned, *the Familistic welfare system* is the most problematic one. Levels are much lower in Spain and in the Italian local measures formal entitlements do not guarantee effective payments. Local differentiation and discretionary powers of social workers are more widespread because of heavy budgetary constraints. Yet, the experimental Italian *Reddito Minimo d'Inserimento* (RMI), which has never been implemented at the national level, was closer to the conservative cluster as far as levels and features are concerned. Together with the recent reform in Portugal, it went in a direction towards a

converging modernization of social assistance in the southern countries. All these reforms – given a national framework law of reference – shift responsibilities for any policy aimed at combating social exclusion and poverty towards the local level. This is true, in particular, for activation (or insertion) policies and the respective partnership involved. Though there is no legally enforceable social right within a national framework law, even if some countries grant the right to social assistance in their Constitutional Chart, like Spain.[4] Moreover, schemes often send recipients to obliged family members for support, which keeps the number of recipients and the overall expenditure rather low. Income inequalities and poverty rates are higher than in the other European countries, especially in Italy where children's poverty rate is similar to that of the USA (around 20 per cent). An example of the overall low capacity of this welfare model in preventing poverty is represented by the very low difference in the poverty rate observed before and after social transfers in Italy, indeed the lowest difference among the countries considered (see Table 1).

5) The transition model is not yet a consolidated model with clear characteristics. Here both the conditions producing vulnerability and the institutional frame aimed at contrasting them experienced a dramatic change since 1989. Most central European and eastern European countries belonging to this model underwent a deep structural change in the economy with sharp GDP decreases followed by high increases. The reforms implemented in the last decade to accompany these changes and to contrast its potentially negative impact, have ambivalent consequences, with countries like Poland, for example, giving a more important role to market regulation, while others like Slovenia investing more in coordinated market and social policies. The starting basis, however, is a quite homogenous distribution of income with – in most cases – below average inequalities. Yet, the dynamic of change and the impact of the policies adopted in the last decade will have consequences in the coming years. First signals come from the greater (e.g. Slovenia, Czech Republic) or lesser (e.g. Slovakia) ability of policy transfers to significantly reduce the risk-of-poverty rates.

The five models described so far show a relatively high degree of coherence with the configurations social assistance and activation policies have in the different local welfare arrangements. We can easily recognise different levels of benefits, sets of opportunities in escaping the condition of economic need and degrees of institutionalisation of local partnerships.

Although these differences reinforce the highly fragmented scenario emerging at the local level for activation policies, one could argue that European welfare systems show a number of relevant similar features, in particular if opposed to the United States. First and foremost, social assistance represents in European Union countries (where it exists), only the last safety net within a complex and articulated (at varying degrees, as we have seen) system of social protection.

[4] This is true for Switzerland as well (Arriba and Austa, 2004).

1.3. The impact of changes and the development of activation policies

The overall changes sketched out above brought about an increased pressure on the welfare state settings which set in motion a far-reaching reform trend. In fact, social policies faced in the nineties a deeper shift in regulatory terms. Overall spending did not change accordingly yet, but social assistance schemes with a tighter use of means testing became more important. Not being *passive anymore* is the new rhetoric, cross-cutting the whole of Europe, from the Scandinavian to the southern European countries (Lødemel and Trickey, 2001; Heikkila and Keskitalo, 2001; Nicaise and Groenez, 2004).

The fact that unemployment has become one of the main causes of the increase in recipients of social assistance since the mid eighties, consolidating in the nineties – in a period when welfare systems underwent cost containment and scarce political support – stirred the debate on welfare *dependency* and how to hinder it (highlighting mainly poverty and employment traps).

Activation has become a *magic* word for finding a solution to dependency and attaining two goals:

a) *getting people off assistance payrolls* by cutting down public expenditure on social assistance and unemployment measures and, reducing the social costs of poverty and unemployment;

b) *empowering the unemployed* by increasing their opportunities and giving wide social support through ad hoc designed accompanying measures.

The attainment of these goals varies considerably from one welfare system to another, according to the political colour of governments and municipalities and the existing budgetary constraints. In all cases, however, activation changes the relationship between the recipients and the public administration, widening the duties of claimants and – only in some positive cases – also their rights.[5] In both cases the emphasis on activation is driven by a tendency to blame long-term

[5] To legitimize activation policies, different narratives have been developed which are – in line with their contrasting aims – co-present in the public debate in every country. On the one side, activation policies are presented as an absolute necessity to contain financial and social costs of inefficient and passive unemployment measures, in a moment of fiscal crisis that imposes cuts to the public expenditure. Budgetary constraints due to the EU Monetary Union are also used successfully in the rhetoric. In this discourse, the accent is on the *duties* of the beneficiaries (especially the duty to *work* and *maintain oneself*): citizens who receive public assistance have to give something back. On the other side, what is underlined is the fundamental function that work has in shaping the personality and in fostering the social inclusion and integration of people. According to this narrative, access to activation programmes is a right that the unemployed person should be able to claim in front of the public administration, as activation is a key to enter the labour market (again), thus avoiding falling into poverty and achieving autonomy (again). In this discourse the accent is on the *rights* (to work, but also to consume: citizens have the right to be defended from poverty by the State according to need, and not depending on their willingness to activate).

Table 1. Socio-economic and social expenditure indicators for selected EU countries and USA

2004	EU		Universalistic	Conservative
	EU-15	EU-25	DK	GER
Population				
Old age index[1]	25.0	24.1	22.3	25.9
% population aged >65	17.0	16.5	14.9	18.0
Fertility rate[2]	1.48	1.52	1.18	1.34
Births out of wedlock[3]	31.4	30.2	44.8	26.2
Divorce[4]	2.0	2.0	2.8	2.5
Employment rates[5]				
Male (15-64)	72.7	70.9	79.7	70.8
Female (15-64)	56.8	55.7	71.6	59.2
Youth (15-24)	16.6	18.6	8.4	15.1
% of fixed term contracts[6]	13.6	13.7	9.5	12.6
Unemployment rates				
Male (15-64)[7]	7.1	8.1	5.1	8.7
Female(15-64)[7]	9.3	10.2	5.6	10.5
Youth (15-24)[7]	16.6	18.6	8.2	15.1
Long-term (15-64)[8]	43.4	n.a.	22.9	50.0
Expenditure on social protection				
Per capita in PPS[9]	6270.0	6747.6	8095.4	7291.7
As % of GDP[10]	27.5	n.a.	29.5	29.8
(2002) On family/children[11]	8.0	n.a.	13.4	10.7
On old age and survivors[11]	45.8	46.2	37.6	42.5
On labour policies[12]	n.a.	n.a.	4.63	3.31
On active labour policies[12]	n.a.	n.a.	1.58	1.18
Unemployed covered[13]	n.a.	n.a.	63.8	72.3
SA for 1 parent + 1 child PPP[14]	n.a.	n.a.	585	390
Poverty				
60% median pre-transfers[15]	24 ('01)	24 ('01)	32	24
60% median post-transfers[15]	16 ('01)	15 ('01)	12	15
Gini index	n.a.	n.a.	22	25
Competitiveness[16]				
Growth 2005-ranking	n.a.	n.a.	4	15
Business 2005-ranking	n.a.	n.a.	4	3

Familistic	Neoliberal	
IT	UK	USA
26.9	23.7	18.7[a]
19.2	17.1	12.4[b]
1.29	1.71	2.08[c]
10.8	43.1	33.2
0.7	2.7	4.2
70.1	77.8	82.2[d]
45.2	65.6	69.7[d]
23.6	12.1	61.6[d]
11.8	6.0	
6.4	5.1	6.4[d]
10.5	4.2	5.7[d]
23.6	12.1	12.4[d]
49.4	20.2	11.8[d]
6266.3	7002.0	5302[e]
25.6	27.2	15.2[f]
3.9	6.7	
61.9	46.4	6.1[f]
1.20	0.75	
0.57	0.37	0.2[f]
4.4	26.2	n.a.
160	420	139
22 (2001)	26	
19 (2001)	18	17 (50%)[g]
29	31	45[c]
47	13	2
38	6	1

[1] Old age index: people over 65 as a percentage of the working age population (15-64) (source: Eurostat 2003a).

[2] Estimated values for 2003. Source: Eurostat (2005).

[3] As a percentage of all live births. DK, GER, UK, EU-15, EU-25 estimated values for 2003. BE and IT estimated values for 2002 (source: Eurostat 2005).

[4] Per 1000 persons in 2002. IT, UK, EU-15 and EU-25 estimated values (source: Eurostat 2005).

[5] Source: Eurostat (2005). Employed persons as a share of the total population aged 15-64. Data refers to 2004.

[6] Source Eurostat Labour Force survey 2004.

[7] Source: Eurostat (2005).

[8] Long term unemployed (12 months or more) as percentage of all unemployed Eurostat Labour Force statistics 2004.

[9] In PPS (purchasing power standards). Estimated values for 2002 (source: Eurostat 2005).

[10] Estimated values for 2001 source: Eurostat (2005) Year book 2004.

[11] As a percentage of social benefits (source: Eurostat 2003b).

[12] As a percentage of GDP. Years: BE 2003, DK 2000, GER 2002, IT 2002, OECD Employment outlook 2005.

[13] Unemployed covered by unemployment benefits. Source: ECHP version 2001, data referto 1998 (wave 5). Calculations by Carbone (2003).

[14] Social Assistance benefits for *one parent* plus one child *aged 2 years 11 months*. PPP= purchasing power parities (£=1). Situation 31st July 2001 (source: Bradshaw and Finch 2002).

[15] Eurostat (2003a). First year 1995, last year 2000.

[16] Source: World economic Forum (2004). The report and full methodological details are available online at: www.weforum.org. Updates available.

US sources

a) US Census Bureau, 2000.

b) http://quickfacts.census.gov/qfd/states/00000.html

c) CIA, year 2004.

d) Division of Vital Statistics, National Center for Health Statistics, Births: Final data for 2000. National vital statistics reports, 50(5). http://www.acf.hhs.gov/programs/ofa/annualreport5/0804.htm

e) US dollars. Total social expenditure includes Public and Mandatory Private expenditure. Source: OECD, 2004, National Accounts of OECD countries, Main aggregates, Volume 1, Paris.

f) OECD, 2004, Social expenditure database 1980-2001, www.oecd.org/els/social/expenditure.

g) Proportion of the population below 50% median income poverty threshold (Source: OECD, 2005, Society at a glance).

unemployment more on the individual unemployed – as lacking in competencies and/or initiatives – rather than on the overall capacity of the economic systems to create a sufficient number of suitable jobs. In fact, differences among welfare models apply also to activation measures, even though the emerging picture is more fragmented and heterogeneous considering the different territorial levels (see § 3.5).

The main institutional forms through which these goals have been pursued are, more or less, all related to the first relevant reform addressing this issue: the *Revenu Minimum d'Insertion* (RMI), which was introduced in France in 1988. At the very basis of this reform there are two main relevant changes which, according to many scholars, provided a major paradigm shift: (i) the contracualization of the relationship between the municipality and the claimant; (ii) the activating nature of the accompanying measures.

All subsequent reforms (in most southern European countries: Spain, Portugal and the RMI testing phase in Italy; but also in Germany and Scandinavian countries) followed this pattern of institutionalization. What differs substantially are the details according to which these main lines of reform have been implemented and translated into specific regulatory frameworks. It is, in fact, this complex process of de-contexualising and re-contextualising the institutional arrangements and policies that has had quite a differentiating impact in the different European countries. Mutual learning and institutional shopping are always filtered by the existing national framework and by the interactions new measures have with the overall welfare system.

Eardly et al. (1996a) argue that the policy agenda and reforms were rather reflecting the specific holes/shortcomings of each welfare regime, focussing on the absence of social assistance schemes in Southern Europe, the persistence of social inequality in Scandinavian countries, the "new poverty" in the continental countries, and social assistance dependency in the UK. Lødemel and Trickey (2001), also underlined the social and political conditions of different activation developments. Nevertheless, in the second half of the nineties, these partially different aims were pursued through a similar introduction of activating measures, with a common concern about the need to contain social expenditure (Arriba and Austa, 2004).

1) In the liberal model, a strong accent on *workfare* (compulsory activation) was put by the former conservative governments during the eighties and early nineties. Although, in the UK the present labour government developed those programmes, tailoring them in a very specific way according to the needs of the different risk categories (so called *New Deal* programmes for the young 18-24 years, the long-term unemployed, single mothers, etc.), with increasing local differentiation. In the USA, the main target of reform was the Aid for Families with Dependent Children (mainly paid to single parents), the consensus around which has been decreasing since the eighties, is believed to favour welfare dependency and the reproduction of an underclass culture. However, Clinton's democratic

governments decided to pursue the end of welfare "as we know it", and the transformation of social assistance from a safety net to a springboard towards professional insertion and independence. Obligation to work was introduced together with the re-organisation of one-shop services and the contracting out of many activities, but here too with a remarkable variation between and within states. The decrease of social assistance beneficiaries was reflected in the increase of the phenomenon of the working poor (Finn, 2000).

2) In the social-democratic model there is the longest tradition of active labour policies. In the last decade, activating elements have also been introduced into social assistance (which was residual in the overall welfare system up to the nineties), in order to increase employability of benefit recipients and to contain a very high social expenditure. Conditionality characterises these measures for the first time in the Scandinavian tradition, raising questions of a possible paradigmatic shift taking place in Nordic social policy. This change, however, has been accompanied by more individualized activation plans with a strong empowering characteristic. Local differentiation emerges here too.

3) The conservative/corporatist model followed a similar trend to the social-democratic countries, even if starting from a much less developed tradition in activation policies. In the second half of the nineties, the measures became increasingly formalised, foreseeing a mixture and balance of punitive and empowering elements giving room to a high degree of local variations and often putting local administrations under severe financial pressure (e.g. in Germany). For the sake of economic savings, and in view of pursuing efficiency, trends of privatization of services have taken place at different degrees in different countries. The Netherlands, which operates a very hybrid welfare system, completely privatized the reintegration services during the second half of the nineties. Belgium has introduced relevant activation elements in social assistance since 1993, and even more so with the introduction of *Droit a l'Integration Sociale* (DIS) (see footnote 1).

4) In the familistic model, characterized, so far, by fragmented and highly targeted welfare policies, examples of last resort measures (Portugal, Spain) have recently been introduced for the first time. They present innovative activation elements resembling the contractual settings characterizing the French RMI. Spanish Autonomous Communities, for instance, introduced regional programmes of *Renta Minima de Insercion* between 1989 and 1995 (Ferrera, 2005). Despite a wide inter and intra regional differentiation (see § 3.5.), these programmes filled the existing gap in social assistance in Spain, as did the 1996 law in Portugal (Capucha in Ferrera, 2005). Italy tested a similar measure in the 1998-2002 period, but never institutionalised it and actually lags behind as the only European (EU15) country without a national last-resort measure, together with Greece (Matsaganis et al. in Ferrera, 2005). The Spanish and Portuguese reforms represent an important paradigm shift, aiming at widening the coverage (previously very limited) of people in a condition of need, preventing dependency and containing costs at the same time. On one side, we face a process of

centralization (finally rights are homogenously distributed within the country) and on the other side we witness a process of increased local differentiation.

5) In the transitional model, patterns are still unclear and the National Plan on Social Inclusion (NAP/Incl) from the central and eastern European countries, do not provide an adequate picture of the reforms, and adopt a rather vague rhetoric. Social assistance is not the top priority vis-à-vis major structural reforms and old systems still partially persist in the changed scenario. Replacement rates are, comparatively, low and measures still have a categorical structure of intervention, targeting resources to specific groups at risk, and not to the whole potential population at risk (e.g. in some countries Roma or families with children, etc.).

We can, therefore, observe common trends throughout European countries leading towards the institutionalization of social assistance where it was lacking, the introduction of stricter means tests, and the shift towards activation policies. However, such common trends are constantly filtered by national specificities, historical inheritance and path dependency. Policy changes are, therefore, less clear cut and convergence and divergence patterns tend to coexist and influence one another.

2. The activating policies in an international context

This paragraph addresses six major issues in the implementation of activation policies, which are most relevant to the international debate:

1. activation and contractualization;
2. age targeting;
3. the discretional power of social workers;
4. coordination issues;
5. territorial differences;
6. evaluation and monitoring.

2.1. Activation and contractualization

Activation policies have been assessed in international research by considering their main features and distributing countries on an ideal *continuum* between "social integration" and "workfare".

Lødemel and Trickey (2001) use the analytical category *human resource development*, contrasting it to *labour market attachment* and distributing countries according to the degree to which labour market insertion is compulsory within activation programmes. The distribution of countries along that continuum reflects the main characteristics of the respective welfare states.

Nicaise (2002) suggests that in order to distinguish social integration and "workfare", we should consider, among others, the following criteria:

1. Degree of choice for claimants: can they refuse unsuitable proposals? What are suitable proposals?
2. Are there procedures in place to allow for appeal by the claimant? Under which conditions?
3. Is there a balance between rights and duties? Do the State and the social workers have duties as well as the claimant?

Belgium moved – thanks to the DIS reform – more in the direction of the group of countries that privilege the empowerment and social integration of the claimant as the new law foresees participation of recipients during the integration path, while sanctions seem to be applied in a rather mild way. In this sense, the Belgian measure seems to follow the French RMI orientation, calling for a greater sharing of responsibilities between the individual and the society at large, with an emphasis – even in the name of the measure – on social integration and citizenship rights. Luxembourg has a system similar to the Belgian one, but in a different context due to the small size of the country and the low level of unemployment. Here the payment of social support is smooth and rapid, but sanctions are stricter (allowing for the withdrawal of 100 per cent of benefit), and more often applied. In the Netherlands, a law was recently introduced with features similar to the Belgian DIS, promoting reintegration of citizens through a coordination of employment and welfare issues.

As far as the new EU member States are concerned, in Estonia a new law came into force at the beginning of 2006, with the explicit aim of activating the long-term unemployed. Hungary, too, is considering an activation approach that would bring different measures together in one system. In Slovakia, an important reform took place in 2003, foreseeing activation schemes for people in need who want to access benefits which guarantee basic living necessities (shelter, clothes and meals). Further support is granted for housing, care services etc., if people are unable to work.

The spread of activation policies ties in with the EU Lisbon strategy, which aimed at achieving an economy that would be dynamic, competitive, knowledge-based, capable of sustainable growth, with more and better jobs and with greater social cohesion and less poverty. The NAP/Incl is the tool through which member States define their strategies in order to reach Lisbon targets and translate them into concrete operative actions. The NAP/Incl 2003-2005 showed a greater attention to "promoting access to work" strategies, and pleads for a greater connection between the NAP/Incl and the NAP/Emp, in order to create virtuous synergies in labour market integration. In particular, disparities between territorial areas, gender discrimination and the integration of newcomers and second and third generation immigrants were addressed. The exploitation of the potential of job

creation of NGOs, as well as the fostering of the emergence of irregular jobs are pursued as ways to increase the provision of quality jobs (Commission of the European Communities, 2003).

In many countries, activation programmes are presently developed through "small municipal jobs". In general, this does not seem sustainable, because activated recipients tend to return to benefits after some months giving rise to the so called *revolving door effect*. The question is how to create sustainable programmes. In fact, in order to tackle the multiple dimensions of social exclusion, activation programmes are not enough. The prevention of social exclusion also depends on wider labour legislation, family policies helping households to cope with the costs of raising children, and housing policies, given that housing costs are increasingly reported to be a cause of vulnerability in various EU countries even for those households with employed members (e.g. Italy, France, Belgium). These are expensive policies, but their effects on the recipients' empowerment have a chance to be more long-lasting. For recipients characterised by multidimensional problems, policy patterns with an integrated approach and a strong emphasis on social and human development seem more adequate. Of course, the success of an activation programme also depends on the existence of good quality jobs. As a consequence, activation schemes should, therefore, be part of a wider strategy stimulating the demand of this particular labour force, lowering labour cost (for instance by lowering the social contributions).

2.2. Age targeting

Activation schemes, within social assistance policies, often address young people differently. This is mainly for two reasons. First, because focusing on the youngest recipients should aim at preventing the fall into long-term unemployment and social assistance dependency. The attempt is to interrupt the downward path at an early stage. Second, because it concentrates efforts and resources on that group of recipients that *a priori* has most chances to achieve independence through labour market participation, thus increasing the success rate of the integration programmes.

Although there is wide consensus and grounded evidence on this, the age limit is questionable. Many social workers assess it is artificial, as the focus on the age limits the possibility to differentiate recipients on the basis of their chances to be placed (back) in the labour market. Moreover, this approach risks to exclude older adult recipients from more concrete integration opportunities, thus raising the issue of equal opportunities across age cohorts.

This dilemma is related to targeting *per se* and emerges out of the budget constraints that characterize social policies in general. Activation of multi-problematic social assistance recipients is more complex and needs more time than activation of unemployment benefit recipients. Thus, if the number of activation beneficiaries increases in the absence of important public financial investments,

activation efficiency may decrease. The (non-intended) result is that those with less personal resources and more cumulated causes of social exclusion will lag behind in the (re)integration process and the feeling of relative deprivation might even increase. The targeting is a way to assure a real accompaniment to social and work integration, at least for some of the recipients.

In general terms, a universalistic measure diminishes its intervention potential if target groups are introduced. Particular groups concentrating social needs or cumulating different causes of exclusion could be better supported through *ad hoc* integrative programmes, implemented at the local level (e.g. the Swedish case).

In the Belgian DIS, the compulsory character of activation is clear only in the case of recipients under 25. For those over 25, the payment of an integration income *can,* but does not have to be linked to an integration project. Available data confirm that many more integration projects involve recipients under the age of 25 rather than all other age groups.[6] A similar age targeting is observed in the UK, with a specific activation measure (New Deal for the Young) addressed to young unemployed. Other countries, on the contrary, tackle the youth integration problem in completely different ways. Luxembourg, for instance, introduced a minimum income in 1986, establishing the right to financial assistance and the duty to be active, but only those between 25 to 60 years of age are entitled. Those younger than 25 are also not eligible for the RMI in France. Germany has traditionally prevented the phenomenon of high youth unemployment through the development of a very effective dual apprenticeship system which eases the school-to-work transition. However, in the southern European countries, youth unemployment is not specifically targeted by activation measures, as young people are supported mainly by their family rather than by the social assistance schemes. This is particularly true in Italy and Greece, where social assistance is almost non existent. Here, such a disregard of the youth condition is reinforcing a sharp delay in the transition to adulthood, thereby decreasing the Italian birth rate to a worrying level.

2.3. The discretional power of social workers

Significant differences in the application of the law are caused by the discretional power that social workers have at different stages, i.e. their power to decide or influence decisions with regard to supporting their clients. It is a difficult issue to be addressed in a comparative perspective, because in both highly and loosely formalized systems, the degrees of discretion that inform the activities of social workers are relatively high. What makes the difference is related to what can be decided and what impact it may have on the claimant. In particular, the discretional power of the social workers seems particularly important in two steps of the integration process: the assessment of the level of accomplishment of the

[6] Source: http://socialassistance.fgov.be/Fr/themes/Stats/Beleidsnota/RMI_3.html.

integration contract by recipients and, as a consequence, deciding the application of sanctions; the payment of "additional" supports.

This has a direct effect on the type and quantity of support received by citizens and has been reported in almost all the EU countries as a critical issue. This is true also for Scandinavian countries, even if here discretion is mostly used to favour the claimant, and applied mainly to accompanying measures and the definition of insertion plans (Ditch and Roberts, 2002).

In other contexts – Southern and some Eastern European countries – discretion plays a major role already in the definition of the amount and duration of the benefit the recipient can claim. In this sense, the separation of administrative issues (related to payments) from social work *strictu sensu* – as it happens in many continental European countries – might help. Moreover, a major difference is given by the possibility for recipients to apply to the Court in case they feel they have been treated unfairly.

2.4. Coordination and networking

Coordination is crucial for the implementation of activation measures that, by definition, involve different stakeholders, belonging to different sectors (public, for-profit and not-for-profit) and at different institutional levels. The patterns of coordination among the local actors are not evident, and they are strongly dependent on formerly existing coordination traditions and resources (human, monetary, relational, informative and normative) available in the specific context. In particular, the difficulties of coordination are observed at the three following stages of the activation process:

1. **Application reception and analysis of eligibility conditions:** in this preliminary phase, it is crucial that efficient relations between local social assistance agencies and other relevant offices are established, in order to allow, on one side, stricter controls and thus a more equal application of the measures and, on the other side, a more fluent and, therefore, less expensive procedure. Official procedures of cooperation should be established at the higher institutional levels, otherwise, it is left to the individual capacity of each social worker to establish useful contacts. These kind of controls are particularly weak in southern European countries.
2. **Design and identification of resources for the individualized integration project:** in this central phase, it is fundamental that local social assistance agencies can count on the experience and competencies provided by the labour market services (PESs), to widen the integration chances for the recipients. In Belgium, for instance, many Centre Public d'Action Sociale (CPAS) report difficult relations with PESs, who do not distinguish between unemployment benefit recipients and social assistance beneficiaries. As a consequence, social assistance recipients, who are generally weaker, risk failure and subsequent labelling as "non

placeable" unemployed, while real integration efforts tend to concentrate only on unemployment benefit recipients and on young DIS beneficiaries, perpetuating the existing segmentation of citizens out of the labour market.

3. **Job experiences, job achievement:** in this final crucial phase, stronger relations are necessary between local social assistance agencies and actors working in the labour market, in order to increase probability of success.

It appears that services are more efficient when they are integrated, holistic and flexible, in view of giving quick and adequate responses to new clients. In order to achieve this, different bodies engaged in integration (employment, welfare) should collaborate. In this sense the Belgian CPAS offer a good 'one-stop-shop' model for other countries.

2.5. Territorial differences and local inequalities

A major critical issue in social policies is related to territorial differences. The current debate on social security reforms ranges between two options:

- social security should definitely be regionalized, in order to avoid implicit economic transfers from one region to the other, and make the management more efficient and adequate for the specific local needs;
- social security should not be regionalized further, because less affluent regions will become poorer and local differences do not comply with the equality of rights principle.

As a matter of fact, many EU countries are characterized by significant regional differences in their economic development. For instance, in Belgium, Wallony is less affluent and shows higher unemployment and poverty rates than Flanders. As a consequence the Flanders region spends more on social security and gets back less in terms of subsidies. The same occurs in Italy with the less affluent *Mezzogiorno* and in Germany with the eastern *Länder*.

The main problematic point deals with the issue of citizens' equality: if welfare solutions substantially differ according to the local context where the social need originates, then citizens of the same country are exposed to different opportunities and, in practice, enjoy different rights depending on where they live.

In Belgium, the Wallon jurisprudence tends to consider that even though the family solidarity has supremacy over collective solidarity, it is still the society that has the responsibility to keep family and social relations solid (Smeesters et al., 2000). So the richest and most dynamic region turns out to be also the strictest one, from the point of view of the application of sanctions, also given the fact that the Flanders region is characterized by practically full employment.

Austria has nine different provincial laws governing social assistance, with no unifying framework. Reform projects are being debated, the first step of which

would be a national law to harmonize measures, while the second one would entail minimum standards for activation, which in some places seems, at present, to be little more than a means of discouraging claimants from applying for benefits.

In Hungary too, local governments run social assistance schemes, whose provision varies substantially between the different regions, with particular difficulties in implementing activation programmes in small villages.

Similarly, in Romania, where activation is separate from minimum income, and organized at the regional level, small local authorities have little capacity to offer a wide range of services or organize community work. Moreover, in rural areas there are few opportunities for regular employment. Claimants must undertake community work to receive payments, but this is not recognized as real employment and, therefore, not counted for pension rights. Local authorities have discretion over awarding benefits, but a lot of small rural communities lack the administrative capacity to carry out inquiries.

In Slovakia's eight regions, a common legal base regulates social assistance schemes.

The risk of too strong territorial differentiation is that exactly those local areas that are more in need of social assistance and activation programmes, have fewer resources to implement them. Moreover, some political leaders are more dynamic than others: sometimes, public services themselves need to be activated.

2.6. Evaluation and monitoring

The importance of regular monitoring and evaluation of activation policies, using comparable standard indicators not only relating to employment, is generally acknowledged as a crucial (and critical) issue. This would also be useful for the adjustment of local disparities. In comparison to other countries, Belgium shows a positive landscape as to evaluation, monitoring and transparency. The first results of the permanent evaluation of the DIS are already available, both statistical and qualitative. Moreover, the Crossroads Bank of Social Security will bring together information and boost collaboration between local authorities, collecting data on what is happening at the grass-roots level at the present time, thus allowing more up-to-date evaluation of services. The option of a sort of regional peer review is also being discussed, where CPASs could compare experiences, and territorial specificities could be confronted.

Social partners, civil society organisations and local stakeholders enjoy a good degree of participation in the evaluation and discussion on the minimum income measures. All evaluation reports are public and easily accessible by everyone, whereas often such documents are confidential, at least initially, as they are considered more a means to foster internal adjustments than a contribution to general knowledge and awareness (e.g. Italy, …).

Conclusions

The process through which institutions translate vulnerability and social risk into socially-defined conditions of need has, in recent years, been characterized in most European countries by the implementation of activation policies. These policies present a large number of common features, based on contractual agreements and a relatively common design, although, transferability is a tricky concept and a risky practice.

Importing a foreign measure is always a complex process, in which the input will be filtered not only by initial conditions and the path dependency tendencies, but also by creative management and implementation, adapting the new practice to the specific context, leading to a different output than the expected one. Moreover, treating different contexts in a similar way may give rise to new inequalities, as far as it may not be fair – nor efficient – to give similar answers to different social needs. However, being aware of this should not prevent looking for features that might be useful for mutual learning arising from comparative analyses.

What emerges from the comparative analysis of the current debate is confirmation of the need for cautious consideration. Countries belonging to the universalistic welfare cluster tend to underline the structural causes of social exclusion, and to socialize the risk and the consequences of being socially excluded, through preventive policies, generous replacement rates and wide activation measures stressing the empowerment of the recipients. Countries belonging to the liberal (Anglo-Saxon) cluster tend rather to stress the individual responsibilities among the causes of the social problems. Here activation is closer to a workfare interpretation, and recipients' duties tend to be emphasized more than their rights. In the countries belonging to the corporative-conservative (continental European) cluster a kind of balance can be observed between empowerment and workfare. In the familistic (southern European) countries, where social policies are particularly weak, the family is mostly charged with the responsibility to support individuals in case of social and economic difficulty. Finally, in the countries belonging to the cluster that we defined in *transition*, current trends show heterogeneous tendencies going in the direction of all four models.

Despite these differences, all European countries implemented activation measures and, in so doing, they point to the important role played by public policies in addressing poverty and social exclusion. Activation policies, in fact, are not just a strategy for getting people "off the payroll", they are also an important commitment of European societies towards the less privileged, aimed at empowering them to become full citizens.

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Towards universal social security and protection of the "most vulnerable"

Bruno Lautier [1]

Introduction

For ten years, poverty reduction, which had become the principal goal of international cooperation institutions, was approached from two angles: its relationship to economic growth, and policies specifically targeting the poor. The debate on social security has now, at the start of the twenty-first century, returned to the forefront, the goal of reducing and even eliminating poverty and vulnerability having come to be seen as being indivisible from the advance towards universal protection.

Where social security had been decried in the 1980s and early 1990s as providing protection to those least in need of it, as non-redistributive and grounded in corporatism, it has since emerged as a shared and apparently consensual goal (adhered to, for example, by the World Bank [2] and ILO [3]). Poverty reduction is now deemed to require standing and far-reaching policies that take simultaneous account of social groups that appear to be definitively or lastingly excluded from the productive economy, on the one hand, and those that are part of that economy, on the other. There is presumably no such consensus on the goal of universal social security, however; universal social security constitutes a vision of society, and there is no consensual vision of society in which universal social security is a driving force. This automatically makes it a political issue that cannot be whittled down – as is often the case for poverty reduction – to a series of moral precepts and a set of technical instruments.

[1] The author would like to thank Blandine Destremau, Wouter van Ginneken and Valérie Schmitt-Diabaté for their careful reading of the original French version of this article.

[2] For a summary of the issue in French, see R. Holzmann, L. Sherburne-Benz and E. Tesliuc, 2003.

[3] For a summary of the ILO's approach, see E. Reynaud, 2002.

Social security for "the most vulnerable" has many specific aspects, but that should not serve as a pretext for completely separating protection of the "most vulnerable" from overall protection, as concerns either the definition of the risks against which to afford protection and the justification for that protection. This article therefore discusses protection of the "most vulnerable" within the broader context of the debate on the universalization of social security (Part I), then briefly describes the possible routes to universalization (Part II); it also looks at the concept of "social rights" (Part III) before returning to the question of the "most vulnerable" (Part IV).

I. The debate on the universalization of social security

Social security and poverty reduction diverge on one essential point. The aim of any social security system,[4] at its inception and in its implementation, is universality – protection of 100 per cent of the population against 100 per cent of social risks, by means of complete coverage (coverage of costs, or payment of substitute income) – whereas poverty reduction starts with a specific situation and proposes specific means of dealing with it. The essential difference is therefore clear: social security is universal because it is grounded in, and creates, universal rights, whereas rights-based considerations form no part of the fight against poverty.

Such a restrictive definition of universality makes it impossible to assume that it will be fully attained. Universalization is a movement, an incomplete process, and every national society has travelled some way along the road to universality. Two questions therefore arise, both concerning "thresholds": are there development "thresholds" beyond which universalization is meaningful and below which it is merely utopian? And, are there "thresholds" in the development of social security systems beyond which a point of no return is reached in terms of social rights and coverage of risks?

This raises another question: are there "typical routes to" or "models" of universalization? There are, of course, types of social security systems, chiefly European, but they are not easily transposed to developing countries and therefore require further research.[5] What is more, each system tends to be typified more by its description (institutions, methods of financing, types of social rights, social classes covered) than by its momentum towards universality. Yet that is the key question when it comes to the "most vulnerable".

[4] The French expression "système de protection sociale" has been translated for the English version of this article as "social security system".

[5] Undertaken by B. Destremau and B. Lautier, 2006, on the basis of widely varying case studies (Mexico, Colombia, Philippines, South Africa, Mali, Tunisia, Cambodia).

I.1 Why aim for universal social protection?

At first glance, the answer seems obvious: people have to be protected for obvious moral reasons, because poverty, vulnerability, uncertainty and social precarity are unacceptable. But that answer does not go far enough: although poverty reduction and social protection strategies have always been rooted in moral precepts, they have never stemmed solely or even chiefly from moral concerns. This does not mean that the social players who act out of moral concern have been systematically manipulated or used, but rather that they are part of a complex game in which different interests express themselves, at a given point in time, through a nominally identical goal around which they form a coalition.

Beyond the moral imperative, every social security system works to achieve two objectives: one is to increase productivity overall, the other to exercise political control and/or to ensure labour peace. As concerns the first, ever since the appearance of human capital theories, followed by the endogenous growth theory in the late 1980s, even the most market-oriented economists have taken account of the productive dimensions of social spending (in particular on health and education), in a discourse akin to that of the pioneers of development economics at the end of the 1950s. Budgets are drawn up, however, by a limited circle of highly specialized economists who, each in his own field, naturally have a far greater tendency to denounce the excessive costs of social security rather than its productive impact. This has lent credence to the idea that most social spending (intended for members of the "informal" sector and non-working persons) is pure cost. If the aim is to look beyond the purely cost aspect, the legitimacy of a social security policy for the "most vulnerable" must therefore also be based on that policy's productive impact, and not just on moral imperatives.

The other goal underlying any social security policy is to control or pacify social bonds. Historians would seem to agree[6] that in the past, especially in Europe (from the sixteenth to the nineteenth centuries), poverty reduction served not only to "help" the poor but also to keep poverty within acceptable limits and to enable it to fulfil its political purpose. The goal of eliminating poverty, although it plays a part in political rhetoric, has always masked the true aim: to regulate poverty. The poor are politically useful; too many poor people are politically dangerous.

These postulates are relevant not only to the fight against modern-day poverty,[7] but also to social security overall, which serves to "pacify" social relations, to standardize behaviour and to defuse conflicts. When, for example, a health insurance institution decides in favour of – or against – the reimbursement of the cost of a specific medication, or entitlement to sick leave for the sufferers of a specific disease, it is establishing standards and a form of sanction. The same holds true when family benefits are withdrawn because a child has engaged in

[6] Three "classics" on this subject are: B. Geremek, 1987; Ph. Sassier, 1990; G. Procacci, 1993.

[7] See B. Lautier, 1995.

delinquent behaviour or when the unemployed must meet certain conditions to obtain benefits: setting conditions for the exercise of rights throws those who do not meet those conditions into insecurity.[8]

The control function in turn has an effect on productivity. Corporate retirement schemes tend to "anchor" the worker to the company, which can have a positive effect, in terms of productivity, on the worker's motivation and skills. On the other hand, the introduction of transferable rights aims to put in place a controlled mobility that can also have an impact on production, at the macroeconomic level. There is therefore nothing automatic about the relationship between protection and productivity, which must be analysed on a case-by-case basis.

The rediscovery of the relationship between social security, labour productivity and worker control may work in favour of universalization. The systems that emerged in developing countries (before and just after the Second World War) were built around that relationship, but their aim was essentially to control certain wage-earners, at and through their place of work, by coupling discipline at work with the delegation of management power to trade unions and incitation to employment stability. The disappearance of most of the economic conditions required for that model to work (protectionism, the existence of annuities, etc.) helped render it inoperative. Building a universal system of protection now implies decoupling social security from stable paid employment alone, but does not for all that justify severing the connection between social security and labour in general. The current trend to completely dissociate social security from labour would, in fact, promote a kind of universal benefit that might well totally void the productive and standard-setting functions of a contributory type of social security system. It would be wonderful to have a kind of "citizenship stipend", the conveyer of a type of freedom rarely embodied in existing social security systems, but there is also reason to fear that if the behavioural standard-setting function performed by social security institutions is completely abandoned, the relationship between social security and its impact on productivity will be broken and the functions of control left exclusively to police repression.

I.2 Why were the former, ostensibly, universal systems in the developing countries not viable?

When social security systems intended to be universal were established in certain developing countries around the time of the Second World War (in all the major Latin American nations and in Tunisia, Egypt, India, etc.), the institutional backbone for social protection seemed as complete and coherent as that put in place in Western Europe. The reasons most often invoked for their collapse at the end of the 1980s were economic (depleted benefits, slower growth in the pro-

[8] Prompting some authors, such as Robert Castel, to hold that the concomitant outcome of any social security system is security and insecurity (R. Castel, 2003, introduction).

portion of wage-earners, uneven growth) or demographic (an aging population). But these are not of themselves sufficient explanation, for they do not answer two fundamental questions: why were gains in productivity not redistributed to social protection? And why were there no transfers from the wage-earners' benefit funds to those protecting non-wage-earners, or, more broadly speaking, why was there no interoccupational solidarity?

Ultimately, the fundamental reasons those systems were not viable were political and ideological: the fragile or narrow nature of the political coalitions formed around the goal of universal social security, the absence of political independence that would have imposed that goal as a blueprint for society, the non-emergence of the notion of "social citizenship" as the final stage in citizenship. For example, in almost no developing countries were social security accounts rendered independent of the general budget when their situation was favourable (a rapidly growing number of young contributors) and governments, therefore, drew heavily on them, making their ultimate bankruptcy inevitable. An examination of the political balance of power specific to each national situation shows why. When the proportion of wage-earners is high (30-40 per cent or more), the benefit funds to which they are affiliated cannot be forced to finance – at least partially – social security for "informal" workers because of the type of alliance forged with corporatist trade unions. When the proportion is low (10-20 per cent), the political obstacle tends rather to be the need for sweeping fiscal reform.

The former social security systems have proven to be sustainable in only two instances: when they continued to pay substantial benefits (as in the case of the oil-exporting countries of the Persian Gulf[9]) or when the social security-related political compromise extended far beyond stabilized wage-earners (Tunisia, Brazil). In the other cases, the political impossibility of sustaining them was masqueraded as a technical or financial impossibility.

I.3 The inadequacy of "targeted" poverty reduction policies

In the face of the political, economic and demographic stumbling blocks that appeared in the early 1990s, "targeted" policies started to take precedence over social security. Virtually all such policies were aimed at reducing poverty; they have existed for centuries (the Catholic Church, for instance, has been engaged in charitable work in Latin America since the seventeenth century, and the Arab countries have an even older duty of charity), and re-emerged in the 1980s, when "broad spectrum" policies such as subsidies for basic goods became subject to censure. Today, in 2006, three things can be said about them.

- Identifying the "targets" most in need of help is a multifaceted technical problem, but also raises political and ideological issues. On the one hand, priority

[9] With the major proviso that social security is limited to nationals, who are often a minority.

is given to designated targets who correspond to the a priori beliefs of those tasked with implementing the policies (even if they have the best of intentions). This has a "flavour of the month" effect, whereby certain categories of people (women, children, "indigenous peoples") are temporarily pushed to the forefront, while others (elderly urban workers, for example, or certain categories of working poor, in particular women heads of households) are more often than not relegated to the backburner. On the other hand, the decision – in order to solve the problem – to ask the poor themselves to designate the targets (for the sake of promoting and above all encouraging the participation of "civil society") tends to leave the selection of targets in the hands of self-proclaimed representatives who stand up for the interests of groups able to make their voices heard and with a social and cultural capital; these are rarely the neediest categories.

- The implementation of targeted policies is no guarantee against misappropriation of funds or pork barrel politics. On the contrary, targeted policies – for the most part because they are implemented locally – provide an immediate and effective means of winning votes, a characteristic that is accentuated by competition between political and/or religious networks.[10] In addition, cooperation between the public authorities and non-governmental organizations in no way guarantees that the funds will not be misappropriated; it simply changes the beneficiaries while making it more difficult to exercise control.
- Most targeted policies bring about no lasting decrease in extreme vulnerability. They can momentarily increase the level of resources in a situation of crisis or improve the food and health situation of the poor, but they do not lead to sustainable self-sufficiency, especially not among those with no income-generating activity. What is more, such policies set conditions for the beneficiaries and thus tend to fracture social groups by splitting them into categories subject to differential treatment. This does not, of course, mean that targeted policies are pointless: in general terms, they are useful supplements to universal policies and are in some cases stepping stones to universalization. But they never spontaneously lead to universal protection (indeed, in some cases, they can impede the process). In short, they cannot be considered a substitute for social security, even for the "most vulnerable" categories.

I.4 Can social security be limited to coverage of a series of risks?

When today's social security systems were being shaped (between 1945 and 1950), the generic risk was that people would not be able to earn enough from their work (because of infirmity, age, sickness, maternity or unemployment). Quite soon, however, other "risks" appeared, generally cost risks or risks relating to exceptional spending: the cost of treating an illness or a disability,

[10] As demonstrated by the paroxistic example of Lebanon, analysed by Th. Kochuyt, 2004.

the costs relating to the schooling of a large number of children. The World Bank (Holzmann et al., 2003, pp. 508-509) expands the list to include individual threats (sickness, widowhood or the break-up of the family) and above all collective risks (AIDS, armed conflicts, seasonal price fluctuations, drought and macroeconomic shocks), natural risks (such as flooding) and risks that are the by-products of human activity (for example, inflation resulting from a given economic policy).

Defining "risk" as any unfavourable event or situation (particularly in respect of the poor and vulnerable) has two consequences: it completely disconnects the concept of risk from that of labour income, and it severs the link between "risk" and "rights", in particular "social rights" (it is hard to imagine a "right not to be flooded"). Social security is thus no longer "protection" in the narrow sense (accompanied by rights and their guarantee), but reparation. The decision to set up a specific public mechanism or institution to "cover" a specific risk then becomes an arbitrary policy choice unless it is based on a clear statement of social rights. To say, for example, that poverty-stricken elderly informal workers must first turn to their families for help before falling back on the market and lastly, if all else fails, on national solidarity financed by tax, with no provision for contributory financing, has far-reaching consequences masked by the pseudo evidentiary rhetoric of subsidiarity. It is quite possible to reverse the sequence, to give pride of place to national solidarity, and to make solidarity between the poor the last resort at the end of the line.

The same methodological, practical and political problems characterized the ILO debate on the pecking order of "basic needs" in the late 1970s and discussions of priorities for "targeted policies": there are no criteria for a consensual ranking of the relative importance of needs or risks. This, and the chronological sequence of risk coverage, is only meaningful within the context of social rights. For example, if elderly workers are determined to have a "right to a decent income enabling them to be self-sufficient", the "health risk" they present is meaningful only when considered in respect of that "right". And if that right encompasses entitlement to a pension exceeding the survival threshold, the health risk may acceptably be covered in part by recourse to the market; if such is not the case, however, covering the "health risk" by recourse to the market merely shifts the risk (in the name of "family solidarity") to the family, which is obliged to engage in "disaster spending" (selling off land or means of work) to pay for surgery and extensive treatment.[11]

The consideration of risks, therefore, reveals the pivotal position of rights in the discussion of universalization. Universalization of one right can involve coverage of a series of different risks (depending on the national and historical

[11] As in Cambodia, one of the world's poorest countries, where private health spending is the highest in the world (83 per cent in 2002, according to WHO), and where "disaster spending" is attested by many sources. See, for example, S. Chan and S. Ear, 2004, pp. 9-13.

situation) and different kinds of coverage. For example, the "right to maintain labour-generated income while sick" does not refer to the same risk or to the same mode of coverage in the case of a Brazilian petrochemical worker as in that of a Calcutta street vendor. The routes to universalization are thus perforce very different.

II. The routes to universalization

There are two ways of universalizing social security: *top down* (a central policy decision is followed by the establishment of laws, institutions, financing mechanisms) and *bottom up* (small-scale social protection initiatives are expanded, repeated and brought together in a social security system). The problems posed by each are described below after a brief discussion of the *big bang hypothesis*, according to which an entire system of universal social security comes into being at a brief moment in time.

II.1 The big bang metaphor: a mere symbol

Social security is not universalized in a day: the process took over 150 years in Western Europe. However, in the collective mind of most countries in which universal social security has been proclaimed, there exists a key date, a sort of big bang epitomizing the "creation of social security", symbolically associated with a "great man" who went down in history as the "creator" of social security: 1881-84 in Germany, 1911 in Uruguay, the early 1930s in Sweden, 1945 in France, between 1943 and 1950 in the major Latin American countries (Argentina, Brazil, Colombia, Mexico), 1993 in the Republic of Korea, etc.

However, the big bang is an inappropriate metaphor for those historical developments, for two reasons.

- First, the big bang never comes of nothing: in all of the above countries there existed private and/or religious charitable mechanisms, paternalistic corporate policies, public action at the local level for the poor, health policies and workers' mutual benefit societies.
- Second, universalization, although asserted as a principle and a goal at the outset, was a lengthy process. In France it took thirty years (1945-1975) to extend coverage to all occupational sectors (farmers, merchants, craftsmen, students, etc.), and even longer to cover all risks; the minimum income (*Revenu minimum d'insertion*) was introduced in 1988, universal health insurance in 2000, dependents' benefits for the elderly and the disabled in 2002. Throughout Latin America, the process came to a standstill, in particular when growth in the proportion of wage-earners tapered off in the 1980s and workers were "informalized".

The big bang image nevertheless plays an important symbolic part.

- It serves to pinpoint watershed moments in which political authority is wielded with great independence, during a period in which all of society's institutional, political and ideological structures, not just social security, are reconstructed. The effects are more than purely symbolic: for example, the pension systems of paternalistic corporations tended to impede labour mobility; their integration into a national contributory pension scheme fostered mobility. The mechanisms and institutions of protection take on another meaning by the very fact of their integration.
- It refers to situations in which the ties of solidarity between types of risks covered (such as old age and sickness) and between groups of people covered have immediate strength and legitimacy.

This brings us back to a fundamental point: universal social security is never a matter of economic calculation; it is always a wager. The question is not whether a universal social security system is "profitable" or even "affordable"; indeed, economic calculation can play no role in the decision to establish such a system, for even if the costs can be identified and assessed in the light of their direct productive or indirect political effects, the two orders of rationality are not comparable. The big bang image ultimately serves to designate the point in time in which the wager takes precedence.

II.2 Top-down universalization

In most developed countries, as well as throughout Latin America and in many former African and Asian colonies, the top-down approach predominated. In countries of the "Bismarck" tradition, the course of events was usually as follows: the first contributory systems for specific groups (military and civilian public servants; what are considered to be "strategic" sectors of the economy and tend to be managed paternalistically: transportation, mines, energy, intermediate goods) were introduced by the State. They were grouped within a coordinated system which immediately tended to cover all stabilized wage-earners. Protection was usually very quickly extended to all such "formal" wage-earners, thanks to the introduction of mechanisms for the automatic transfer of financial surpluses from one category to another (for example, from a young, rapidly growing category to another whose contributors are older and decreasing in number).

The process of extending the system to non-wage-earners (craftsmen, shopkeepers, farmers) and to those not working is always long and arduous, chiefly because of the immediate and strong contradiction between two aspects: accounting fair play and solidarity. From the point of view of accounting fair play, it would be "fair" for each category of non-wage-earners to contribute at a level that is more or less commensurate with the benefits received. This means that the self-employed and small businessmen contribute at a rate that is equal to the total rate shared by the employer and the employee in the case of wage-earners. This is usually a politically impractical solution and was adopted in European

countries for only the best-off categories of non-wage-earners. It met with total failure in the countries of the South in which a contributory system that professed to be universal was established: only a very low percentage of (rural and urban) non-wage-earners paid into the system, even though strictly speaking contributions were mandatory (those with means preferring, moreover, to turn to private insurance systems).

From the point of view of solidarity, large amounts have to be transferred from the social security funds of wage-earners to those of non-wage-earners and non-working persons. This was possible in the northern European countries with "Bismarckian" systems.[12] In the countries of the South, the process ground to a halt in the 1950s and 1960s throughout Latin America (which nevertheless had a rate of protection approaching 40 or 50 per cent in urban areas), in India and in the former French colonies of Africa (which had much lower rates of protection, around 15 per cent). The explanations are manifold, but rarely purely economic: the type of compromise reached with trade unions who felt they "owned" the contributions; the funds' lack of independence from the State, which tapped the surpluses of wage-earners' funds; the political inconsequence of non-wage-earners and their susceptibility to clientelist mechanisms. For these political reasons, any plan to extend insurance-based social protection to the "informal" sector was generally rendered totally ineffective, even if it had acquired force of law and had apparently high coverage rates masking excessively low benefit levels.[13]

In the right political circumstances, however, progress towards universalization can be resumed after a long pause. Such was the case, for example, of Colombia's 1993 "Law 100" on health insurance, enacted following intense debate on a new constitution in 1991.[14] The law introduced a universal system of health coverage whereby the entire population is slotted into a scale of earnings from one to six, with the two poorest categories being exempted from paying contributions; the four others pay an increased rate which, together with the more or less equal State contribution, is used to finance the contribution exemption of the poorest. Many problems remain to be solved, of course;[15] but overall, the coverage rate

[12] In France, for example, farmers' contributions have amounted to a mere 20 per cent of benefits received since the 1950s.

[13] The Philippines are a good example. A remarkably high number of self-employed are affiliated to the social security system (5.3 million in 2005, including the beneficiaries, compared to 20.6 million wage-earners). But their affiliation, which is costly (8.4 per cent of declared income) entitles them to benefits with very low ceilings: US$10.5 for a consultation with a general practitioner and for any medication he prescribes, between US$26 and 52 in the event of hospitalization (the remainder being paid by the patient). The trend towards universal health insurance trumpeted by the Philippine Health Insurance Corporation is therefore very relative.

[14] See the three volumes edited by O. Rodriguez, 2002, in particular Vol. 2: *Los avatares del servicio de salud para pobres*.

[15] For example, the fact that over one quarter of the poorest – particularly in rural areas – still failed to benefit from the system in 2002, or that over one quarter of those exempted from paying contributions in fact benefited from local patronage and should not have been exempted.

rose from 22 per cent in 1993 to 55 per cent in 2002, and this top-down, essentially Bismarckian movement towards universalization can be termed a success.

In the case of systems financed essentially through tax (known as Beveridgian systems), top-down universalization would seem to be in the nature of things, since the only condition for access to protection is citizenship. Universalization in such cases, therefore, seems to relate much more to the risks insured than to the population, which can be assumed to be totally covered. But the historical example of the United Kingdom shows that this assumption can be misleading, since the very expression "population covered" is problematic in that it usually does not take account of the effective level of benefits. Although the basic health system (the National Health Service) apparently functions properly (at the price of long waiting lists), patients requiring specialist treatment are forced to turn to the expensive private sector. By the same token, basic pensions, to which everyone is formally entitled, have steadily decreased, leaving those without a complementary private or mutual pension plan without enough to live on.

In developing countries, the distinction between "essentially Bismarckian" and "predominantly Beveridgian" models no longer applies. Yes, the core of contributors (stable wage-earners in the public sector and big corporations) continues to exist, but not only is it not being expanded to other occupational categories,[16] it is shrinking as a result of changes in employment (privatizations, the casualization of labour, etc.). This in no way precludes continued or resumed top-down universalization, which is increasingly tending to involve a combination of contributory and non-contributory mechanisms. Two countries serve as illustrations. Since its independence 50 years ago, Tunisia[17] has resolutely implemented Bismarckian policies for urban wage-earners and non-wage-earning people of means, while continuously extending the risks covered; it has used the surplus paid in by "formal" wage-earner systems to finance the spurious contributions of low-income non-wage-earners, agricultural workers, the unemployed and the non-working population. Since the early 1990s, Brazil has simultaneously increased school enrolment and literacy rates to 97 per cent, reorganized the basic health system into the "Single Health System" and extended unified basic (rural and urban) pensions aligned on the minimum wage to almost the entire population. What is more, Brazil currently has a widespread policy of income transfer known as the *bolsa familia* programme. When it was launched in 1994, the programme provided a wide range of benefits: a household gas allowance (*auxilio gas*), food vouchers, subsidies to encourage workers to send their children to school, and the *bolsa escola*, additional resources for low-income families whose children attended school. Over the course of several years, the *bolsa escola* was extended to all federal states and the benefits were merged into one. Then, in 2004, the *renda basica*

[16] Even in the above-mentioned case of Colombia's health insurance, since the poorest categories of beneficiaries are not true contributors, given that their contributions are "subsidized".

[17] In this regard, see Destremau, 2005.

de cidadania was introduced by law; in the long term (by 2008), it is intended to replace not only the *bolsa familia*, but also a series of other allowances (for the handicapped, the elderly, etc.) and will no longer be subject to means testing.

This route to universalization can be likened to "leavened bread": a "model" experience modifies social behaviour – of social security agents, elected officials, social service providers, and the beneficiaries – in favour of universalization. The organizations and institutions that seemed to work well are qualitatively modified rather than "cloned". At each stage in the process, the rationale for protection changes: the question of means testing is viewed differently, to the point where it disappears; the population covered alters and encompasses other categories (of age, active or inactive, school or health situation); the relationship with the various levels of the public administration also changes, as does the very nature of the public institutions tasked with implementing the policy.

The conditions for this type of model to succeed are essentially political. By definition, the model has steadily increasing costs (even though it serves to eliminate other costs by absorbing other protection mechanisms) and introduces a natural solidarity that automatically comprises elements of vertical solidarity. Initially, there is no consensus, or even general agreement, on the process of universalization (if only because the project itself does not exist as a single entity at the outset); rather, one emerges – or does not, in which case the model is doomed to fail – as the project takes shape.

The above examples show that the "top" that provides the driving force and steers the process is the public authorities, in almost all cases the central State.[18] The conditions for this kind of extension are of course fiscal, but also political in nature (the pre-eminence of redistributive solidarity, the primacy of social over contractual rights in the definition of citizenship). On most of these points, the contrast with bottom-up policies is huge.

II.3 Bottom-up universalization

This route to universal social security consists in the more or less simultaneous emergence of a multitude of local social security mechanisms (mutual benefit funds, micro insurance policies, cooperatives, local, for example, municipal public health or benefit policies etc.). Those mechanisms are gradually coordinated and incorporated into two processes of homogenization: of the risks covered (such as the type of medical care) and of the conditions of access to that coverage. At a given point in time (which must materialize for the process of universalization to be continued), institutions must be unified and a clear legal

[18] Indeed, a federal State conducting this kind of univeralistic policy is immediately threatened by both the "social magnet" phenomenon (it will attract people from other federal states in search of better social policies) and fiscal competition (companies and individuals may seek to evade what they consider to be excessive taxation and go elsewhere).

framework established. The movement towards the top is achieved when the financing mechanisms for true universalization are put in place.

This route towards universalization can be likened to "multiplying bread": numerous ad hoc experiences (for example, of mutual benefit funds for wage-earners, of which there are many in West Africa,[19] or for non-wage-earning workers, as in the general example of SEWA in India; health or education facilities that are collectively managed by the inhabitants of a neighbourhood or village) eventually lead to a universal social security system.

This model will lead to universalization only if three conditions are met.

- The first is that there be a trend to reproduce, in a similar but different situation (professionally, geographically or socially), what apparently worked well in the initial experience. For example, the successful mounting of a mutual health fund among small shop owners in towns in the Middle Ganges Valley prompted the introduction of similar insurance in Kerala. Such trends are rarely spontaneous. They presuppose extrinsic action to evaluate, extend, incite and coordinate. Although such action may in part be delegated to NGOs, it must be driven by determined public policy.
- The second is that the "multiplication" must be not just horizontal but also vertical. That means that the process of dissemination by imitation must take place not just within groups of people with the same economic and social status (one, then two, then two hundred mutual benefit funds among small informal shopkeepers, for instance) but also vertically, each experience slowly but surely incorporating new categories (such as domestic employees and small business staff).
- The third is that, at a given time, the State must step in to unify all the arrangements made to provide a variety of services to different groups (mutual benefit funds). The State's unifying action creates policy where there existed only technical and social work, and gives the system a national dimension. Should the State not intervene, the risk is high that the multiplication of what appear in form to be similar "experiences" veils and at the same time legitimizes major qualitative and quantitative differences (quality of medical care, level of pensions, etc.) that may be cumulative in nature.

The bottom-up model is currently advocated by several international organizations (in particular the World Bank and ILO[20]), several national cooperation agencies (in Western Europe, Japan and the United States) and almost all NGOs (which are largely financed by the cooperation agencies). It is politically attractive because it is "in phase" with the highly seductive discourse on the virtues of "civil society" (as opposed to the supposed vices of the State) and "good governance". Three things must nevertheless be said that, while not entirely calling into question

[19] See A. Letourmy and A. Pavy-Letourmy, 2005.

[20] Which nevertheless differ on the unifying role of the State and on the role of international treaties, which ILO sees as being important but the World Bank does not.

this route to universalization, spotlight its limits and the need for complementary top-down intervention by the public authorities.

(i) The bottom-up model is generally espoused for the poorest countries with low levels of "formality" and budget resources. This implies that the bottom-up route is less costly than the top-down route. Closer scrutiny reveals, however, that in terms of health, for example, it remains to be proven that decentralized experiences generate lower costs than the top-down model. This may be true of administrative expenses,[21] but lower costs for medical care tend to go hand-in-hand with poorer quality and/or severe supply restrictions (exclusion of dentures and lenses, of expensive drugs of the kind needed to treat AIDS, etc.). When it comes to care for the elderly and the handicapped, costs are usually lower because of community solidarity, itself no sure thing (when all the members of a family group slip into poverty at the same time, the limits of solidarity are all the more quickly breached in that individualistic behaviour, especially among the young, becomes more commonplace).[22] As concerns basic education, substituting a host of local initiatives for a State system poses a problem of standard "basic knowledge", and makes education prone to proselytism (one example being Koranic schools) that may subsequently be difficult to stem.

(ii) Bottom-up policies on their own, therefore, do not constitute policies for the universalization of social security. First, they merely supplement top-down policies, financed by the public purse, to train qualified personnel and provide infrastructure. When mutual health funds, for example, propose to reimburse the costs of hospital consultations and pharmaceutical expenses, they are in fact delegating to the public authorities the tasks of constructing hospitals and above all training doctors. Secondly, the risks of exclusion and "adverse selection" are very high (health funds that exclude or refuse to admit HIV carriers, the very old and the disabled, for example). There comes a key point when the route "upwards" is accompanied by strong demand for public intervention on behalf of insolvent individuals and the seriously ill. Lastly, the State must play its standard-setting role: school curricula and diplomas, health standards, etc.

(iii) A serious contradiction rears its head at this point: on the one hand, bottom-up policies are valued for their transparency, the participation of "civil society" and new forms of citizenship. On the other, responsibility for social action for the most underprivileged and vulnerable is delegated by default to State administrations, which are bereft of means, opaque, and hampered by red tape and pork barrel policies. The demand by community and religious associations, NGOs and international institutions that they be allowed to continue managing

[21] Although not necessarily, the managers of a self-managed mutual fund, for example, often have less know-how than public or parapublic administrators. Administrative costs are also lower because the association's militants are paid very little if at all, a situation that rarely lasts more than a few years.

[22] For an illustration in the case of Mali, see R. Vuarin, 2000.

their activities independently while requiring that the States take charge of situations they cannot and do not wish to handle thus corresponds to a new kind of corporatism of the "less poor among the poor" that is based, paradoxically, on the merit attached to "good governance".

Calling public action "residual" or "complementary" is the upshot of an ideological assumption. When attention is focused on local initiatives, the understandable impression is of a grassroots initiative, with demand for public action being intended merely to accelerate and foster movement from "bottom" to "top". But when one considers the overall architecture put in place, the perspective is the opposite: universalization is only possible if the public authorities do not limit themselves to meeting ad hoc demands but organize everything and define the place of each protection mechanism in that architecture.

III. The question of social rights and their universalization

The integration of the "most vulnerable" into a universal social security system implies that they enjoy universal social rights (and not "social rights of the poor and 'most vulnerable'"). This statement of principle is problematic, given the ambiguity of the concept of "rights", and calls for clarification.

III.1 Worker's social rights and citizen's social rights

The first distinction to be made in terms of social rights is between worker's rights and citizen's rights. This means clearly distinguishing, for each kind of risk covered, what the worker's social right is and what is covered by State-organized solidarity. This is particularly problematic in certain cases. When it comes to the family, for example, certain "risks" arise in connection with social rights relating to work, such as loss of income for reasons of maternity; others arise in connection with the relationship between citizen and State.[23] The same problem is posed in terms of health: some health expenses are work-related, whether the work is the cause of the worker's health status,[24] or whether the effect of the spending is to make the worker fit to (return to) work. Others are not work-related and arise in connection with citizen's rights (for example, immunization, child health).

Assistance is not a "worker's social right", it is a "citizen's social right"; in terms of give and take, it is the duty each nation has to its citizens, in exchange for which all it receives is submission to the nation's sovereign authority. "Citizen's

[23] The State may have a population policy far exceeding purely "social" concerns.

[24] The health costs of pensioners, who are "used" workers, therefore arise in connection with the social rights of workers.

social rights" are not "charity". This, incidentally, is one of the reasons the "citizen's income" is ambiguous. It can be understood to be either a minimum benefit accorded to the poor (and others) with a view to getting rid of poverty and the demands of the poor, or as every citizen's reward and recognition for the contributions they have made and will continue to make (whether unemployed, a housewife, a spent pensioner) to the reproduction of what constitutes the nation: the family (and future and past generations), local community life, the emulation and transmission of symbolic values, and so on. The notion of "citizens' social rights" thus refers to the idea that every citizen – seen as a "cell" in a collective reproductive body – produces something that is more than a paid activity.

In principle, the distinction between workers' and citizens' social rights poses no major methodological problems in Bismarckian systems: "workers' social rights" are covered by contributions, "citizens' social rights" financed by taxation. In Beveridgian systems, however, workers' social rights and citizens' social rights, while conceptually different, are covered by one source of financing, taxation, making it impossible to draw a line between the two. It soon becomes clear, however, that the opposition between the two systems – contributory and non-contributory – is hardly relevant.

- First, in particular in the countries of the South, many informal and casual workers do not contribute, but their productive activity is nevertheless socially useful or necessary. Initially these were "casual" workers in the traditional sense: micro entrepreneurs, self-employed workers, domestic help. In the past fifteen years, however, a growing proportion of them are wage-earning "casualized" workers, including those employed by large corporations, or unemployed workers.[25] They acquire social rights by virtue of their participation in the productive activity, even though neither they nor their employers contribute. They therefore enjoy workers' social rights (albeit non-contributing), which are different in nature from the generic social rights of the citizen, even though both are financed by tax.
- Second, the contributory system finances much of the coverage provided for "citizens' social rights": not only do the contributions of wage-earners finance the coverage of "beneficiaries" that are not (and never will be) contributing wage-earners, often (in the case of benefits paid to families in particular) the entire population benefits from services financed solely or chiefly by contributions.

This state of affairs must, therefore, be enshrined both as a principle and in the law: there are workers' social rights and citizens' social rights. There are also contributory premiums relating to paid work (or at least to certain statuses of paid work) and fiscal modes of financing. Rights are conferred, by the fact not of contributing through payment of a premium or tax, but rather of participating

[25] One of the big differences between countries of the North and South is that when wage-earners in the South become "casual workers" or unemployed, they lose their contributory social rights. This is the main reason why the rate of protection has fallen off in semi-industrialized countries such as Argentina.

in a productive activity, in one case, and of registration in the system of citizen's rights-duties, in the other. Political compromises must, therefore, be reached on the dissociation between the way resources are collected (contribution or tax) and the nature of social rights. Such political compromises have been worked out, empirically and without major conflict, in Western Europe; it has been impossible to do so in most Latin American countries and in India because the trade unions and the political forces working towards universalization are at loggerheads. Nevertheless, this is the overriding policy issue in the universalization of social rights.

III.2 Social rights: in exchange for what and on what conditions?

It is always easier politically to guarantee a "worker's social right", for which something tangible is received in exchange, even if it is not linked to a prior contribution, than a "citizen's social right", which is often confused with assistance. For example, the payment of replacement earnings (in the event of sickness, occupational accident, or old age) has much greater legitimacy if it is explicitly tied to a past productive activity (even without contributions) than when it is based on a moral imperative alone.

Of course, identifying this "past productive activity" poses a variety of problems. Since in most cases it is usually necessary for technical reasons to rely on the statements made by the interested parties ("casual labourers" and small farmers, in particular), probably more people benefit from "workers' social rights" than in a system where everyone is duly registered.[26] This "supplementary cost" is partly offset by lower spending for "citizens' social rights", however, and it is on this condition that these rights become genuine rights attached to the person, not favours handed out at the discretion of the public authorities.

It is harder – but just as important – to pin down what is received in exchange for "citizen's social rights", in particular in order to guarantee those rights and make sure they are not handed out as favours. The fact of "being a citizen" implies duties – socially necessary activities – which go beyond those identified in eighteenth century theory of political rights (the duty to help defend the fatherland, to take part in political life and, for those with the necessary means, to pay taxes): the duty to educate one's children, to engage in activities for the elderly, to participate in associative or community activities that affect society as a whole and that may or may not (sports, culture) be related to the economy, to continue one's studies or receive further training, to preserve the natural environment. The very fact that in some countries all these activities are conducted within the private sector and in others are part of the public sphere,[27] and above all that in

[26] As demonstrated by the example of basic pensions "for years of service" in Brazil, for example.

[27] One example is day care, where two countries with comparable levels of development, Sweden and Switzerland, have diametrically opposed points of view.

many countries they have shifted over time from one sphere to another, shows that they are not socially useful or useless *per se*. They are all potential duties performed in exchange for "citizens' social rights". It might at first seem that only a political *coup de force* could bring about recognition of the "social utility" of some of these activities, but recent events in the countries of northern Europe (Germany, the Benelux countries and Scandinavia) tend to prove the contrary: a "leavened bread" model is tending to carry the day, gradually extending the list of activities that confer citizens' social rights.

This does not preclude legitimate means testing (for example, access to health services can be entirely free for female heads of household earning below a certain threshold and partly free above it; or in the case of school scholarships). But the conditions set merely serve to specify the terms on which the right is exercised; they do not define the right. Conditionalities are not incompatible with the existence of rights; on the contrary, they are the means of implementing rights. If there are no conditions, then the State is doling out charity rather than upholding a right, and State charity is often weaker than other forms of aid (religious or clientelistic). When it comes to the "most vulnerable", this is a particularly crucial point.

IV. The question of protection of the "most vulnerable" in the process of universalization of social security

The "most vulnerable" can only be sustainably and effectively protected if that protection is seen as being part and parcel of a social security system aimed at universal coverage. This implies two things: that protection of the "most vulnerable" is not dealt with at "the end of the line", as a residual and specific element, but rather as an integral part of a global process; and that protection of the "most vulnerable" is based on the establishment of social rights (of workers and/or citizens), which may be specific but are not granted for all that as a favour or as charity.

IV.1 Who are the "most vulnerable"?

Let us first consider the terminology. The word "vulnerable" is used to avoid the many ambiguous connotations of "poor"; it is difficult to define what essentially a polysemic concept is and impossible accurately to measure poverty, be it in terms of monetary income or of "human poverty". But "vulnerable" is just as problematic. It poses problems of probability: vulnerable people are much more likely to be "wounded",[28] to fall victim to a risk. Everything depends on the relative

[28] The Latin root of the word.

hierarchy of risks. Intuitively, the expression "the most vulnerable" is used to refer to those running the greatest risk of not being able to meet their basic needs; the implicit consensus this implies on the nature and relative importance of those basic needs (food, housing, clothing, primary health care, etc.) rarely exists.

In spite of that limitation, the concept of the "most vulnerable" has a dynamic connotation that "poor" does not. Vulnerability is not so much the fact of being poor as it is the likelihood one will return to poverty after having escaped it – a point to bear in mind when considering and implementing policies intended to enhance the "capacity" of a category of poor people to remain permanently above the poverty threshold. But there is no point in minimizing risks for those who have already fallen victim to them and have no means of attaining a position that allows them to avoid all subsequent risks unassisted. To shed light on this point, this article distinguishes between three types of "most vulnerable".

IV.1.a The "most vulnerable" who are excluded from productive activity

The above paragraph concerns, in particular, those who increasingly constitute the overwhelming majority of the poorest: the elderly, who can have no productive activity, many physically and mentally disabled people and the victims of chronic or degenerative disease (AIDS, malaria, leprosy, etc.). For all these groups, the term "social protection" remains relevant and is distinct from the "fight against vulnerability" if the latter is limited to minimizing the probability of incurring a risk, since they are already victims.

Developments in most social security systems in the countries of the South since the early 1990s have led, almost everywhere, directly and indirectly, to a rapid increase in the number of such categories. The transition to capitalization of many pension systems, the dismantling of subsidies for basic goods, the end of many free medical care systems, and so on, have had a direct impact. Indirectly, the decrease in health insurance coverage in most sub-equatorial African countries was accompanied by drastic cuts in the number of persons covered. Health funds and micro insurance schemes, because of the exclusionary effects mentioned above, have made up only very partially for those developments, which have been exacerbated by the aging of the population, the crumbling of family and community solidarity, and pandemics such as AIDS.[29] The fact that bottom-up universalization is an incremental process lends a sense of urgency to the idea of massive top-down intervention. It is here that it is important to affirm the "citizen's social rights", this being the only means of establishing and justifying social policies for those categories on compassion.

[29] In some southern African countries (Botswana, Zimbabwe, Zambia), huge numbers of people in the intermediate age groups have died, and it is increasingly common for households to consist of grandparents and grandchildren (a phenomenon borne out by the "hourglass" configuration of age pyramids). "Vulnerability" does not begin to describe the situation: "health and social disaster" would be a more appropriate term.

IV.1.b The "least vulnerable" of the "vulnerable": those that still have or can return to productive activity

Many "targeted" policies, inspired by Amartya Sen, are intended for vulnerable individuals who may have capabilities and can potentially resume a productive activity. For this minority group, targeted policies (such as micro credit, sales cooperatives, access to education) serve to build capacity, understood to be the capacity to enter the market. These policies are not aimed at the "most vulnerable" (elderly inactive persons, the disabled) but at those potentially able to shed their vulnerability by their own means: wage-earning women heads of households, casual workers alternating between unqualified salaried work and occasional informal activities, etc.

The main argument in favour of such policies is their ability to restore the capacity to envision the future, to enable the "vulnerable" to make the kind of investments (in material, real estate, stocks and educational capital) that will eventually allow them to cast off their vulnerability to risk. While this argument is on the whole pertinent, it provides insufficient reason to replace social security with targeted policies. Indeed, it is quite contradictory to make policies aimed at increasing "capacities" play two completely different roles: increase capacity to access the market and play the part of social security. Obviously, individuals embarking on investment projects that require some security need some form of social protection, but the resources set aside for the productive activity should not at the same time be considered as a "reserve" to meet contingencies such as sickness or accident. What is important for this category of "vulnerable persons" is that their productive activity be recognized as conferring social rights of the kind described above. Technically, it is entirely feasible to establish a contributory system which "siphons off" payments to the social security system that increase as the surplus generated by the productive activity rises (in that case, social rights are based not on past contributions but on the commitment to contribute in future). Policies aimed at increasing capabilities are, therefore, not independent of, or substitutes for, universal social security policies: the two are complementary.

IV.1.c The "newly vulnerable"

Besides these two major groups, there is a third, extremely heterogeneous category that comprises people who have become vulnerable in the wake of a personal or collective incident and who are bereft of social protection: the working poor rejected by industries employing young, poorly trained workers who are rapidly worn out physically and prematurely decreed "unemployable" by companies that open and close as circumstances change (the *maquiladoras* of Mexico and Central America, employees in sub-contracting factories in Tunisia and Bangladesh); workers alternating between insecure, downskilled jobs in big companies,

unemployment, "assisted" work[30] and the lower rungs of the informal economy (such as street stalls and domestic work); peasants displaced en masse as a result of political and military events (the Great Lakes region of Africa, Colombia) or economic upheaval (China). Traditional modes of social protection are utterly inadequate in such situations; this, and the extreme volatility of the situation, means the only choice is to universalize social rights no matter what the cost. For the casual workers who are momentarily deprived of gainful employment, the affirmation that they enjoy "workers' social rights", as broadly defined above, is key to their incorporation into the social security system. For the others (the uprooted, the refugees, etc.), the discourse of empowerment is meaningful only at a later stage. In the short term, the most urgent task is to define a broader "base" of citizens' social rights whereby the "social" dimension is an integral part of human rights and collective services can be had free of charge.

IV.2 Looking beyond the obvious: why should the "most vulnerable" be protected?

IV.2.a Is it enough to protect the "most vulnerable" on moral grounds alone?

From everything that has been said about the universalization of social security, it can be inferred that there is a major political risk in protecting the "most vulnerable" on moral grounds alone and protecting other categories of the population on another basis. Historically, all poverty reduction policies carried out for moral reasons alone worked on the basis that there were "good" and "bad" poor people: some of the poor are the victims of misfortune and will be able to rise up out of their poverty provided they are helped to help themselves; others have moral flaws (sloth, drunkenness, etc.), consider aid to be their due and will perpetually return to poverty.

This view, a legacy of nineteenth century philanthropy, may seem distorted. And yet, it continues to feature, albeit less prominently, in the discourse and practices of many development agencies, international organizations and even State authorities. For example, several southern African governments and the Government of China long refused (some still do) to cover the costs of treating AIDS patients, considering the disease to be a kind of punishment for certain sexual practices. Another example: under Mexico's *PROGRESA-Oportunidades* programme benefits are paid to women specifically because men were said to use the benefits first and foremost to buy alcohol for their personal consumption.

Moral or ethical considerations of necessity play a key role when the decision is made to take steps to integrate the "most vulnerable" into a social security

[30] Such as the *Jefes y Jefas de Hogares* plan in Argentina, a series of low-productivity jobs financed by the public purse that accounted for three quarters of the drop in unemployment between 2002 and 2005.

system in the process of being universalized. But this in no way means that moral considerations must and can be the basis on which policy choices, such as who deserves protection and against what risk, are made. Universality can be achieved only by successively integrating objective categories, not individuals admitted or excluded because of their real or supposed moral virtues or vices. This is the principle that saw the birth of the "welfare State" over a century ago; the time has now come to reinstate it.

IV.2.b The political imperative and economic utility of protecting the "most vulnerable"

If moral considerations are relegated to their proper place (a necessary engine, but not strong enough to engender universal social protection), there remain only two types of decisive arguments to justify the incorporation of the "most vulnerable" into a universalistic social security system: political and economic.

The political arguments spawned the first labour laws in Europe at the end of the nineteenth century. It was a time when Europe was turning to democracy, and the aim was to give all citizens, even the poorest, a situation in which they could exercise free political will. This harks back to the nature of social rights, which are rights that all citizens, even the "most vulnerable", can exercise and assert, including before the courts. For the "most vulnerable" more than for any other sector of the population, political freedom is predicated on guaranteed social rights, and those rights must be enshrined in law[31] and in international treaties,[32] not for symbolic reasons but because otherwise they cannot prevail as rights. In the absence of that guarantee, there is a constant threat that the fight against vulnerability will be used for political leverage and to bestow favours. It is true that detailed descriptions and close monitoring of the social rights of the "most vulnerable" can result in excessive red tape and more frequent litigation in social disputes, but it is hardly a greater factor of bureaucratization than judicially intrusive commercial relations.

There are also economic arguments: citizens can be integrated into a "market-oriented" productive order characterized by fierce competition not only between enterprises but also between individuals only if they are assured guaranteed minimum social rights even if they "lose". For example, in their evaluations of privatized pension systems, P.T. Orszag and J.E. Stiglitz (2001), and C. Mesa Lago (2005), not only observed that most such systems had failed (in terms of coverage rates, administrative costs, equity and equality) but also that the privatization had resulted in more intervention on the part of the public authorities.

[31] Brazil is one of the few countries where the "right to assistance", combined with the public authorities' obligation to provide a minimum income – defined as a portion of the minimum wage – is enshrined in the Constitution, namely the Organic Law of 31 December 1993. This did not lead to an explosion in the number of lawsuits or to excessive red tape.

[32] As in the case of the many conventions and treaties regulating child labour.

Workers, and more broadly speaking citizens, enter the "new systems" only if they are sure that the State will step in should their greater vulnerability at work make them more vulnerable once they can no longer work because of their age. The paradoxical result is that when the State stops managing pension systems, it becomes over-involved in managing those excluded by the reforms. In appearance, the role of the State "pillar" in respect of the "most vulnerable" is residual and charitable, whereas the market "pillar" is supposed to provide the driving force and momentum. In practice, though, the existence of the State "pillar" is the political condition for the market for privatized pension plans to function, the insurance companies demanding that the State bear the costs engendered by privatization on moral grounds.

IV.3 The means of providing the "most vulnerable" with access to coverage of basic needs

Most of the means already exist, and several were cited or analysed above. The most important thing, in our view, is not to draw up a "catalogue" of tools but to recall a fundamental principle: the relevance of the means used must be evaluated case by case in the light of one main criterion – whether or not they accelerate the process of universalization of social rights. This is the condition that determines whether or not the "most vulnerable" will be integrated into social security systems.

Looking beyond that position of principle, four points are worth considering.

IV.3.a Workfare is pointless for the "most vulnerable"

The "most vulnerable" are by and large those that are the "least employable". This holds true, obviously, for the elderly, the sick and the handicapped, but also for many young people. When a clothes company opened a sewing workshop in Bangladesh around 1995, employing huge numbers of 15-18-year-old girls, only to close 10 years later, dismissing its entire workforce into the bargain, because the Multifibre Agreement had unravelled, there was no point in making the social rights of the women, now aged 25 to 30, conditional on their "efforts" to find other jobs; there were no other jobs. Workfare policies are for the most part an attribute of the "bad poor" view mentioned above, of a work ethic based on "responsibility", which, to be relevant, must pertain in a situation where work is easy to find and turned down by those deprived of the social rights attached to labour. That is rarely the situation of the "most vulnerable". "Citizens' social rights" must be separate from "workers' social rights" to overcome this predicament, which shifts the burden of responsibility to the public authorities that encouraged this kind of highly volatile industrial policy and forces them to face the fact that the flip side of any policy aimed at attracting capital while denying "workers' social rights" is the need to take account of "citizens' social rights".

IV.3.b The supply of public services is decisive

All social security policies for the "most vulnerable" are based on free access to certain public services (education, health, mother and child care) or on making demand solvent, in particular through conditional cash transfers. But what about supply? If supply is not increased, one of several things will inevitably happen: either public services will be de facto rationed, as waiting lines grow, or surreptitiously doubled up (one type for the "vulnerable", another for the "non-vulnerable"), there will be a drop in quality for all users in a manner that is hard to discern statistically (the number of children per primary school class will increase, for example, a figure not revealed by the enrolment rate), or benefits will be insidiously "remarketed" (doctors selling drugs that are in principle free of charge, schoolteachers selling pens and pencils, etc.). Community solidarity can, of course, play an important complementary role, but policies for universalization cannot be based mainly on solidarity,[33] it does not as a rule extend to construction of basic facilities, and it is often erratic.

IV.3.c There is no getting around relatively unconditional cash transfers

Several international institutions (the World Bank, the Inter-American Development Bank) propose to develop cash transfer policies along the lines of those introduced by Mexico (*PROGRESA*, later *Oportunidades*) and Brazil. The initiative in this case does not come from civil society at all, but rather from the public administration, which starts by designating the geographical area in which it will act, defines the income thresholds below which families will receive aid, and sets the conditions for access to the aid (families must enrol their children in school and make regular use of public health services). "Civil society" nevertheless has a role to play, since the programme is implemented locally and the funds are distributed by women (in Mexico they were first called *promodoras*, and now *vocales*) collectively appointed by the beneficiaries themselves.

The purpose of this article is not to evaluate such policies in depth, but it can be remarked that they played a very positive role vis-à-vis, not the "most vulnerable" in general, but rather the "most vulnerable" in the geographical areas on which they focused (the implementing difficulties are enormous when the "most vulnerable" are scattered throughout a population, in particular in big towns and cities): enrolment rates and use of health services rose,[34] greater income stability saw the launch of medium-term productive projects, housing conditions

[33] For example, much has been made of the role remittances from Malian emigrants from the Kayes region played in the construction of dispensaries and schools. But this experience of "co-development" has been used to cover up the absence of services in other rural parts of Mali where few people migrate.

[34] This example nevertheless reinforces what was said in the previous point: in the absence of a policy to increase the supply of public services, the quality of those services – especially school services – often falls.

improved. The perverse effects, notably that the subsidies will be used as a means of distributing largesse, are real but limited.

Generally speaking, such policies can form a very effective component of policies for the "most vulnerable", on condition that the idea takes root that they express a "citizen's social right", not a favour granted by a particular government. The fact that in both Brazil and Mexico such cash transfers have been repeated over the course of a dozen years and by various governments has indeed allowed this concept of citizenship to take hold. The big problem has been to define the limits of expansion to other categories of potential beneficiaries.[35]

IV.3.d Better to make social transfers to "systems" than to individuals

The danger with any assistance policy, even if justified by an emergency situation, is that the beneficiaries will be stigmatized, a category of "sub-citizens" created and an implicit or explicit hierarchy of social rights emerge. Solving this problem means ensuring that the system does not appear to "aid" individuals but rather categories of people defined not only by a given situation ("being poor") but also by rights based both on the situation and on explicit trade-offs. In the gradual process of universalization of social security, priority will obviously have to be given to certain categories. For example, if child labourers as a category are given priority, the right of the family to an allowance tied to the child's enrolment in school (and its withdrawal from work) can and must be explicitly linked to the accomplishment of a socially useful function (the education of children) and not only to the morally deplorable aspect of child labour. It thus becomes legitimate to found new institutions ("funds" or "systems" of protection) that are not necessarily managed by the State but which the State monitors, such as an insurance fund for street vendors or domestic servants. It is then justified to make ongoing transfers from other funds and the State budget if two conditions are met: the intermediate institutions have to have a clearly defined role as the guarantors of equally clearly defined social rights, and scales of contributions, even very low ones, have to be established to dispel the notion of pure aid.

There are as many examples as there are situations (elderly formal and informal workers, refugees, women heads of households, etc.). The institutional backbone may seem complex, but it is in fact far less so than that of many poverty reduction plans.[36] Of course, the benefit funds for the "most underprivileged" will be in the red, but that is already the case. In any society, it is those old enough to be professionally active who finance the social security of those who are no

[35] In the case of *PROGRESA-Oportunidades*, in Mexico, the fact that the subsidies are tied to school enrolment and medical care for pregnant women and children means that the elderly do not benefit (even though they may benefit indirectly via family solidarity).

[36] In 2005, for example, the Municipality of Bogotá managed more than 600 poverty reduction plans.

longer active or who are active "non-professionally". There is nothing illegitimate about this. The difference with the present situation is that shifts between categories would no longer be based on the compassion-stigmatization dichotomy, but on recognition of the diverse social functions performed and on the social rights they engender.

Conclusion

Our consideration of social protection for the "most vulnerable" has shown that the thinking on social security must be revolutionized, the only solution being to make social security for the "most vulnerable" part of a general process of universalization. Universalization usually takes a long time and is accomplished both top down and bottom up. But the two approaches do not play the same role, and the intervention of the public authorities is decisive at certain key points: institutional unification, the organization of financial transfers and the introduction of new forms of solidarity. We have also considered the many problems universalization poses: the need to reconstruct the institutional backbone of social security in most countries of the South; the financing problems that will subsequently arise; and lastly, the need for a total rethink of the question of social rights and their trade-offs.

The latter is the key question raised in this article. The "most vulnerable" have two kinds of social rights: one kind is derived from their productive activity (even if their social security premiums are very low), the other (for those who are inactive) from their citizenship alone. The biggest ideological difficulty is, therefore, to gain credence for the idea that social security for the "most vulnerable" does not concern "poor people in need of help", but rather citizens with rights, and that it is the condition for their participation in the democratic decision-making process. Social rights, therefore, take precedence, logically and in the order of political priorities, over the capacity to contribute. While contributions are necessary (for all the "most vulnerable" who have an economic activity) to justify the legitimacy of universalization, they will never exactly match services.

The universalization of social security, and the inclusion of protection of the "most vulnerable" in the process towards universalization, is a necessary political project. In the absence of a consensus on the project's priority, the impasses and failures of poverty reduction in its current dominant forms will be perpetuated, bringing to mind the image of a modern Sisyphus endlessly recreating the poverty it was meant to reduce.

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SEWA Social Security: Organizing women workers for insurance and health services

Mirai Chatterjee
M. Kent Ranson

1. Introduction and objectives

In India, low-income is an important constraint to the achievement of better health – people with low-income have poor health outcomes and use fewer health services. The poorest quintile of Indians have more than double the mortality rates, malnutrition, and fertility of the least-poor quintile (Peters, et al., 2002 p. 266). On average, the poorest quintile of Indians is 2.6 times more likely than the richest to forego medical treatment when ill, and only one-sixth as likely to be hospitalized (ibid.). Gender and place of residence also influence health outcomes. Differences in outcomes and use reflect large inequalities in access to information, facilities with reasonable standards of care and financial protection from health risk.

SEWA Social Security (SEWA SS) has taken a multi-dimensional approach to improving access to health care among poor women working in the informal sector, and their families. This approach focuses on:

- education on illness, disease prevention, and appropriate health care seeking;
- provision of select preventive and primary health care services directly;
- engaging with public and private providers to influence quality and cost;
- providing financial protection against the costs of inpatient care through insurance;
- undertaking policy action to improve access, and in favour of the poor and women, in particular.

The purpose of this paper is to share experiences on SEWA SS's impact on access to health care services, including findings of action-research studies. The following section describes The Self-Employed Women's Association (SEWA) and the evolution of SEWA SS. Sections 3 and 4 describe SEWA Health and SEWA

Insurance, respectively, and provide evidence of their impact. The fifth and final section highlights some of the lessons learned from the SEWA SS experience, and discusses the sustainability and generalizability of SEWA SS activities.

2. Background: SEWA Social Security

SEWA is a labour union of 796,548 (2005) women workers engaged in the informal economy, based in Ahmedabad, Gujarat, India (Gujarat membership 475,011). SEWA members have no fixed employer-employee relationship, nor are they covered by protective labour legislation. SEWA's membership comprises four main occupation groups: (i) manual labourers and service providers such as agricultural workers, construction workers, and cleaners; (ii) street vendors; (iii) home-based workers, for example, incense stick rollers and embroiderers; and (iv) small-scale producers such as salt manufacturers and craft workers. These women work long, hard hours and, because of the nature of their employment and the absence of laws covering them, they do not obtain even basic social protection such as health insurance, maternity benefits, and sick leave.

It was in this context that SEWA began to organize women for their economic rights in 1972. The goals are full employment and self-reliance, both economic and in terms of decision-making and control. Full employment includes security of work and income, food security, and social security, which in SEWA's experience must include at least health care, child care, insurance, and shelter. Thus, the four pillars that make up SEWA SS are: (i) SEWA Health (*Arogya* SEWA); (ii) SEWA Childcare (*Bal* SEWA); (iii) SEWA Insurance (*Vimo* SEWA); and (iv) SEWA Housing (*Mahila* SEWA Housing Trust). The focus of this paper is the health-related activities under SEWA Health and Insurance.

SEWA first became actively involved in the public health field in the early 1970s through health education and provision of maternity benefits. In the early 1980s SEWA negotiated with the Government of India (GOI) in helping to distribute maternity benefits (ghee, a dairy product similar to butter, was provided in kind) to poor women. This was the first-ever attempt at maternity benefits for the informal sector in India.

In 1984, SEWA began a comprehensive primary health care programme for and with its members. This then developed into a full fledged health workers' cooperative, Lok Swasthya (People's Health) SEWA cooperative in 1990. This was the first of its kind, committed to providing prevention and curative services, and run by the women workers themselves. They are the shareholders and also serve on the board of directors as elected representatives. A focus of SEWA Health has always been to build capacity among local women, especially traditional midwives (dais), so that they become the barefoot doctors of their communities. Today, SEWA's health-related activities are many and diverse, and

include: primary health care, delivered through 400 stationary health centres and mobile health camps; health education and training; capacity building among local SEWA leaders and dais; provision of high-quality low-cost drugs through drug shops; and occupational health activities. Four-hundred local women and traditional midwives are currently serving their communities as primary care providers and health promoters.

Vimo SEWA (SEWA Insurance) was started in 1992 with the primary goal of providing self-employed women with financial protection in times of crisis (Chatterjee and Vyas, 1997). SEWA Bank's loan records (between its inception in 1974 and 1992) revealed that medical crises are one of the major costs borne by poor women, and also a reason for non-repayment of loans.[1]

Vimo SEWA was initiated at SEWA Bank with active support from a young woman officer of the United India Insurance Company (UIIC). For years, SEWA and SEWA Bank had intermittently met with representatives of the nationalized insurance companies.[2] However, the insurers had not been prepared to offer "non-life cover" i.e. health and assets insurance, to a population that they felt would be unable to afford the premium, and one that was "risky" as they were perceived always to be in crisis of one sort or another. However, several factors contributed to the successful launch of the scheme in 1992. First, the UIIC officer understood the need for such insurance, and was determined to see such a programme materialize. Second, the membership of SEWA Union had increased to 40,000 by 1992, which made it a potentially large business proposition for the insurance company. And third, SEWA Bank had grown to be a strong, financially viable institution of 30,000 depositors.

3. SEWA Health (Arogya SEWA) – Reaching the poorest?

SEWA Health (Arogya SEWA) is providing basic health services through a registered cooperative – Lok Swasthya SEWA or People's Health Cooperative. It is actively identifying women workers as "barefoot doctors" organising training on primary health care and supporting them in providing services on people's doorsteps. It also helps set up linkages between the "barefoot doctors" called "Swasthya Sathis" and public and private health facilities and providers.

[1] SEWA Bank (Swashrayi Mahila SEWA Sahakari Bank) is a cooperative bank established in 1974. Bank policies are set by an elected board of women workers, and the bank is professionally run by qualified managers, accountable to the board. Its main activities are the provision of savings and credit facilities for poor women. The Bank has its headquarters in Ahmedabad City and coordinates with hundreds of micro-finance groups in rural areas. It has 250,000 depositors and a total working capital of almost Rs.1 billion.

[2] The insurance industry in India was not nationalized until 2000.

Currently 400 "Swasthya Sathis" are providing services in slums and villages of Ahmedabad city and in rural districts: Ahmedabad, Gandhinagar, Mehsana, Anand, Kheda, Sabarkantha, Kutch, Surendranagar, Patan and Vadodara.

All the "Swasthya Sathis" are also insurance promoters for their villages. They educate workers on SEWA Insurance or VimoSEWA, collect premiums and issue policies, service claims for the insured members in their villages and ensure that reimbursements reach the members as soon as possible. They are in constant touch with the women whom they enrol in VimoSEWA.

In addition, Arogya SEWA firmly believes that no programme can run in isolation and must be intertwined with other aspects of the women's lives. In particular, all health activities are developed keeping the primacy of work and work security in mind. In addition, these activities have been interwoven to address other needs of members like insurance, childcare and housing which ultimately contribute to better health and well-being.

Health Care services by "Swasthya Sathis"

The activities of the Lok Swasthya Mandali include:

1. *Preventive*

- Health information and education, including information on HIV/AIDS;
- Immunization, iron and folic acid supplementation, and Vitamin A supplementation, in collaboration with government services;
- Ante-natal care (ANC), including weighing, screening for anaemia, and nutrition counselling;
- Providing information on contraceptives and making these available by coordinating with government services;
- Mobilising women to participate in "camps" which screen for reproductive tract infections (RTIs) and cancer.

2. *Promotive*

Reaching health information and health education to women through a six-module training programme and running slightly modified programmes for their husbands, adolescent girls and boys.

3. *Curative*

- Providing low cost medicines including Ayurvedic (traditional medicines) treatment on women's doorsteps;
- Treatment of tuberculosis through DOTS method and screening and treating diagnosed persons;
- Mobilising women and organising mobile clinics called "camps" for reproductive health problems, children's and general health problems;
- Providing acupressure therapy;
- Enrolling women in SEWA Insurance or VimoSEWA.

Table 1. Quantitative summary of the activities carried out by Arogya SEWA in 2005

Activity	Population covered
Training on balanced diet	1,124 sessions 30,136 individuals
Patients visiting SEWA health centres	101,137 individuals
Patients visiting mobile health camps	675 camps 37,705 individuals
Referrals to higher levels of care	5,249 individuals
Eye surgeries	3,651 individuals
Other surgeries	2,963 individuals
TB referrals	5,118
Pre- and post-natal visits	160,659 women followed through pregnancy
Trained traditional midwives	4 groups 119 individuals
Preliminary training for traditional midwives	9 groups 241 individuals

A study conducted in 2003 examined the reach of three services provided by SEWA Health: reproductive health camps, tuberculosis detection and treatment, and women's education services (Ranson, et al., 2005a; Ranson, et al., 2005b). In urban areas, the poor were the main users of all three services, with a third or more of the clients coming from the poorest 20 per cent of the population. The best-off 20 per cent accounted for no more than one to two per cent of beneficiaries. In rural areas, the record was notably different. For each of the two programmes operating in those areas (reproductive health camps and education sessions), programme users were clustered in the middle economic groups, with smaller numbers among the poor and the better off. Poorer rural women reported having difficulty using the rural health camps and the women's education sessions as they coincided with working hours. In the case of rural RH mobile camps, reaching the poorest was also hindered by perceived cost of services at the health camps. Now SEWA Health is making the necessary interventions, including tailoring services to women's convenience and training local women, who live in the very villages they serve, to provide education.

SEWA Health's urban services have been cited as successful examples of extending health services to the poor (Richards, 2005; Marmot, 2006). Reasons for the effective targeting of the SEWA health services are likely to include:

- services (especially RH mobile camps and women's education sessions) are offered "right on people's doorsteps", i.e. SEWA Health takes the services to the poor, rather than trying to bring the poor to the services;
- the services are mainly provided by the poor themselves. These are poor women (and some men) working in the informal sector, who have been trained to provide health education and some primary health care services;
- the services are generally combined with efforts to educate and mobilize the community; for example, preceding the RH mobile camps, SEWA Health workers go door-to-door, informing people about the service, and educating them on how to use it;
- costs are low, certainly relative to the private-for-profit sector with people contributing towards costs and active attempts are made towards long-term sustainability of the services;
- SEWA is an entity that people know and trust.

4. SEWA Insurance (Vimo SEWA)

SEWA Insurance provides integrated policies which combine coverage for natural death, accidental death, loss of (or damage to) the house, and hospitalization. In order to join the scheme, adults must be between 18 and 55 years old on first joining the scheme (although life and hospitalization coverage extend up until the age of 60 and 70, respectively). Vimo SEWA offers two different policies. Table 2 shows the premium (including its breakdown) and the health insurance benefit under each of these policies. Adult women must first enrol themselves, and only then do they have the option of enrolling their spouse and/or children. Under the less expensive, and more popular policy,[3] those who pay the annual premium of Rs.100[4] (Rs.30.31 of which is earmarked for health insurance) are covered to a maximum of Rs.2,000 per person per year in case of hospitalization. The premium for children is the same regardless of the number of children (Rs.100 per annum); the total benefits available to the children are capped at Rs.2,000 per annum. A woman, her husband, and children can all be insured for a total of Rs.250 – i.e. a discount of Rs.20 is given as an incentive to enrol the whole family.

Women also have the option of becoming long-term members of Vimo SEWA by making a fixed deposit (Rs.2,100 for the first policy); interest on this is used

[3] In 2005, almost 93 per cent of all scheme members were enrolled in Policy I and 7 per cent were enrolled in Policy II.

[4] At current exchange rates, US$1 equals Rs.44 (exchange rates 14/02/2006).

Table 2. Vimo SEWA policy premiums and benefits, calendar year 2006

	Policy I	Policy II
Premiums for package inclusive of health, life and assets insurance:		
Female annual premium	100	225
Male (spouse) annual premium	70	175
Children annual premium	100	100
Whole family annual premium	250	480
Female fixed deposit	2100	5000
Male (spouse) fixed deposit	1500	4000
Amount (from above premiums) paid to formal insurance company for hospitalization insurance	30.31	90.93
Hospital benefit, per annum	2000	6000

to pay the annual premium and the deposit is returned to the woman when she turns 70. She gets health coverage until 70 years and life coverage until 60 years, as per the insurance company's rules. If the member dies before reaching the age of 70 years, the balance of the fixed deposit (as well as the life insurance benefit) are paid out to the beneficiary named in the policy. As an incentive for members to pay by fixed deposit, those who have paid in this way are provided with some additional benefits, including maternity benefits. The maternity benefits consist of Rs.300 paid in cash to the woman in her seventh month of pregnancy.

The choice of health care provider is left to the discretion of the Vimo SEWA member. Members are eligible for reimbursement whether they use private-for-profit, private-non-profit or public facilities. After discharge from hospital, the Vimo SEWA member is required to submit the following documents within a 90-day period: a doctor's certificate stating the reason for hospitalization and the dates of admission and discharge; doctors' prescriptions and bills for medicines purchased; and, reports of laboratory tests done during the hospital stay. After submission of these documents, the member is usually visited by a SEWA organizer (staff) who verifies the authenticity of the claim. All documentation is reviewed by a consultant physician, and a final decision on the claim is then made by a claims committee made up of SEWA members and organizers. Finally, the Vimo SEWA member is notified of the committee's decision, and when applicable, is paid by check.

Vimo SEWA provides coverage both for acute conditions and chronic diseases (for example, chronic tuberculosis, diabetes, hypertension) for members who belong to the scheme for at least one year. Excluded from coverage are: normal deliveries, complications of HIV/AIDS, and disease caused by addiction.

The scheme does not include coverage for the costs of outpatient care. Although members have expressed a demand for such coverage, it has been excluded for a variety of reasons. First and foremost, it is felt that covering outpatient care would be inefficient, as the cost of it is generally quite inexpensive, but the cost of processing such claims (particularly if they were coming from a huge variety of outpatient providers across the north of Gujarat) would be quite expensive. Secondly, it would be difficult for Vimo SEWA to verify the authenticity, and establish the "medical need" for, outpatient care. In the case of inpatient care, the presence of illness can generally be verified by laboratory tests; for example, X-ray results for those with fractures, and bio-chemistry results for those with typhoid. But in the case of outpatient care, patients receive services – some of them unnecessary, particularly intravenous injections and antibiotics – without any firm evidence for the diagnosis of an illness. Finally, at the time of its initiation, and during several years since then, Vimo SEWA has purchased its health insurance from one or more formal insurance companies, none of which has provided coverage for outpatient care.

Arogya SEWA directly provides limited preventive and curative services through health centres in and around Ahmedabad City, Ahmedabad district and nine other rural districts which are open to all members of the SEWA, as well as non-members. In some cases, the health workers at these centres might refer women for higher levels of health care, and they may even accompany women to the nearest hospital. The centres are working towards strengthening referral linkages for formal agreements with hospitals. So far 19 hospitals have agreed to work closely with SEWA for health insurance and also referral care for uninsured people.

The evolution of the Vimo SEWA scheme, and its impact, have been described in several previous documents (ILO and STEP, 2001; McCord, et al., 2001; Sinha and The Vimo SEWA Team, 2002; Gerand, 2005).

Coverage and reach among the poor

When Vimo SEWA started in 1992, the primary thrust was on enrolling members in Ahmedabad city. This was because the Vimo SEWA and SEWA Bank teams were located in Ahmedabad. As the insurance programme stabilized it expanded to the rural members in the eleven districts. Today two-thirds of the members live in rural areas. In the calendar year 2005, Vimo SEWA had 117,842 adult members (over 83,500 women and 34,300 men). Seventy per cent of scheme members were in rural areas and 30 per cent in urban areas. One-quarter of the total membership in 2005 had joined by fixed-deposit (31,595) while three-quarters had paid an annual premium (86,247).

A 2003 survey found that the Vimo SEWA scheme is inclusive of the poorest, with 32 per cent of rural members, and 40 per cent of urban members, drawn from households below the thirtieth percentile of socio-economic status (Ranson,

Table 3. Comparison of rural Vimo SEWA members in 16 sub-districts with the general rural population by key socio-economic characteristics

SES characteristics	Vimo SEWA members		General population	
	Mean / Frequency	95% CI	Mean / Frequency	95% CI
Number of observations	*(n = 967)*		*(n = 780)*	
If wall brick or stone with plaster (%)	41.8	(36.2-47.6)	42.9	(34.7-51.5)
If gas for cooking (%)	5.7	(3.9-8.4)	8.0	(4.8-13.1)
If oil store for ⩾ 1 month, during last 12 months (%)	15.5	(11.5-20.5)	27.8	(21.0-35.9)
If millet store for = 12 months (%)	8.9	(6.5-12.1)	17.7	(12.5-24.5)
If wheat store for ⩾ 1 month, during last 12 months (%)	34.2	(28.9-39.9)	55.0	(46.5-63.2)
If electrical connection, own or shared (%)	62.9	(55.9-69.5)	62.9	(53.2-71.7)
Number of rooms	1.8	(1.7-1.8)	1.9	(1.8-2.1)
Hh adults literate (%)	47.6	(45.0-50.1)	49.6	(43.5-55.7)
Hh adults attended college or university (%)	2.1	(1.2-2.9)	4.0	(2.5-5.6)
Number of refrigerators	0.04	(0.02-0.06)	0.08	(0.04-0.11)
Number of fans	0.81	(0.70-0.93)	0.90	(0.72-1.08)
Number of mattresses	0.56	(0.40-0.72)	1.03	(0.72-1.33)
Number of wrist watches	0.48	(0.40-0.57)	0.57	(0.47-0.67)

et al., 2006). Table 3 compares the general rural Gujarati households with Vimo SEWA members, in the 16 sub-districts where Vimo SEWA has the most members, based on select indicators of socio-economic status.[5] By most indicators, the Vimo SEWA members appear slightly "poorer" than the general population – and significantly so for indicators of food security.

[5] Sub-districts were included in this study only if they had 500 or more adult women Vimo SEWA members in 2003.

Protection against health care costs

An analysis of all claims submitted in the six years 1 July 1994 through 30 June 2000 (Ranson, 2002) revealed that claims were rejected in 11 per cent of cases. The mean rate of reimbursement for all reimbursed claims was 76.5 per cent (median 92.6 per cent). Reimbursement more than halved the percentage of catastrophic hospitalizations (expenditures >10 per cent of annual household income); for 35.6 per cent of claims, the total spent on hospitalization would have been catastrophic for the claimant, while expenditures by patients after reimbursement were catastrophic for 15.1 per cent.

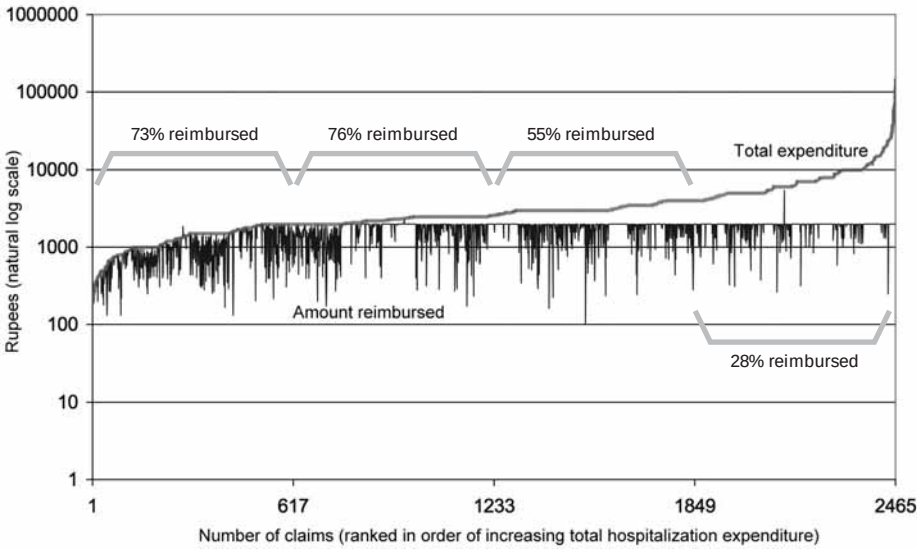
However, the degree of financial protection conferred by the scheme is known to be limited by certain aspects of scheme design and management. First, the Rs.2,000 cap means that the scheme provides only limited protection for the most expensive hospitalizations. For example, in 2003, of the 2,465 claims that were reimbursed, on average, 63 per cent of total expenditures (reported by the members) were reimbursed by Vimo SEWA. The mean cost of hospitalization among these 2003 claimants was Rs.3,935 (N = 2,465 claims). Among the least expensive quartile of hospitalizations (which ranged from Rs.190 to 2,000) the mean level of reimbursement was 73 per cent, while among the most expensive quartile of hospitalizations (Rs.4,014 to Rs.151,003) the mean level of reimbursement was only 28 per cent (Figure 1).

Second, the lag time between discharge from hospital and reimbursement means that, for a time, members must bear the full financial burden of hospital expenses. This lag time has improved considerably over the years; it was an average of 98 days between (1998-99-2000) and decreased to 68 days by 2005. The 68 days between discharge and reimbursement could be roughly broken down into 45 days from discharge to submission of the claim, seven days from submission to the date of the panel's decision, and 16 days between the panel's decision and receipt of payment by the claimant. Reductions in the lag time have been brought about largely by: (i) decentralizing claims processing in select rural districts, where the number of members was highest; and (ii) generating from the scheme's computer database, and monitoring on a weekly basis, a list of all unsettled claims and their date of submission to Vimo SEWA.

The following quotation, from an interview with a Vimo SEWA union representative, known as an *aagewan*, illustrates that having insurance may increase the probability that members will seek health care, but because the reimbursement is retrospective, members may struggle to mobilize the funds necessary to pay for hospitalization:

> Respondent: Suppose a woman is very poor, and she has become a Vimo member, and she knows that she will get reimbursed. Then somehow or the other, even if it means selling something, she will get admitted. She will do her best to take advantage of the insurance. … If she has jewellery at home she will even sell it, but she will get admitted. … In Khambat there is a member, Jadaben, who is very

Figure 1. Total, self-reported, expenditure (ranked from least to most expensive) and total amount reimbursed, Vimo SEWA Policy I "approved" claims, 2003 (N = 2,465)

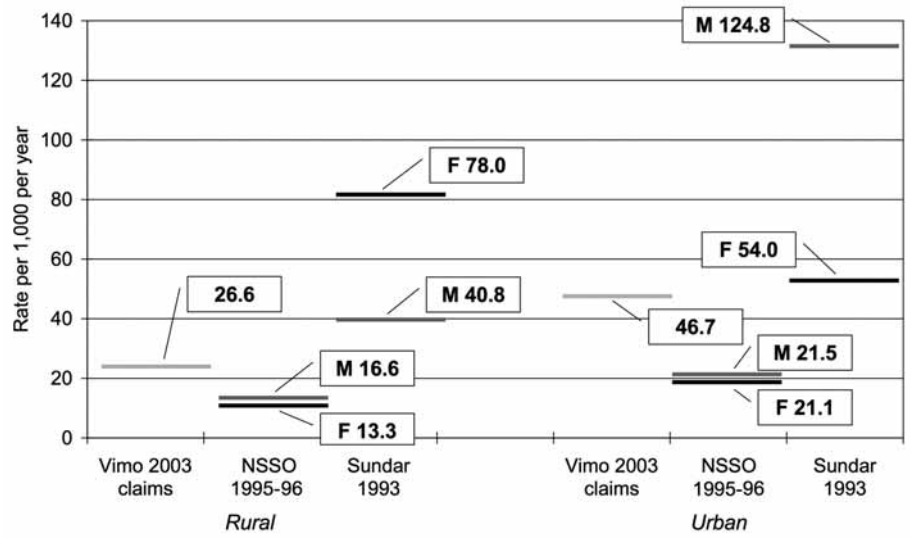


poor, and she has only one son who does mason's work. He is young. This woman became very ill. … She sold her jewellery and used the money to get admitted to the hospital. [Aagewan, Anand district.]

Access to health care

Vimo SEWA, by reducing the financial barrier to seeking inpatient care (albeit retrospectively), may improve access to inpatient health care. Figure 2 compares rates of claims submission to Vimo SEWA (2003) with self-reported rates of hospitalization in Gujarat from two recent, representative surveys. In rural areas, the rate of claims to Vimo SEWA in 2003 was 26.6/1,000 members. This is very high in comparison to the rate of hospitalization estimated by the National Sample Survey Organization (NSSO) based on 1995-96 data (Mahal, et al., 2000), which ranged from 13.3 hospitalizations/1,000 among rural women to 16.6/1,000 among rural men. But the rate of Vimo SEWA claims is low in comparison to the rate of hospitalization estimated by Sundar (1995) based on 1993 data which ranged from 40.8/1,000 for rural, men to 78.0/1,000 for rural women. The relationships are similar for the urban data, with the rate of Vimo SEWA claims high in comparison to NSSO estimates of hospitalization rate and low in comparison to Sundar's estimates. Thus, it is difficult to make conclusions

Figure 2. Rates of claims at Vimo SEWA (2003) compared with rates of hospitalization as in Gujarat as assessed in two recent surveys, rural and urban



Note: the rate for Vimo 2003 claims is for males and females, combined, while the rates from the two surveys are presented separately for females (F) and males (M).

about the rate of Vimo SEWA claims relative to rates of hospitalization, given the tremendous variability and uncertainty in estimates of the latter.

There are recent indications that claims submission among members may be increasing in Ahmedabad City and in rural areas. Claims rates in Ahmedabad (claims/1,000 members per year) more than tripled between 2000-01 (15.0) and 2003 (46.7). (There was also a one-time jump in the rate of rural claims between 2001-02 and 2003, but this is thought to have been due to very low rates of awareness about scheme membership among many 2001-02 rural members.) But it is quite difficult to determine whether the rising rate of claims in Ahmedabad is due to increased financial access (among those who truly need hospitalization) versus a rising problem of adverse selection and/or moral hazard.

One study, conducted in 2000, compared rates of claims among Vimo SEWA members, aged 18 to 58 years, in 242 Vimo SEWA households (in Anand and Kheda Districts) with age-matched women in 381 non-insured households in the same villages (Ranson, 2004). This study found no significant association between membership in Vimo SEWA and frequency of hospitalization, although there was a trend toward higher rates of hospitalization among SEWA members. Over the one year period examined in the survey, Vimo SEWA members had

undergone 28 hospitalizations; but claims were submitted, and reimbursed, for only five of the hospitalizations (18 per cent).

Our experience suggests that there are a number of key factors that enable health insurance coverage to be translated into increased access and utilization. These are:

- adequate awareness/knowledge, among the insured, about: their own health and signs of illness; available health care; the benefits of the insurance policy and how to claim these benefits;
- health care services that are geographically accessible and of high perceived quality;
- access to transportation to get to the hospital;
- immediate access to funds to cover the costs of hospitalization, and related indirect costs (e.g. food, transportation);
- access to the resources (e.g. time, literacy, money) that may be required to compile and then submit a claim;
- trust (among the insured) in the insurer – the belief that the insurance benefit will actually be paid;
- fairly intensive, long-term, and continuous interaction between the insurance scheme and its members (so as to build trust and awareness);
- cooperation of health care providers in providing high quality care, at reasonable cost, when medically indicated, and providing all of the related documentation.

The scheme may increase access to hospitalization by increasing, among its members, awareness about health, disease, and appropriate health-care seeking:[6]

> Respondent: Through our insurance scheme women gain an awareness of their own health, that "I must take care of myself only then can I take care of my house". "If I am not healthy then how will I take care of my house or my children or do my job?" So they themselves become aware about this. [ADMIN 3]

> Respondent: The purpose of this scheme is that our members should know who are the untrained and unlicensed doctors. And to whom they should go … And what is the proper treatment. So this is the one type of health education also… [ADMIN 1]

On the other hand, our interviews suggest that even the insured, and particularly the poorest among them, face a variety of financial and non-financial barriers that may prevent them from seeking hospitalization (see following section).

[6] Conversely, this heightened awareness might reduce the need for hospitalization by increasing demand for preventive health care, or early, outpatient curative care.

In order to improve access to health care (and optimize financial protection), members should be continuously covered under the insurance scheme from one year to the next. Indeed, Vimo SEWA would like to achieve 100 per cent renewal of its annual members so that they get continuous protection. Vimo also recognizes that if it is able to increase its retention rate, it will be able to increase the outreach and efficiency of its insurance programme. While the renewal rate among annual members at SEWA Insurance has improved over the last three years, from 22 per cent in 2003 to 30 per cent in 2004, 41 per cent in 2005 (Gerand, 2005), and 60 per cent in 2006, it should be close to 90 per cent for sustainability.

Equity of utilization (access to scheme benefits)

Surveys conducted in 2003 found that the submission of claims for inpatient care is equitable in Ahmedabad City, but inequitable in rural areas (Ranson, et al., 2006). In rural areas, only 20 per cent of claims come from the poorest 30 per cent of members, compared with 40 per cent in Ahmedabad City (Figure 3).

Even when the insured have access to loans to pay for a hospitalization, they may prefer to forego the hospitalization:

> Respondent: Many just stay at home because they do not have money to go to the doctor… My husband does not go (to hospital). When there is no money, he says, "What is the need to go?"… (Even with insurance) the problem is, you have to borrow the money, go to the hospital and then return the money with interest. [Woman Vimo SEWA member, 32 years old, village in Gandhinagar district]

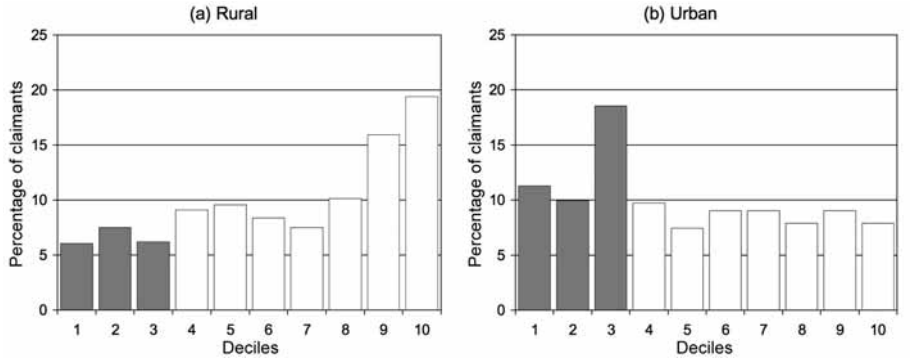
Some of Vimo SEWA's members live in remote villages, far from urban centres and hospital facilities. Transportation is expensive, and sometimes unavailable. An *aagewan* in one of the FGDs felt that the cost of transportation, added to the cost of inpatient care, was enough to prevent poor insured women from going to hospital:

> Members living in the villages have to travel to the city in order to be admitted to hospital, and they find the cost of travel expensive. They feel that, "The reimbursement from the insurance will only amount to what I spent on transportation, and nothing will be left with us." [Woman Vimo aagewan, 28 years old, Surendranagar district]

One Vimo *aagewan* reported feeling helpless when called to see a young, insured women living far from the nearest hospital:

> Respondent 1: The mother said, "Bhartiben, you have sold my daughter insurance, and now she has a severe fever. We don't have a hospital here, so where do I take her?" I said, "Either you get her admitted in Dhrangadhra or in Patdi." She said, "Sister, I don't have the money right now and look at the fever she is running." [Woman Vimo aagewan, 28 years old, Surendranagar district]

Figure 3. Frequency distribution of Vimo SEWA claimants by deciles of Vimo SEWA members' socio-economic status, rural (N=690) and urban (N=442)



Pro-poor inclusiveness = 19.9% (95% CI = 16.9 to 23.0%)

39.8% (95% CI = 35.2 to 44.6%)

In addition, the direct and indirect costs of compiling documents, and submitting the claim to the local Vimo SEWA representative, can be substantial:

> They (the members) are reluctant to come here (to the district office) because they cannot pay the transportation fare. So they can not come here. [Woman Vimo aagewan, 28 years-old, Surendranagar district]
>
> Interviewer: Did you submit a claim?
>
> Respondent: A visit to the Vimo office costs us twenty-five rupees. [Women Vimo SEWA member, 50 years old, Ahmedabad City]

Commonly the poor have limited literacy skills and also lack the confidence to negotiate with officials and formal systems. They, therefore, have greater difficulty in getting together all the required documents for submitting a claim. As one *aagewan* in Anand taluka explained:

> We ask the claimant for all bills for the hospitalization. If the doctor has not given these bills – many women are illiterate and don't ask for the certificates or bills at the time of discharge – then we ask them where they were admitted and we go along with them to collect the certificate and bills.

Shaping quality of health care services

Since its inception, Vimo SEWA has aimed to direct its members towards providers of high quality health care. For example, members have been encouraged to use public health care services (generally acknowledged to provide better technical quality than the private-for-profit sector), where available, and they have been provided with education about medical practices that are unnecessary

or dangerous. For example, based on research among Vimo SEWA claimants in Anand/Kheda, it was found that more than 15 per cent of claims (from July 1994 to August 2000) were for hysterectomies, and that the technical quality of care varied from potentially dangerous to excellent (Ranson and John, 2001). Staff and members of SEWA were informed of the potential complications of unnecessary hysterectomy/oophorectomy, and there was a subsequent decrease in the rate of these procedures among members in these districts.

Increasingly, Vimo SEWA is shaping health care services provided by public, trust and private-for-profit hospitals by purchasing health care from them, on members' behalf.[7] Under a recent pilot project, a maternity benefits package was purchased (at a price of Rs.200) from select public and trust hospitals, for pregnant, fixed-deposit members in Ahmedabad City. This intervention involved negotiating with hospitals to provide the World Health Organization recommended antenatal package at a low, fixed price. This was coupled with educating pregnant women, their husbands, and health care providers about optimizing maternal child health, and recognizing and dealing with problems during pregnancy and delivery. By actively purchasing maternity benefits for its members, Vimo SEWA caused a shift towards utilization of public and trust hospitals (vis-à-vis private-for-profit hospitals), and those who chose to avail themselves of these maternity benefits enjoyed significantly lower costs (inclusive of the costs of delivery). Furthermore, those who used the empanelled providers were far more likely to receive a check-up within the 48 hours after delivery than were those who did not.

5. Discussion

Summary

SEWA SS has made significant strides towards improving access to health services among women working in the informal sector, and their families. By training women who are themselves members of the communities to provide services, SEWA SS has created a system for delivering services that is both accepted by the communities, and sustainable. And by actively delivering health and insurance services right on the doorsteps of poor households, SEWA SS has addressed many of the barriers that might otherwise have prevented the poor from joining an insurance scheme. There remain a number of challenges to be addressed – these are particularly evident for Vimo SEWA, which has been studied and monitored intensively over a long period of time. For example, the traditional mechanism of retrospective reimbursement of claimants means that members have to struggle

[7] Trust hospitals are privately owned, charitable hospitals, run on a non-profit basis. They are registered with government as non-profit institutions, and as such, receive certain tax exemptions.

to mobilize resources at the time of seeking health care. The relatively low cap on benefits – Rs.2,000 – limits the amount of financial protection provided to those who experience more expensive hospitalizations. And within rural areas, the poor are much less likely to submit a claim than are the non-poor – ultimately, the poor end up subsidizing the cost of care for the less poor.

Recent initiatives

Vimo SEWA is already taking steps towards improving financial protection and the distribution of health insurance benefits. In eight rural sub-districts (covering more than 10,000 women members, and their insured spouses) and in Ahmedabad City, Vimo SEWA pays out cash to its members as claims, prior to their discharge from hospital. This intervention, termed "prospective reimbursement", is enhancing financial protection in two ways. Firstly, this benefit is available to the members only if they use select "empanelled" hospitals, of which there are two in each sub-district. These hospitals are public and private-non-profit facilities. They were selected because they are of much lower cost than private-for-profit facilities (historically, much more popular among Vimo SEWA's members, as they are perceived to give faster and more courteous service), and also because they were judged to provide more comprehensive and higher quality services. Past evaluations have found that the cost of similar services at private-non-profit and public hospitals are only a fraction of the cost of services at private-for-profit facilities. Secondly, this intervention ensures that members have cash available to pay their bills at the time of discharge, as compared to receiving reimbursement a month or more after their discharge.

A second intervention that is being piloted aims to increase the rate of submission of claims, particularly among Vimo SEWA's poorest members, through intensive face-to-face contact. This is being encouraged primarily by improving the knowledge, capacity and motivation of Vimo aagewans, and enhancing two-way communications between aagewans and members. The Vimo aagewans have received training to ensure that they are: entirely clear on scheme benefits, and the process of claims submission and review; and sensitive to the problems that poorer members face in accessing scheme benefits. They are being motivated through "supportive supervision" – supervision that incorporates self-assessment, peer-assessment and community input (Marquez and Kean, 2002). Communications are being enhanced by ensuring that aagewans make regular (once or twice yearly) visits to each insured person, by providing households with a stamped/addressed postcard that can be put in the mail if they should have a claim to submit, and by providing households with a wall-mounted decoration that includes the name and telephone number of their local Vimo SEWA representative. It is hoped that these activities will make it easier for members to compile and submit a claim, and ultimately, result in increased financial protection among members.

More generally, SEWA is moving towards an integrated, "horizontal" approach in rural areas, wherein two or three aagewans in each village would be responsible for coordinating the many different activities organized by SEWA, including savings and credit, childcare, employment generation, health care and insurance. This approach is intended to forge stronger links between SEWA's local representatives and SEWA members in the communities. It will also make local sources of knowledge about health and insurance more readily available to the members.

Ability to be generalized, sustainability and broader policy implications

There is no doubt that such activities could be widened, or 'generalized', to other areas. SEWA Insurance, having already expanded to include members across 11 districts, has recently expanded to Patna, Bihar and Tamil Nadu. It has done so by delivering the insurance policy through other NGOs: NIDAN (in Patna) and SHEPHERD (in Tamil Nadu). Like SEWA, these are organizations that have a strong presence in the community, in the form of grass-roots workers, and that were already involved in delivering other development-oriented services.

Administrative and financial sustainability are certainly concerns. On the administrative side, it is challenging to maintain a workforce comprised almost exclusively of women from poorer households. The turnover among grass-roots workers and organizers is high due to marriage, pregnancy, migration of entire households to find work, and taking up of other work, training or education. In response, SEWA SS fairly constantly takes on new workers, and has a capacity building system (with a significant amount of on-the-job training) so that women with no formal training can work, for example, as community organizers, health workers, health educators, insurance agents, research assistants, etc.

Financial sustainability has been addressed by drawing revenue from many different sources. These include, for example, the insurance premiums paid by members, small user fees paid by those who use certain health services, grants from donors, and grants from government at all levels. Because SEWA SS does not rely too heavily on any single external source, it means that services are not disrupted as any one grant or project is completed.

There is only so much that a scheme can do to promote access for the poor. Coordinators of SEWA SS, through their research and years of experience, are aware of the many barriers that the poorest women and men face in accessing quality health care. But there are certain barriers – for example, lack of transportation, limited access to telephones, poor quality roads, distance to the closest fully staffed health care facility – that SEWA SS can not directly tackle. Governments have a responsibility to ensure that there are providers who are physically accessible and who are offering adequate quality of care.

A concern that is sometimes expressed is that SEWA SS, by providing basic health care and social protection services, may actually decrease the demand for quality public services, thus allowing government to shirk its responsibilities. Similarly, some worry that SEWA SS may be creating inefficiencies, by duplicating services that are already available in the public or private-for-profit sector.

In actual fact, SEWA SS serves as a conduit through which its members can better access, and shape, existing health and social protection services. SEWA SS provides well-functioning and long-standing examples of "private-public partnership (PPP)" where all sides have gained from the interaction. Vimo SEWA, for example, interacts with the public sector both in its role as a provider of insurance (through the semi-autonomous Life Insurance Corporation and General Insurance Corporation) and as a provider of health care services. Over the years, Vimo SEWA has helped the public insurance companies in developing policies that are attractive to the poor, and in delivering insurance services to the poor (thus helping the companies to meet their "rural- and social-sector" mandates). In return, Vimo SEWA (and its members) has been able to draw on the experience, and technical skills, of the public companies, in developing an actuarially sound insurance product, and has also accessed a government subsidy (through the LIC) that is only available to those who purchase insurance. Similarly, Vimo SEWA helps the public system for health care provision by encouraging its members to use public facilities, because of their low cost and the technical skills of the public doctors and nurses. Vimo SEWA will continue to work with these providers and our members – all women workers of the informal economy – to ensure that these women receive some social security, such that they can eventually emerge from poverty and vulnerability.

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China: Towards universal coverage by the New Rural Cooperative Medical Insurance

Aidi Hu

Is it administratively and financially feasible to give a group of the rural population (as many as 757 million with a per capita income as low as 3,255 yuans per annum[1]) access to basic health care in the space of seven years?[2]

This is what the Chinese Government has been trying to do since 2003 through a so-called New Rural Cooperative Medical Insurance (NRCMI). It plans to complete its establishment in all 2,862 counties[3] by 2008, ultimately achieving universal coverage by 2010.[4] It is reported that, at the end of 2005, the NRCMI had been expanded from an initial 304 to 678 counties, targeting 236 million people, of which 179 million have actually been covered, a rate of 75.8 per cent.[5]

This remarkable success rate is not a fluke, but based on past experience gained, notably from the old Rural Cooperative Medical Insurance (RCMI) invented 50 years ago which was very successful in improving the health of the vast rural population, and from a decade-long experiment conducted since the early 1990s in an effort to revive the old RCMI.

It should also be noted that the setting up of a NRCMI scheme in every county to protect the rural population from illness-related poverty and exclusion, is part of a global effort of the government to address a longstanding and challenging issue of "Three Nong" – the development of rural people, rural areas and rural economy. Despite continuous growth since 1978, primary industry largely lags behind secondary and tertiary industries, as during the period 1978-2004, GDP

[1] The current exchange rate is about 1US$ = 8 Yuans in Chinese currency.

[2] National Bureau of Statistics of China, compiled. China Statistic Yearbook 2005.

[3] Ibid.

[4] "Notification on speeding up the experiment of the NRCMI" jointly issued by the MOH and 6 other ministries on 10 January 2006.

[5] Li, Changming (Chief of the technical guidance term of the NRCMI, MOH) 4 April 2006. Available at http://society.people.com.cn. Visited 12 May 2006.

rose 3.19, 16.1 and 11.9 times respectively for each industry.[6] Income disparity has also been increasing: per capita annual income of the rural and the urban groups was 397 yuans and 748 yuans respectively in 1985,[7] which compares to 3,255 yuans and 10,493 yuans respectively in 2005.[8] Given the fact that China is still an agricultural country, the quarter-century long prosperity will not be sustainable, and the goal of establishing a harmonized society where everyone lives decently, will not materialize if the development of *Three Nong* does not catch up. Having fully recognized this, the government is determined to take every measure necessary, including the NRCMI, to speed up rural development and improve the quality of life of the rural population.

This paper will explore this innovative health insurance scheme from both a national and a local perspective, followed by a short conclusion summarizing the main characteristics of the NRCMI and raising some concerns that may need to be thoroughly assessed in due course to improve its performance and increase its coverage.

National perspectives

"To learn from yesterday will assist to better understand today", says an old Chinese proverb. This Section will conduct a retrospective review revealing how the NRCMI emerged from its initial forms leading to how it looks now.

The initial stage: from the 1950s until the 1980s

Having suffered two centuries of civil unrest, major famines, military defeats and foreign occupation, the Chinese people, especially those living in the rural areas, were extremely poor, had no medical infrastructure and, therefore, no available health services. It is, therefore, not surprising that by the end of the 1940s, just before the inception of the People's Republic of China, life expectancy at birth was only 40 years. It was in the mid-1950s in these circumstances that the first RCMI schemes were created by a number of Rural Producers Cooperatives (RPC) in Shandong and other provinces in response to the needs of their members for primary health care.

Soon after its establishment, the RCMI was strongly supported by the government because of its principles and positive bearing on the improvement of

[6] National Bureau of Statistics of China, compiled. China Statistic Yearbook 2005.

[7] National Bureau of Statistics of China, compiled. China Statistic Yearbook 2001. Beijing. China Statistics Press, 2002.

[8] "Green Paper on the Rural Economy 2006" jointly by the Rural Development Institute of the Academy of Social Science of China and the National Bureau of Statistics of China.

the health of the rural population. By the mid-1970s, 90 per cent of RPCs were operating a RCMI scheme for their members.[9] Despite a large disparity in form, these village-based schemes had the following aspects in common:

- a medical cabin, equipped with basic medicines and run by one or more doctor/s who were selected from the young educated members of the community and normally received a half-year of professional training;
- financed mainly by contributions from the RPC in question, supplemented by membership fees and income from selling medicines. There was no direct government subsidy, but support through training, vaccination and low-priced medicine was, however, provided on an irregular basis;
- all members of the RPC in question were entitled to free primary health care, sanitation, vaccination and other prevention services provided by barefoot doctors, who also produced and offered some homemade traditional Chinese medicines.

In support of this mechanism, the government started constructing higher level rural medical institutes. Eventually, a so-called Rural Three-Tier Medical Network (RTTMN), consisting of village medical cabins, commune medical centres and county hospitals, was set up within each county border to provide the rural population with low-cost, quality controlled and nearby health services.

Consequently, the wide coverage of the RCMI and the establishment of the RTTMN bore fruit: many infectious and local diseases were eliminated or brought under control; infant mortality dropped from 195 to 41 deaths per thousand; and life expectancy at birth rose from 40 to 65 years over the period 1950-1975.[10] On the basis of these results, the Constitution of 1978 stipulated that: "The State should gradually promote the development of… the RCMI".

Unfortunately, following the dismantlement of the RPC system in the 1980s, the RCMI experienced a set back too: the coverage was reduced to 5 per cent of the rural population in 1992.[11] Consequently, some infectious and local disease came back, and the health gap between the rural and urban population grew. For example, maternal mortality and infant mortality in rural areas were 2.6 and 2.7 times higher, respectively than in urban areas in 2002, and life expectancy at birth was 69.55 years for the rural inhabitant in 2000, 5.66 years lower than their urban counterparts.[12] Consistent with this, illness-related poverty was also more severe in the rural part of China.

[9] Centre for China Cooperative Medical Scheme. Available: http://www.ccms.org.cn. Visited on 10 April 2006.

[10] Ibid., visited on 10 April 2006.

[11] Ibid., visited on 18 April 2006.

[12] Ibid., visited on 10 April 2006.

The experimental stage: from the 1990s until the early 2000s

Facing such a situation, the government attempted to revive the RCMI. Specific studies, projects and pilots were conducted, such as:

- 1994-1998: a WHO-sponsored project on the RCMI covering 14 counties of 7 provinces, implemented jointly by the Ministry of Health (MOH), the Policy Research Office (PRO) of the State Council and the Ministry of Agriculture (MOA);
- 1996: an investigation on the RCMI in two provinces executed by a delegation headed by Ms. Peng Peiyun, member of the State Council. This led to a technical seminar and a national conference to advocate the redevelopment of the RCMI;
- 1997: "The Decision on Health Reform and Development" jointly made by the Central Committee of the Party and the State Council, confirming the role of the RCMI and calling for its re-establishment by 2000. In accordance with this, five ministries jointly formulated a milestone document entitled "The suggestions on the development and improvement of the RCMI", laying down basic principles for later experiments and the development of the NRCMI.

At the same time, many local governments took the liberty of piloting their own new RCMI schemes. At the end of 1996, 183 counties of 19 provinces set up a new RCMI scheme, covering 17.59 per cent of the rural population.[13] Since then, local experimentation has continued with some success, for example:

- Jiading District of Shanghai Municipality: the RCMI scheme, which was financed mainly by individual contributions with financial support from the local economy and the local governments, reached a universal coverage in 2003;[14]
- Jiangyin City of Zhejiang Province: the scheme was characterized by the delegation of the management to a commercial insurance firm, and by the breakdown of the urban-rural barrier: all residents, either urban or rural, native or migrant, could participate as long as they were not already insured under an urban health insurance scheme;
- Wuxue City of Hubei Province: having survived for almost 50 years, the scheme was overseen by a Farmers' Conference on the RCMI, during which the representatives of the insured farmers were able to express their own concerns, to assess the management and the use of RCMI funds and to make proposals for necessary changes.

[13] Wang, Shidong., and Ye, Yide. "Retrospection and development study on the RCMI" Chinese Primary Health Care 2004,4: 10-12.

[14] Rural Health Management Department of the MOH, NRCMI Newsletter, No.18, January 2005.

A new development chapter: since 2002

Based on the above-mentioned experiences, the Central Committee of the Party and State Council finally issued a "Decision on Strengthening Rural Health Works" in late 2002, deciding to reintroduce the RCMI system with new principles. In line with this, detailed policies and measures have been formulated by central government to guide, facilitate and monitor the development process. Some aspects of this are outlined below:

Participation

The targeted population is, in principle, the rural residents with some slight variations, in practice. Unlike a social insurance system, the participation in the NRCMI is voluntary, which is insisted upon by central government and embodied in all local schemes. Due to high subsidies and an enforced government leadership – two outstanding characteristics that will be explained in more detail later – the voluntary nature of the scheme has not resulted in low coverage: more than 75 per cent of the targeted population, as indicated earlier, actually participated in the NRCMI schemes in 2005.

It should be borne in mind that the workforce of the rural population comprises mainly self-employed farmers. Due to the reform of the agricultural land system, undertaken in the early 1980s, each rural household is entitled to a piece of land distributed equally among all residents of each village. Only a small number of the insured are workers who have migrated to the cities, though some of them do return to their home village during the high farming seasons.

Like all social insurance schemes, to be actually insured under a NRCMI scheme, the participant has to pay a contribution in full and on time, except for two to three groups, namely the poor, "Five Guarantees" (the elderly, disabled or orphans who have no working capacity, no income and no relatives to support them) and occasionally veterans. Normally, it is the local governments who will pay contributions due on behalf of these groups. Over the period of 2003-September 2005, the local governments had paid 31 million yuans for them, equal to 1.1 per cent of the overall amount of contributions received by the schemes as a whole.[15]

Another condition is household-based enrolment and payment of contributions, i.e. all members of the same household have to join the scheme simultaneously.

[15] The Public Communication Office of the Ministry of Health. "The pilot of the NRCMI is smoothly unfolding across the country" (7 Jan. 2006). Available: http://www.moh.gov.cn/public Visited on 6 April 2006

Financing

It is financed mainly from two sources: household contributions and government subsidies. This is illustrated clearly by the following statistics: by the end of September 2005, the NRCMI schemes had mobilized 6,498 million yuans, of which 2,735 million yuans were from the insured rural households, 3,524 millions yuans from the government and 239 million from other sources.[16]

The government allocation is very high and this striking characteristic is what distinguishes the NRCMI from its predecessor the RCMI, as well as from the current urban health insurance, as they are not entitled to earmark from the government. It should be noted that such a subsidy is actually shared between the central, provincial, prefecture, municipal and county governments, sometimes including even the commune governments. But, no standard subsidy-sharing rate exists, except for the ratio of the subsidy from the central government to the subsidy from local governments as a whole, which is normally one to one when the scheme is a recipient of the central government subsidy.

To understand which schemes qualify for the central government subsidy, we have to refer briefly to the classification of three regions. In mainland China, three regions, namely the Eastern, Central and Western regions, are grouped. From a development standard, the Eastern is considered to be the most developed zone while the others are less developed, because they present a very different weight in the economy: each producing 60.5 per cent, 22.6 per cent and 16.9 per cent, respectively of the GDP in 2004.[17] In line with this classification, the central government subsidy initially went only to the schemes operated in the Central and Western regions except for those in their municipal areas. As from 2006, the eligible places have been extended to those operated in the municipal areas in the Central and Western regions, as long as the targeted rural population account for more than 70 per cent of the total. It has also been extended to the schemes implemented in six selected provinces of the Eastern region, though a reduced rate is applied to them. In addition, 2006 has seen a rise in the standard subsidy rate from 10 yuans to 20 yuans per participant per annum. Reinforced by an envisaged increase in the number of schemes, the amount of subsidy from the central government alone will be raised from 500 million in 2005 to 4,700 millions in 2006.[18]

To be eligible for the central government subsidy, the recipient provinces are required to add at least an equal amount of allocation to their NRCMI schemes regardless of how it is shared among the local governments. This brings the

[16] The Public Communication Office of the Ministry of Health. "The pilot of the NRCMI is smoothly unfolding across the country" (7 Jan. 2006). Available: http://www.moh.gov.cn/public Visited on 6 April 2006.

[17] National Bureau of Statistics of China, compiled. China Statistic Yearbook 2005, Beijing, China Statistics Press, 2006.

[18] Zhu, Zhigang (Vice Minister of the MOF). Interview, 12 March 2006. Available: http:www.yzdsb.com.cn. Visited on 10 April 2006.

overall government subsidy to 20 yuans in the period 2003-2005 and to 40 yuans in 2006. For those excluded from the central government subsidy some of them are even excluded from the provincial or municipality subsidies, so the actual amount of subsidies they receive from local governments is not necessarily less and sometime even higher.

With regard to the contribution rate, it varies from scheme to scheme, but generally ranges from 10 to 30 yuans per participant per annum. Together with the subsidy, the aggregate income rate was around 30 yuans during 2003-2005 and 50 yuans in 2006.

In addition, it is prescribed that all management costs should not be charged against the regular revenue of the NRCMI schemes. Again, it is the government who covers the bill. As the schemes are pooled and managed at the county level, it is understood that the bills are paid by county governments, sometimes supplemented by their subordinate commune governments and contracted medical institutes when they have to assume part of the management task.

Another important medical aspect is the pricing system of medicines, as they account for as much as 60-80 per cent of the overall medical expenditure in the rural areas. The general price level is considered too high, not only for the NRCMI, but also for the urban health insurance. The government has succeeded in pushing it down somewhat on several occasions, but it is still judged too high, especially from the point of view of the rural population.

Benefits

The composition of the benefit package varies too. Firstly, the coverage of contingencies is different: some focuses exclusively on serious disease-related medical costs, while others cover both serious disease-related and ailment-related costs.[19] It is estimated that among the existing schemes, 28 per cent provides the former type, which is more popular in the developed provinces, and 72 per cent the latter, which prevails in the developing provinces.[20] Secondly, the reimbursement rate differentiates considerably, ranging from 10-60 per cent of the eligible medical costs.

Nevertheless, two common features can be observed:

- The benefit level is quite modest as reimbursement rates range from 10-60 per cent. The actual reimbursement level is much lower when taking into account the non-reimbursed deductible, the part of the cost that exceeds the

[19] There is no standard definition on these terms. Nevertheless, the category of serious disease-related medical cost refers, in general, to that of inpatient treatments and that of outpatient treatments of prescribed catastrophic illnesses such as renal failure, cancers, although the second component may not be specified under some schemes. Whilst the second category of ailment-related medical costs relates to that of outpatient treatment of non-severe illnesses such as catching a cold or having a headache.

[20] Li, Meijun, et al. "Comparison of various models of the NRCMI" (18 Oct. 2005). Available: http://www.gz-news.com. Visited on 10 April 2006.

reimbursement ceiling and many non-reimbursable items. It is estimated that the amount of granted benefits would account for only about 20 per cent of the overall medical cost to the insured patient. But this is designed on purpose to match carefully the spending level with the limited financing capacity of the NRCMI schemes. It should be remembered too that, despite the modesty, a benefit payment of 5,000 yuans or 30,000 yuans still represents an important amount or financial relief for many rural households as per capita annual income was only 3,255 yuans in the rural counties in 2005.

- The reimbursement rates were designed on a basis of combining a progressive rate with a regressive one to protect, as far as possible, those with a heavy medical bill and to encourage the use of the local medical facilities, especially at the commune level.

In addition to the common mechanism of pooling funds based on social insurance principles, some schemes utilize the family medical savings accounts based on individual liabilities. The first one is commonly adopted for financing serious disease-related benefits, while for ailment-related provisions, both mechanisms are used. Consequently, there are three combined models: (a) when the benefit package exclusively focuses on serious disease-related costs, it is financed out of a single pooled fund, but when it comprises also ailment-related benefits, in addition to the serious disease-related ones, the other two combinations are: (b) serious disease-related benefits funded by pooled funds, whilst ailment-related benefits by family accounts; (c) both serious disease- and ailment-related ones are financed by pooled funds.

In 2005, 122 million insured people received benefits amounting to 6,176 million yuans, equal to 81.95 per cent of the annual revenue of the schemes; and of which, 5.8 million claims, less than 5 per cent of the total number, were hospitalization-related benefits, costing 4,785 million yuans or 77.49 per cent of the global expenditure.

Organizational structure

At the national level, in 2003 an inter-ministerial NRCMI committee was set up, comprising 11 related ministries which has now risen to 14. Its main roles are to coordinate inter-agency efforts, guide pilot exercises, formulate policies, oversee funds mobilization, etc. It is supported on a daily basis by the Ministry of Health (MOH), the line ministry. Besides, both the Ministry of Finance (MOF) and the Ministry of Civil Affaires (MCA) work closely with the MOH, particularly on financial issues and on matters related to social medical assistance programmes. It should be noted that the Ministry of Labour and Social Security (MOLSS) is not directly involved, although it is the main ministry in charge of all social insurance schemes, except for the NRCMI in China.

This structure is more or less replicated at the local level. However, the central government is much more concerned about policy and development, while the local governments focus on implementation.

With regard to the implementing agencies, there are three types: (a) a public entity newly created under the leadership of the County Bureau of Public Health with various names; (b) an existing social insurance agency; and (c) a commercial insurance company. The current ratio is 94:2:4.[21] In practice, a part of the daily management, such as contribution collection and benefit payment, is often delegated to other organizations, such as the taxation authorities, the commune governments and contracted hospitals.

Medical infrastructure

The government is fully aware that without a sound medical structure, especially at the local level, the NRCMI simply will not work. Unfortunately, like the RCMI, this RTTMN has been significantly weakened since the 1980s, in particularly its two lower tiers: almost all village medical cabins closed down, and many commune medical centres could no long function properly due to the lack of government allocations.

To revive it, the government has been increasing its financial allocation accompanied by a set of policies and measures. For instance, it advocates forming a partnership between a rural medical institute and a specialized city-based hospital. Once formed, direct medical assistance, such as the donation of medical equipment and professional training, will flow regularly from the donor hospital into its rural counterpart. The national campaign entitled "Improving the rural medical services by the secondment of 10,000 urban doctors" is a good practice too. It was launched by the MOH in June 2005 and the first cohorts of detached doctors have departed and are now working in some county or commune medical institutes on one-year assignments.

[21] Li, Meijun, et al. "Comparison of various models of the NRCMI" (18 Oct. 2005). Available: http://www.gz-news.com. Visited on 10 April 2006.

Local experiments

In the previous section a national profile was drawn, in this section it will be complemented by a closer look at three NRCMI schemes selected from three different regions.

The Xiaoshan NRCMI scheme in the Eastern Region

Local context

Xiaoshan Districts of Zhejiang Province is a coastal area in the south as illustrated above, consisting of 26 communes, a land area of 1,420 square kilometres and 1,166,657 residents, of which 852,742 are rural. On the economic side, it generated 50 billion yuans in GDP and 43,058 yuans in GDP per capita, which made it the seventh richest county in the country and gave the county government a comfortable revenue of 2.3 billion yuans in 2004.[22]

Substantial elements of the Xiaoshan NRCMI scheme

Xiaoshan is among the first group of counties/districts selected for the pilot exercise. After a short preparatory period during which a number of detailed documents, including the Regulation on the Xiaohan NRCMI scheme, were issued in line with the general guidance laid down by superior governments, the scheme was then launched on 1 October 2003 and has been implemented since. Some of its substantial elements are illustrated below.

[22] Xiaoshan Statistics 2004. The Statistical Bureau of Xiaoshan District. Available http://www.hzyl.xs.zj.cn. Visited on 26 April 2006.

Persons eligible for participation

All residents, either rural or urban, can participate as long as they are not yet covered by an urban health insurance scheme. Contribution payment made on a family basis is the condition for being actually insured under this scheme, except for three specified groups, whose due contributions are paid by the local governments as explained in the previous section.

Financing

As Xiaoshan is rich, the scheme receives no subsidy beyond the district and commune governments. Table 1, below, gives some more details.

Table 1. Income composition and rate (yuans per participant per annum)

	1/10/2003-30/9/2004	1/10/2004-30/9/2005
Contribution	20	20
Subsidy		
County	10	20
Commune	10	15
Sub-total	20	35
Total	**40**	**55**

Benefits

The benefits are offered under two categories: hospitalization and outpatient care, as displayed in Table 2.

It shows that (a) a heavy emphasis is placed on the part of hospitalization benefit; (b) outpatient costs are only reimbursable when the treatment took place at a contracted commune medical centre and the reimbursement rate remains the lowest one, nevertheless, outpatient costs of five specified serious diseases, such as chronic renal failure are reimbursable now under the hospitalization category; (c) the general benefit level was largely improved in the second year of the operation due to a rise of 75 per cent in subsidy rate.

Furthermore, it should be noted that there are strict provisions on whether or not the incurred medical cost is reimbursable, depending on the category of medical institutes, medicines, services and laboratory tests, etc. In general, the reimbursable scope is much narrower than that stipulated under the urban health insurance schemes.

Organizational structure

Under the general leadership of the district government, the scheme is guided and supervised by the NRCMI leading group consisting of 14 institutional

Table 2. Reimbursement rates

Segment of the medical costs	Year	Contracted commune centre (% of I)	Contracted district hospital (% of I)	Other hospitals (% of I)
Hospitalization benefit				
Deductible	1/10/2003-30/9/2004	500		
	1/10/2004-30/9/2005	500		
500-2000 yuans	1/10/2003-30/9/2004	25	70	50
	1/10/2004-30/9/2005	30		
2001-5000 yuans	1/10/2003-30/9/2004	30		
	1/10/2004-30/9/2005	35		
5001-10000 yuans	1/10/2003-30/9/2004	40		
	1/10/2004-30/9/2005	45		
>10001 yuans	1/10/2003-30/9/2004	50		
	1/10/2004-30/9/2005	55		
Ceiling	1/10/2003-30/9/2004	20000		
	1/10/2004-30/9/2005	30000		
Outpatient benefit				
	1/10/2003-30/9/2004	10	None	None
	1/10/2004-30/9/2005	20	None	None

members, implemented by the Health Bureau, and managed by the management office set up under the Health Bureau. In addition, contributions are collected by the commune governments and a part of benefit claims are processed by contracted medical institutes.

Reimbursement procedure

Those insured can submit claims for reimbursement to the management office via the Internet at http://www.hzyl.xs.zj.cn or to the contracted medical institute where the treatment took place by presenting their personal NRCMI card issued by the management office. When it is processed by the medical institute, the amount of approved benefits will immediately be deducted from the bill and the insured patient pays only the remainder. Alternatively, the insured person pays the bill in full and is reimbursed later.

Contracted medical institutes are required to send all related files on a monthly basis to the management office for endorsement. Any wrong payments will not be refunded.

Contracted medical institutes

Currently, a total of 74 medical institutes have been awarded a contract, including 50 commune medical centres, 11 district hospitals and 13 higher-level specialized hospitals located outside the district. Regular review and assessment of their performance is envisaged in the regulation. An unsatisfactory report may lead to the cancellation of their contract.

Progress achieved

Table 3 outlines the progress the Xiaoshan NRCMI scheme has achieved in terms of personal coverage, benefits paid and financial situation during the first two years of operation.

It demonstrates that (a) even at an early development stage, the actual coverage reached is as high as 90 per cent, if not more; (b) despite the large number

Table 3. Performance of the Xiaoshan NRCMI scheme (1/10/2003 – 30/9/2005)

		1/10/2003-30/9/2004[1]	1/10/2004-30/9/2005[2]
Coverage	Number of participants	879000	915000
	Participation rate (%)	90.53	94.22
Annual revenue (million yuans)		36	(est.) 50.36
Hospitalization benefit	Number of approved claims	20000[3]	27000[4]
	Amount of paid benefits (million yuans)	20.44[3]	35.71[4]
Outpatient care benefit	Number of approved claims	750000[3]	700000[4]
	Amount of paid benefits (million yuans)	5[3]	9.5[4]
Special out-patient benefit	Number of beneficiaries		231
	Amount of paid benefits (million yuans)		3
Totality (estimate)	Total number of claims	924000	793000
	Total amount of benefits (million yuans)	30.53	52.32
Annual saving /deficit (million yuans) (estimate)		+5.47	-1.96

[1] Source of data in this column: the Website of the Xiaoshan NRCMI scheme at http://www.hzyl.xs.zj.cn. Visited on April 2006, and the Website of the Statistical Bureau of Xiaoshan District at http://www.hzyl.xs.zj.cn. Visited on 26 April 2006. [2] Ibid. [3] Data of the first 10 months. [4] Data of the first 11 months.

of claims, 5 per cent got more than 80 per cent of the benefits. In respect of the actual reimbursement level, in terms of the amount of benefit granted as a percentage of all medical costs, it ranged, on average, from 14.81 per cent in the Linjiang Special Industrial Zone to 21.00 per cent in Xinjie Commune during the last quarter of 2005.[23]

The Hanshan NRCMI scheme in the Central region

Local context

Hanshan County of Anhui Province, as illustrated above, currently comprises 10 communes, 442,400 residents, of which 358,447 are rural, living on a land of 1,047 square kilometres. In 2005, it produced 3.01 billion yuans of GDP and 6,781 yuans of GDP per capita; for the rural population alone, per capita income was 3,135 yuans; the county government had an income of 102.87 million yuans at its disposal[24] – less than 5 per cent of that of the Xiaoshan District Government.

Substantial elements of the Hanshan NRCMI scheme

The scheme has been in operation since 2004. Constrained by the size of this report, the number of elements reviewed in this case study will be limited to two.

[23] Website of the Management Office of the NRCMI of Xiaoshan District: http://www.hzyl.xs.zj.cn. Visited on 21 April 2006.

[24] Hanshan County Statistics 2005. The Statistical Bureau of Hanshan County. Available: http://www.ahhs.gov.cn. Visited on 27 April 2006.

Financing

A quick review of the income sources and rates is given in Table 4**.** Compared with its counterpart in Xiaoshan, the financing aspect of this scheme has the following features: (a) as Hanshan is classified as a poor county, the scheme is entitled to the full range of government subsidies, but the overall subsidy rate remains the same; (b) the contribution rate is 50 per cent lower, which brings the overall income rate down and makes the scheme more dependent on the government subsidy.

Unlike the Xiaoshan NRCMI scheme, the Hanshan scheme has introduced the family savings account to finance outpatient treatment. Therefore, the revenue has to be split between the two funds as shown below.

Table 5 shows that the government subsidy is devoted entirely to the pooled funds, while the contribution is split equally between the two funds. As a result, 83 per cent and 89 per cent, respectively, of the income was allocated to the pooled funds in 2005 and 2006, and the rest to the family account component. It seems

Table 4. Income composition and rate* (yuans per participant per annum)

		2005	2006
Contribution		10	10
Subsidy	Central Government	10	20
	Province Government	3	8
	Municipal Government	2	2
	County Government	5	5
	Sub-total	20	35
Total		**30**	**45**

* The Regulations on the Hanshan NRCMI of 2005 and of 2006 (both provisional). Available: http:/www.hanshan.gov.cn. Visited on 27 April 2006.

Table 5. Allocation of resources* (yuans per participant per annum)

Source of income	2005		2006	
	Family account	Pooled funds	Family account	Pooled funds
Contribution	5	5	5	5
Subsidy		20		35
Total	**5**	**25**	**5**	**40**

* The Regulations on the Hanshan NRCMI of 2005 and of 2006 (both provisional). Available: http:/www.hanshan.gov.cn. Visited on 27 April 2006.

that by such an allocation structure, the management tried to match, as closely as possible, the benefit structure that placed a heavy emphasis on hospitalization and other serious disease-related benefits.

Benefit

It comprises five categories, namely ailment-related outpatient care, hospitalization, specified serious disease-related outpatient care, other high-cost outpatient care, and maternity care. The first is granted against the family savings account and the others against the pooled funds. The last two were recently added to the benefit package by the 2006 Regulation in a lump sum form. As far as specified serious disease-related outpatient care benefit is concerned, the number of diseases included increased from 8 to 12 over the period of 2005-2006, and 20 per cent of the related medical cost falling in the segment of 1001-5000 yuans in 2005 or 301-5000 yuans in 2006, respectively, refunded. Similar to everywhere else, the category of hospitalization is the focus of the whole benefit package. Table 6 gives some detailed provisions.

Compared with that of the Xiaoshan scheme, it is quite curious to see that the benefit level under this one is higher either in terms of reimbursement rates or in terms of the deductible and benefit ceiling, despite less income.

Like other schemes, the benefit offered here has generally increased following the rise of income in 2006. For instance, the overall ceiling for benefits payable by the pooled funds rose from 16,000 yuans to 30,000 yuans.

It is prescribed by the Regulation that if there is extra savings at the end of a year, a second round of benefits may be accorded.

Table 6. Reimbursement rate of hospitalization cost* (Effective from 1 Jan. 2006)

	Segment of the cost (yuans)	Category of medical institutes		
		Commune	County	Higher level
Deductible (yuans)		200	300	400
Reimbursement rate (%)	<1,000	40	25	10
	1,001-3,000	45	35	20
	3,001-5,000	50	45	30
	5,001-10,000	55	50	40
	>10,001	60	60	50
Benefit ceiling (yuans)		30,000		

* The Regulations on the Hanshan NRCMI of 2005 and of 2006 (both provisional). Available: http:/www.hanshan.gov.cn. Visited on 27 April 2006.

Progress achieved

Of 358,447 targeted rural residents, 301,281 or 84.05 per cent were actually covered in 2005, which has slightly risen to 85.20 per cent in 2006.

A total of 5,948 claims for reimbursement were approved in 2005 with a payment amounting to 4.84 million yuans.[25] During the first four months of 2005, 1.17 million yuans against 5.1 million yuans as the total medical expenses, about 22.9 per cent, were reimbursed.[26] It was 22.09 per cent for the first quarter of 2006.[27]

On the financing side, it received 9 million yuans in 2005, of which 3 million yuans came from the insured households and 6 million from the government.[28] It is anticipated for 2006, the overall revenue will be increased by around 50 per cent due to the rise of 15 yuans in the government subsidy.

The Dunhuang NRCMI scheme in the Western region

Local context

Dunhuang of Gansu Province, as illustrated above, is characterized by a small population with a vast territory: 180,000 residents, of which 96,900 are

[25] Hanshan County Statistics 2005. The Statistical Bureau of Hanshan County. Available: http://www.ahhs.gov.cn. Visited on 27 April 2006.

[26] Website of the Management Centre of the Hanshan NRCMI scheme: http://www.hanshan.gov.cn. Visited on 27 April 2006.

[27] Ibid.

[28] Yu, Xiaohua (Vice Governor of Hanshan County). Speech on the County Conference on the NRCMI (11 Oct. 2005). Available: http://www.hanshan.gov.cn. Visited on 27 April 2006.

rural, living in an area of 31,200 square kilometers.[29] In 2005, it generated 2.03 billion yuans in GDP, 113,61 million yuans in government revenue,[30] and per capita rural income was about 4660 yuans.[31]

Substantial elements of the Dunhuang NRCMI scheme

Numerous studies have indicated that in the Western region, around 20 per cent of the population is below the poverty line, which is about 19.92 per cent in Gansu Province.[32] Disease-caused poverty is more severe in this part of China. For instance, the Dunhuang Government estimated that among its rural poor households, 50 per cent were brought down by a serious disease suffered by a family member who had no medical insurance.[33]

In Gansu, the pilot exercise started in five selected counties in 2003 and one year later, nine more counties were added, including Dunhuang. Again, due to the limited size of this report, only two aspects of the scheme will be reviewed here.

Financing

Table 7 displays its income structure and individual rates effective for 2005 and 2006, respectively. It is interesting to note that, in spite of low rural per capita income, the contribution rate is set at the highest level among the three schemes reviewed in this paper, which consequently brings its global income rate to the top.

Like its counterpart in Hanshan, the Dunhuang NRCMI scheme also has a component of family savings accounts to finance medical treatment of ailments. Meanwhile, the pooled component is further divided into three parts, namely hospitalization, serious diseases and reserve funds. Thus, once the income is received, it is reallocated into four funds covering different contingencies at a distribution rate illustrated by Table 8.

Compared with the Hanshan scheme, the proportion distributed to the family account component is considerably high here: 34 per cent in 2005 and 24 per cent in 2006.

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[29] Industrial and commercial association of Dunhuang Municipality. Available: http://jqgcc.com.onews.asp. Visited on 2 May 2006.

[30] The 13th Commission of the Communist Party of China in Dunhuang Municipality. "Suggestions on the 11th Five-Year Economic and Social Development Plan of Dunhuang Municipality", 21 December 2005. Available: http://www.dunhuangdj.gov.cn. Visited on 2 May 2006.

[31] Ibid.

[32] "A survey on the introduction of the NRCMI to Gansu", 13 December 2004, Gansu Economic Daily. Available: http://www.guasudaily.com.cn. Visited on 2 May 2006.

[33] Wang, Junxu. (the Secretary of the Party of Dunhuang Municipality). Speech, Conference on the Introduction of the NRCMI to the Municipality, 26 November 2004. Available: http://www.huangqu.gov.cn. Visited on 2 May 2006.

Table 7. Income composition and rate* (yuans per participant per annum)

		2005	2006
Contribution		30	30
Subsidy	Central Government	10	20
	Province Government	5	20
	Municipal Government	2	
	County Government	3	
	Sub-total	20	40
Grand total		**50**	**70**

* Regulation on the Dunhuang NRCMI scheme. Available: http://www.huangqu.gov.cn. Visited on 2 May 2006, and "The Notification on speeding up the experiment of the NRCMI" issued by the MOH on 2 March 2006. Available: website of the MOH.

Table 8. Reallocation of the income* (yuans)

Funds		Contributions	Subsidies	2005	2006
Family account		17 yuans		17.00	17.00
Pooled Funds	Hospitalization	85% of 13 yuans	85% of the subsidy	28.05	45.05
	Serious diseases	10% of 13 yuans	10% of the subsidy	3.30	5.30
	Reserves	5% of 13 yuans	5% of the subsidy	1.65	2.65

* Regulation on the Dunhuang NRCMI scheme. Available: http://www.huangqu.gov.cn. Visited on 2 May 2006, and "The Notification on speeding up the experiment of the NRCMI" issued by the MOH on 2 March 2006. Available: website of the MOH.

Benefits

Three types of benefits are granted under the three funds, namely outpatient care, hospitalization and serious disease costing more than 20,000 yuans per single visit.

Concerning outpatient care benefit, the claim is submitted for processing to the designated bank where the family account was set up and the allocation deposited. The balance from previous years can be carried over. If no benefit has been claimed during the last two years, the insured person is entitled to a health check at a commune medical centre, the cost of which can be shared equally between the family account and the hospitalization funds.

In respect of hospitalization and serious disease benefits, Table 9 gives more details on evolving deductible, ceiling and reimbursement rates.

Table 9. Benefits available under the pooled component*

	Category of the medical institute	Deductible (yuans)		Benefit ceiling (yuans)	Reimbursement rate (%)	
		2005	2006		2005	2006
Hospitalization benefit	Commune	200	100	2000	50	60
	County	400	400	4000	40	45
	Higher level	1000	1000	6000	30	30
Serious diseases benefit	Commune	200	100	20000	30	30
	County	400	400			
	Higher level	1000	1000			

* Regulation on the Dunhuang NRCMI scheme. Available: http://www.huangqu.gov.cn. Visited on 2 May 2006.

In 2006, two more benefits were added to the category of hospitalization: (a) a lump sum payable to those who have either been affected by one of the six prescribed serious diseases, or have given birth to a baby in compliance with the national policy on family planning; (b) the reimbursement rate is higher for those who have proved their determination not to have more children after having had one, whether it is boy or girl, or two daughters.

Progress achieved

During its first-year operation in 2005, it attracted, out of 94,524 rural residents, 87,662 participants with a coverage as high as 92.74 per cent; 3,086 claims for hospitalization and serious diseases benefits were approved with a total payment equal to 2.16 million yuans, about 700 yuans per claim on average.

In 2006, it has covered 88,985 people or 93.77 per cent of the targeted population. The first two months have seen 945 claims for hospitalization and serious disease-related benefits approved with 0.71 million yuans paid.[34]

[34] Zhang, Xiaoliang. et al. « Donghuang's NRCMI is benefiting more people", 14 March 2006. Available : http://www.gs.xinhuanet.com. Visited on 2 May 2006.

Conclusion

From the above overview, either from a national perspective or from an individual case study, a number of common features of the NRCMI can be clearly observed:

- The government has assumed a central leadership in policy and guidance development, financing, the design and implementation of the schemes. It is certain that without such a leading role, the NRCMI could not have piloted and extended so quickly and smoothly.
- More than half the overall revenue the NRCMI has so far generated comes from the government, presenting a stark contrast to the urban compulsory health insurance that has no government subsidy.
- The participation of the targeted rural population is voluntary in spite of the high government subsidy and the established objective of universal coverage by 2010.
- Benefit packages are generally focused on catastrophic-illness and inpatient-treatment
- Financial resources and risks are pooled at the county level with a potentially targeted population between 100,000 and 1,000,000 in most cases. Compared to the old RCMI pooled at the village level, the capacity of the new system for risk prevention and redistribution has been automatically improved by such an extended pooling.
- The schemes are managed by a public NRCMI centre or office under the supervision of the County Bureau of Public Health. All operational costs of the centre or office are met from the general revenue in line with the instructions of the central government.

It is, therefore, not easy to fit the NRCMI into an established category, such as social health insurance due to its nature of voluntary participation or community-based health insurance, because it is led and heavily subsidized by the government. Nevertheless, it is closer to social health insurance, and it may become of this type in the future.

Although it is somewhat unrealistic for the author to assess the NRCMI in a comprehensive manner at this earlier stage, certain characteristics of the scheme's nature and design, which will be analyzed below, give cause for concern.

- *Adequacy of benefit provisions*. Firstly, due to the narrow scope of reimbursable services, hospitals and medicines, the actual reimbursement rate for catastrophic illness and in-patient treatment related costs is only around 20 per cent on an average, as demonstrated above. This implies that:
  (a) The insured have to pay the remaining 80 per cent of the total cost of their medical treatment and, given this prospect, some of the insured may be

reluctant to seek timely treatment, or may not even seek it at all if they are too poor to pay their own share. As a result, some of those who have received treatment may be pushed below the poverty line. Without doubt, it is poor households who will suffer the most.

(b) The emphasis of the benefit package commonly placed on catastrophic-illness and inpatient-treatment related risks results in only a handful of the insured – as few as 5 per cent calculated above – benefiting significantly from this coverage. Enhanced by the nature of voluntary membership, there is a concern about the participation rate, adverse selection and their possible implications for the financial health of the scheme in the long term.

- *Financing sustainability*. The inadequate level of benefit is, of course, rooted in the low level of the financial capacity of the NRCMI in general. How to maintain and increase the flow of revenue is vital for the improvement of the benefit level. Nevertheless, there is no legal guarantee or stipulation for the moment, simply because the scheme is not a statute health insurance system. As mentioned above, possible adverse selection arising from free affiliation may undermine its financing equilibrium. In addition, since the scheme is confined to a county, the different situations in socio-economic development in different counties will produce a different financial capacity of individual NRCMI schemes: some are relatively rich while others may not be able to pay the promised benefits to the insured. No mutual support or redistribution mechanism is currently in place.
- *Voluntary participation*. As pointed out earlier, this may open a door to possible adverse selection that would lead to healthy people not participating. Consequently, this would undermine both the financial situation, by a decrease in contribution revenue, and the rise in benefit expenditure and realization of the aim of universal coverage. Making it compulsory in due course may have to be considered.
- *Individual medical savings account*. Apparently, this is influenced by the urban health insurance model. It may attract people in rural areas to participate in the scheme at the beginning, but they may find later that it has no financial logic. In the meantime, part of the scarce financial resources is blocked in these individual accounts.
- *Quality control and supervision*. In general, the monitoring structure seems quite weak, especially where health service providers, mainly hospitals and clinics, are concerned. Part of the reason for the poor supervision and no systematic quality control is due to untrained and understaffed personnel in the NRCMI.
- *Various models*. The central government has issued only some very broad and loose guidelines for the design of the scheme and left many important

issues for each of the county governments to determine. Surely, this approach encourages local initiatives and ownership, as well as facilitating the adaptation of the scheme to the local situation. However, at the same time, this can lead to a loss of control by the central government of some fundamental aspects from the design stage. In addition, the emergence of many different models may become an obstacle for standardizing the provisions and the possible unification of the system nationally in the future.

- *Linkage with the urban health insurance system*.This system provides the urban labour force with compulsory health insurance coverage, and has been developed for more than half the century and accumulated valuable experiences and lessons. The NRCMI can certainly learn a lot from it, especially in the field of supervising health service providers. As well as a proper coverage for rural migrant workers under a unique system, there is an additional need for close cooperation between the two programmes. There is no official definition as yet whether this new group belongs to the urban or the rural population. In practice, such an ambiguity, plus a lack of coordinated approach, results in either duplication or vacuum coverage.

It should be noted that both the overview of the NRCMI and the conclusions made in this paper by the author, are based purely on established knowledge and updated information gathered from various sources. Investigation on site may be needed in future, if a thorough and comprehensive evaluation is to be carried out.

Social protection and the informal economy: The experiences and challenges of Portuguese speaking countries

Cristina Udelsmann Rodrigues
Carlos Manuel Lopes
José Fialho Feliciano

Introduction

This study is the result of the research project "The impact of the Informal Economy on reducing Poverty and Social Exclusion in Portuguese Speaking African Countries (PALOP) and its Interaction with Social Protection".[1] The project proposes an analysis of these interrelationships in the context of PALOP. Based on qualitative fieldwork in Angola, Mozambique and São Tomé and Principe, its aim is essentially to identify the main articulations between the variables under study – the informal economy, poverty and social exclusion, social protection – with a view to producing a comparative approach which contributes to potential policy and strategic guidelines. The study combines multidisciplinary research with an action-based philosophy. It is essentially structured on a qualitative matrix methodology – life histories, interviews with operators from the informal system, interviews with experts, key groups – and emphasis is given to typological approaches, case studies, comparative analyses, in-depth observation of different units of analysis (economic, family and community units and intra-country regional spaces), different indicators and different scales of measurement.

The following arguments are the basis of the hypothesis the study proposes to confirm or invalidate:

a) In the short term, the informal economy is an effective instrument in the fight against poverty and social exclusion as it ensures production, generates

[1] This has been developed in the context of the project STEP/Portugal at the request of the Community of Lusophone Countries (CPLP).

income, guarantees consumption levels, creates competences, leads to social integration and generates social capital in the framework of family, community or business networks which, objectively speaking, help fulfil these aims.

b) This added value is particularly significant in different latitudes and in spaces with different models and levels of economic and social organization, at a time of its growth in extent and of its socio-economic importance which has taken place under the impetus of the accelerated globalization of the world economy and the subsequent flexibilization of markets and labour.

c) Meanwhile, in the medium and long term, the informal economy triggers perverse effects on the structure and coverage levels of social protection, the standards of decent work, the effectiveness of public policies and can, potentially, give rise to poverty and forms of social exclusion among its actors.

d) In addition, to the increase of risks, insecurity and vulnerability which result from the lack of decent work associated to informal activities, the informal economy also tends to have a multiplier effect on the fragility and weakening of the (family, community, public) social protection systems.

This text provides a preliminary reading of the results of empirical research carried out. The aim is to determine concepts and contexts, to catalogue similarities and contrasts between the different countries, raise some questions on the articulations between the variables that are the focus of this research project, and identify lines of action in the current phase of study that stand out in the various contexts.

The social, political and economic reality of the five countries in the geographical boundaries of this project allows a relatively broad common denominator to be defined, as well as significant differences and specificities. The five countries of the so-called Portuguese speaking Africa were former Portuguese colonies whose production structures were built to serve metropolitan interests, notably through the supply of low-cost manpower and raw materials. They became independent in 1975 and adopted a single party political model in a context of economic systems with central planning and administration. From the mid 1980s, they were in transition to a multi-party political model and to market-led economic systems based on private initiative.

Nevertheless, these similarities do not undermine the distinct specificities which result essentially from: the size of each of country, in particular with regard population; the different location and regional integration; the differences in their natural resources; the different internal socio-cultural combinations; the different specializations in production – in Angola oil and diamond production and exports predominate; Cape Verde depends essentially on tourism, the export of manpower and the earnings from remittances sent back by emigrants; Guinea-Bissau has an agricultural-based economy; Mozambique also depends on agricultural production, but has recently shown some dynamics in the provision of

services; in São Tomé and Príncipe oil has recently been added to tourism and agricultural exports; specificities and differentiated processes in the rate and level of change, political and economic transition and the distinct trajectories in terms of the political and military stability, which also have specific socio-economic implications; the prolonged military conflict in Angola and Mozambique, the military and political instability in Guinea-Bissau and São Tomé and Príncipe, and the more lasting stability in Cape Verde.

This diversity is obviously manifested in the poverty and social exclusion in each of the five countries, both in terms of the structures and operative institutions in the field of social protection and in terms of the characteristics of the informal economy – its extent, structure and hierarchy, the most relevant activities, the practices of the operators, evolution, rates of growth, etc. Consequently, the study has constantly tried to explore the specific potentials resulting from such broad diversity, whilst also remembering the importance of a collective perspective, supported by a comparative approach, which enables the common features of the different realities to be highlighted.

The informal economy, poverty and social exclusion, social protection in the PALOP

Data on poverty in the PALOP clearly shows the extent and gravity of the situation, in particular of the high levels of extreme poverty indicators and the general vulnerability of women. The prevalence of poverty in urban environments is directly linked to the high number of people and families who depend on incomes obtained in the informal economy; this phenomenon is a result of rapid urbanization without conditions being created for employment or to absorb the active population. Generally speaking, there is a correlation between the informal economy and poverty in the PALOP because activities in the informal economy do not require so much initial capital, implying less investment in infrastructures and schooling or professional qualifications and are, therefore, adapted to both the conditions of poor families and to migrants in the cities. In addition, incomes generated by the informal activity are generally, low, irregular and insufficient.

However, it is important to reflect on how far the informal economy can contribute to social and economic integration because, on one hand, it creates a bridge between the migrants and the new urban realities and, on the other, provides poor families with significant resources. It is also worth stressing that the informal economy is widespread and of considerable importance in the PALOP. In rural contexts, the organizational base of local economies is also dominated by the informal economy, inter-connecting with the informal urban networks through family dynamics and relatively well developed commercial networks. In these circumstances, the informal economy in itself is a predominant means

of accessing income and productive integration in society and in the economy. Meanwhile, the system reproduces conditions of poverty and vulnerability and possesses no mechanisms to minimize the risks involved in the activities.

The doubts raised by an analysis of PALOP as a whole, can best be tackled by describing the specificities shaping the general framework of each regarding the informal economy, poverty and social protection. Some aspects of poverty and social protection from among a series of characteristics of the informal economy, poverty and social protection can also be highlighted. First, the informal economy, including traditional handicraft, has provided work for a significant number of people in the PALOP since the colonial period. Following independence, there were very restrictive policies and control in the framework of the political guidelines of the single party political regimes that came to power in those countries. At present, it covers an equally high proportion of the active population and its predominant activities are linked to small business and service providing. Most operators in the informal sector are not covered by the national social security systems although some countries already allow this on a voluntary basis. On the other hand, widespread and serious poverty is common to all PALOP countries and the most vulnerable groups have been identified as women, precisely those who are dependent on the informal economy. Yet another important aspect of the informal economy and its characteristics, which touches many areas of society and the economy, should be stressed: the informal economy, which predominates, not only in terms of work and the generation of income, although this has been the field that has raised most interest among specialists in the PALOP, but in other social aspects: the management of resources and property and, even at the symbolic level, the formal and organizational structures are superimposed by the logic and reasoning linked to social ties, to highly reciprocal relations, to family, ethnic and community approaches and structures. Hence, it should be noted that the far-reaching and heavy dependence of the various fields of the social and the economic on reasoning classified as "informal" is, essentially, grounded on people based rationale, founded on the social and on intensive family relations, on the importance of the symbolic. They are less centred on the individualism which characterizes working, economic and social relations marked by an impersonal approach, by the running of formal institutions and by the bureaucratic rules of formal systems that are typical in developed countries. As a result – and certainly also because the development level of the institutions in these countries does not correspond to the one desired by the states and administrative structures – formal social protection systems do not have a direct causal relationship with labour and economic activities, and are not directly associated, as they are in developed countries.

Public social protection has very limited coverage because of the small proportion of the active population working in the formal sector and also due to the many institutional and organizational problems resulting from the relatively rapid changes which took place in political and economic management in these

countries over the last few decades. The private social protection mechanisms are, therefore, the ones that make most sense and adapt themselves best to this kind of context. A varied range of community and traditional alternatives can be identified that are presented as unstable and heterogeneous when compared with the formal model; in practice, however, they are closer to the logic and social structures based on intensive social relations and adapt themselves better to the existing socio-economic and organizational conditions.

Although the starting point is that the informal economy and informality cross over various fields of society and the economy, it is important to analyse social protection in the field of labour. Most workers in the informal economy have verbal work contracts, irregular working patterns, uncertain income, very long and irregular working hours and with very limited – or even no – mechanisms of formal or informal social protection in cases of illness, working accidents or other risk situations. However, alternative schemes have been developed in the framework of informal labour relations based on social relations, reciprocity, trust and symbolic structures that adapt themselves, as far as possible, to the socio-economic realities of the operators in the informal economy. From the perspective of modern labour relations and the developed world, social protection systems aim to provide workers with protection in various socio-economic circumstances. In the PALOP, in practice this protection is dependent on solidarity, on family networks, on traditional and community structures and dynamics; this is mainly due to the limited coverage of the formal economy and, in general, the fact that social protection is not associated with labour or income-generating activities.

Therefore, although the distinctions of each of the systems are significant, social protection in the PALOP includes a wide range of structures and mechanisms: public social security which continues to work and be encouraged, and also various private, community and family social protection mechanisms. The public social security generally consists of two sub-systems: contributory, to which citizens/workers participate with a percentage of their formal income and social assistance; non-contributory, essentially aimed at giving more vulnerable groups support in order to ensure that minimum levels of basic social needs are provided. To minimize the perverse effects of structural adjustment programmes in developing countries, it is also common to set up security networks focused on the social groups and subgroups most affected by measures and policy guidelines imposed by economic stabilization. The scope of social protection becomes ever wider, covering preventative and promotional components, as well as compensation to provide food, sanitation, housing, the generation of a productive activity and income; it is simultaneously a government instrument and social policy guideline in the framework of the fight against the prevention and relief of poverty. The importance of social protection results both from its capacity to prevent risks as well its capacity to mitigate their consequences. In this sense, given the weakness of formal systems and the importance that they have always

been given, decentralized protection systems have been maintained and developed – readapting traditional, community and family structures, strengthening the role of families in the prevention of individuals' social and economic risks.

On the other hand, most families in Portuguese speaking Africa depend directly or indirectly on the dynamism of the informal economy. In most PALOP, the parallel economy emerged and grew at a time of general scarcity in the supply of goods and services and of increasing distortions in the centralized distribution system. Liberalization, in the second half of the 1980s gave rise to the transformation of the parallel economy into an informal economy and its accelerated growth. Overall, it can be said that very few households and/or families depend exclusively on income obtained in the formal subsystem through salaries or even from formal self-employment activities. Consequently, formal social protection, involving regular formal contributions covers a very limited number of people. Even bearing in mind its universal nature, the basis of the formulation and conception of protection systems in these countries, only a small proportion of the population have access to the limited social benefits that result from formal social contributions. The relative weight of the informal economy in employment and income has been the subject of a number of quantitative studies; however, it is the effects produced at the level of internal family dynamics, on one hand, and the distortions caused within the economy in general, on the other, that undoubtedly need evaluating in greater depth. Knowledge about the number of workers absorbed by the informal economy in each of these countries, therefore, comes up against countless problems, the most important of which is that of classification: how can workers in the informal and formal economy be defined when informality is generalized and crosses over both levels? How can rural or traditional activities be integrated in a dichotomous formal/informal system? How can the number of unemployed or inactive people be assessed, for example, when this kind of classification corresponds to categories in the formal system, referring both to people not working in the framework of the formal system and to people who do not work at all? These problems of classification emerged for example in the latest study in Mozambique on the informal (2006) or, for example, in older studies such as the one conducted in Luanda in 1997[2] on the informal economy (Sousa, 1997). In the Mozambique study, not even the use of the classifications of informal "in the broad sense" or informal "in the strict sense" (INE, 2006), enabled the intense overlapping and interference of the informal and the formal to be specified or to overcome the difficulties in establishing the borderline between one and the other means of generating and obtaining income by individuals. These classification difficulties and the corresponding in-depth knowledge of the informal are also related to the very characteristics of the informal economy and of the economy in these African countries as a whole: dependence on fluctuations in the markets,

[2] A "third" sector also had to be included in this study, which was not strictly formal, only for the people who stated that their income was from both the informal economy and the formal.

rapid changes in terms of opportunities, accelerated urban growth, etc. How can the level of individual – and even family – significance of income from one and the other system be assessed when they change over time in accordance with the rapid economic changes? And how can extension systems of social protection be organized when the reality in question is not really known?

The informal economy in the PALOP covers a vast and diversified number of activities which overlap and relate with the formal economy both with regard to the actual development of activities and also in relation to the complementarities that are generated and managed at the family level. These two latter aspects concern, for example, the investment of capital generated and obtained in the formal in activities from the informal, in the distribution channels and provision of services which originate in the informal and/or using the resources of the formal channels to develop activities in the informal sector; the contracting of informal services by the formal or vice-versa. In terms of the complementarity of activities and the resources they generate at family level, the process can also involve the investment of capital from salaried work in the informal activities, managed by non-salaried members, through the pooling of resources and intra-family reciprocity; in this way they can cope with the variations in income and the unstable resources from the informal system. In fact, family complementarities are responsible for assuring that family members are maintained in safe conditions. It can, therefore, be said that the importance in terms of income assured by a certain kind of activity nearly always depends on the specific relevance – in the specific time and situation – that this kind of resource/income assumes at a given moment and conjuncture. For example, at times of crisis, when other family members obtain little or no income from other activities, the little money that can be obtained through the resale of food, with little profit, may be the "salvation" of the whole family group; through advances for the family's survival, food is guaranteed for a certain period of time while alternative resources are not forthcoming. Hence, the life path of informal operators also varies in accordance with the opportunities that arise in different contexts. In general, different types of typical life path were identified in the study: transitions from the formal to the informal sector during the person's life (and vice-versa, although this is not so common); people staying in the informal sector throughout their life; addition of formal or informal activities to a (formal or informal) activity that is already undertaken. Each of these life paths corresponds to the specific opportunities of each individual and/or family. With regard to the labour relations that are established, it is the actual activity and the opportunity for individual development that determine the characteristics of the work: self-employed workers, operators belonging to a network, operators who have employees or operators using the unpaid labour of family members. Nevertheless, generally speaking, the conditions of the labour market and the economy are key factors both in life and work choices and in the various positions taken by individuals with regard to work.

The activities generating the highest incomes vary between PALOP and in the various regions of the different countries, in urban and rural contexts. Generally speaking, activities involving wholesale, public transport and currency exchange are particularly attractive because they can be very profitable. In certain contexts, some activities become more appealing in response to the existing and/or emerging market. In Guinea-Bissau, for example, there has been a significant growth in activities for the transfer of money to/from abroad; in Cape Verde, transnational trade has increased; in recent years, Angola has used the southern border with Namibia for this kind of trade which is on the increase, giving operators higher incomes and attracting migrants from the whole country to this area. However, there is not always a direct correlation between the activities, which in theory generate most income, because the informal sector is characterized by irregular incomes, dependence on changes in the markets, clients and the potential to develop the activities. How then can the most promising or most stable sectors be identified in order to bring them into the social protection systems? Any attempt to do this would also have to be able to foresee the vitality and growth potential of a certain kind of economic activity in the mid and long term.

Even with the growth and expansion of the informal, the vulnerability and insecurity of incomes generated by the informal sector, mean that networks and organizations that assure risks implicit in the work undertaken are not created within the informal economic system. Protection against the multiple risks associated with labour and economic activity have always been more closely tied and delegated to the family group; there is greater trust within the family, and group survival and social reproduction strategies are founded on solidarity, reciprocity and bonds of trust.

Few of the activities, which have some form of social protection or mechanisms to minimize the risks of the economic activity, have found solutions that do not involve contributions. There are some informal associations connected to the retailing trade that manage common funds to cover certain risks and/or investments. Some of these associations do this informally, based on relations of personal trust; some are more successful than others and have greater potential to be *formalized*. At the same time, there have been some initiatives to organize and empower this kind of network, as well as to organize economic activities. NGOs are mainly responsible for these initiatives, acting essentially in the field of micro credit; some have extensive experience in the countries and in these areas e.g. Development Workshop in Angola, the Cooperative Forum in Cape Verde, the *Micondó* in São Tomé and Príncipe, AMID in Guinea-Bissau and AMODER in Mozambique. The micro credit systems, which work on a renewable basis, are known as *kixiquila* in Angola and are practiced by associations of this kind; they manage participants' contributions in order to supply renewable credit and also foresee having a common fund that can be used in special circumstances e.g. loss of merchandise, illness, family obligations, rebuilding of housing; participants

in the group assess each case and decide on the allocation of funds. This kind of initiative, called *xitique*, is also found in Mozambique. It can be both private and informal and this study had references of various solidarity groups in the areas of agriculture and commercializing agricultural products, where contributions were also made to a common fund with a revolving management of funds. Among the traditional/informal solidarity groups in Guinea-Bissau, the *abota*, which manages the funds of people linked to the same activity, stands out for its economic activities. At the private, formal level, there are also *mutual* savings and credit associations, like AMID, and mutual community health societies. In Cape Verde, references are made mainly to solidarity support networks linked to small business – and in particular to the transnational trading of the *rabidantes* – and to the opportunity to participate in *tototcaixas*, which is an informal system of group savings also managed by people linked to common economic activities. In São Tomé and Príncipe, micro-credit is not so strongly linked to traditional structures; however, some initiatives of this kind have been undertaken by NGOs like the *Micondó*.

Although this kind of mechanism and structure can be identified in each of the countries under analysis, it is important to stress that, in general, most of the community or traditional social protection is based on family solidarity and reciprocity and it is not always related to the person's economic activity.

> "I turn to the family when I have problems; it's a question of trust; everything I earn is for my family. Now and then I ask work colleagues or friends to help me sort out problems." [T., operator of informal sector Missirá – Bissau]

> "Parents, other relatives and friends – they are the people you can count on." [T., operator of the informal sector, Cacuaco – Angola]

> "In threatening situations (natural disasters) I turn to my family, to my father, my cousins, to the whole family. I turn to them because they give me lots of support and don't give me «ramoque»." [F., operator in the informal sector, Praia – Cape Verde]

This idea carries even more weight when added to statements that investment in children's education is part of a retirement plan, with the "welfare children" becoming a kind of long-term deposit while intra-family reciprocity represent short and medium term "savings". Even in the context of São Tomé and Príncipe, where the traditional social structures are not so strong thanks to the country's economic and social history, investment in children – and particularly in education – is one of the most frequently mentioned mechanisms for investing in the future.

> "As I am not registered in the INPS and have no retirement pension, I put my faith in my children; at the moment it is me that is raising them and giving them an education so that they can give me a hand when I am old and need them." [M., operator in the informal sector, Praia – Cape Verde]

Traditional social protection institutions in Guinea-Bissau

FANADO

Circumcision takes place in almost all ethnic groups. As a result of its role in regulating behaviour norms and socialisation, it has a significant impact on the formation of the individual identity, the acquisition of social status, dedication to collective life and respect for the norms of community life, including a profound respect for older people. Rituals may differ from one ethnic group to the other, but because *fanad* intervenes in the creation of values and morality, it influences the individual's attitude and develops his feeling for work, participation in community life and collective work.

MANDJUNDADI

Social solidarity and inter-help group (network) revolving around common interests based on age groups. The *mandjuandadis* are networks of solidarity and socialising based on the age group and common interests and in accordance with predefined standards accepted by all group members. There are various forms of help and support within the *mandjuandadis*, ranging from celebrating festivals, weddings, aid where there are needs, such as illness, ceremonies, initial investment in a business, small loans, etc. These networks are found in both the city and country and have great potential for growth.

DJOKER ENDAM

Kind of social organization within the Fula community aimed at ensuring and developing the spirit of inter-help and unity among its members. Its most important fields of action include resolving conflicts, support for holding weddings, ceremonies, building work and collective farm work. In compensation, boys involved in the *Djoker Endam* are given large bowls of foods prepared by the girls in the breaks and at the end of the collective work.

SOCIÉTÉ

Kind of social organization of the Mancanha ethnic group: Members of the *société* (which originated in Senegal) make contributions to finance weddings, burial ceremonies and rituals, etc. The *société's* aim is to preserve the Mancanha culture and maintain social obligations. The system is relatively organized and regulated. When there are conflicts, the members try and resolve them using dialogue and negotiation. Sanctions are sometimes applied when standards are violated. The *société* has its own organizational structure, e.g. it has its own uniformed police, "micro" banks, etc.

ABOTA

Informal structures created among workers from the same company or institution (public, private, project), among a group of friends or even members of a certain class, neighbourhood, ethnic group, etc. The *abota* is based on members making monthly payments. The total amount collected in a month goes to one of the members according to a defined and democratically accepted list of certain emergencies. Many of the members use these funds for important undertakings such as building or repairing homes, marriage, starting a business, etc.

DJEMBÉREM

Rural organization which works as a centre for pre-school children so as to free parents for farm work. These children can also receive enough preparation to transfer later to schools. They exist mainly in the region of East Guinea.

> "At the moment I am investing in the children's education so that later they can give me some support." [M., operator in the informal sector, São Tomé]

In Guinea-Bissau, besides investing heavily in the family, there is also much investment in the ethnic solidarity networks and in the traditional social regulation/organization structures. Although strong ethnic and traditional ties in the rural environment can also be found in other PALOP, it is important to stress the preservation, recuperation and/or adaptation of this solidarity in the urban environment; however, they are weaker or have changed more in cities like Luanda or Maputo due to higher urbanization levels.

Nevertheless, the lack of an association between social protection and the world of work is the outstanding factor in all these countries: "I turn to my family because in Africa nobody should resolve their problems alone. Even if you have a lot of money, it is tradition to turn to the family" (M., Cacuaco – Angola). In other words, even though there are formal, social protection structures linked to (formal) labour and economic activities, and there have been some private initiatives in this field, the predominant reasoning in the PALOP towards social protection is not necessarily linked to the individual's labour and income generating activities. Basically, minimizing risks in life generally and in labour specifically depends on the individual's ability to mobilize family solidarity networks or other networks based on trust and identity such as neighbourhood, church and ethnic groups. Only a small percentage of workers, i.e. those linked to the formal economy, might associate labour with a set of risk protection mechanisms provided by the State and more recently promoted by NGOs. However, even these workers resort to, and are supported by, family structures and/or other solidarity networks because it has been impossible to consolidate an efficient and effective formal social protection system due to the recent rapid socio-economic changes in all these countries, which has led to shortcomings such as the small percentage of the population covered and the difficulty in obtaining benefits. In addition, these systems have not been formed in the right way and are, therefore, not appropriate for the socio-professional reality of most workers.

Some of the PALOP (Cape Verde, Guinea-Bissau, São Tomé and Príncipe) have defined the institutional framework for the insertion of informal operators in the formal social protection system, e.g. in Cape Verde where the system has been working the longest. However, even in these cases very few people adhere to the system. The formal system covers a number of different areas; in Guinea-Bissau and Mozambique it covers working accidents; health care is covered in Mozambique, Cape Verde and Guinea-Bissau; maternity care is included in Angola, Mozambique and Cape Verde. However, the population integrated in the formal protection system faces the following difficulties: although the system foresees certain benefits, it does not always meet actual needs because the amount provided has not kept up to date with the cost of living; in addition, access to benefits involves many obstacles and is very slow, mainly because the process is very bureaucratic.

It must, therefore, be questioned how far extending social protection to workers in general, should develop along the same path as the existing formal system; would the best options for the PALOP be to create/develop new or existing private systems or, alternatively, would the two kinds working together best resolve the vital question for informal operators i.e. there are very high risk situations that have no protection via mechanisms directly associated to labour (except, obviously, through income)? Situations linked to health/sickness were identified as the most worrying of the high risk situations for informal operators in all the countries. Also from among the high risk situations, the lack of work/job/income was considered one of the greatest causes of vulnerability. Although there were considerable variations in the level of importance given in certain cases, its importance in the set of concerns reflects, not only the general lack of protection of this kind in the PALOP, but also priority areas for action. Most informal operators resort to family and friends for help in these situations; given the worsening of poverty in Africa and the pressure placed on their ability to maintain family solidarity and reciprocity, it is therefore relevant to ask whether this form of aid and reducing risks, can be maintained. In addition, when assessing the constraints and potentials of extending social protection, careful attention must be given not only to the most sensitive risk areas; its ability to find answers to problems such as health and unemployment through work-related social protection mechanisms must also be questioned, and the constraints at the macro level that clearly determine these conditions of vulnerability, objectively assessed.

Constraints and potentials of extending social protection

One of the constraints identified in all the PALOP is the lack of trust in the State and institutions and in their effective management of social protection systems: “The State only makes us pay, it doesn’t give anything” (S., operator in the informal sector, São Tomé); “I don’t trust in the pension because I know lots of people who worked for the State and don’t receive anything now” (S., operator in informal sector, Cazenga – Luanda). Although this mistrust also affects the actual workers from the formal sector, it is one of the causes of the great reluctance to formalize economic activities. On the other hand, workers and operators in the formal sector feel that the State puts the informal operators at a competitive advantage due to the lack of supervision; this increases the mistrust of those in the formal system towards the system and the effective benefits it generates. Besides this mistrust of the two sides, there is also widespread mistrust of the management of the insurance/social protection funds by the ministries and the public departments responsible for them. The strong feeling among the population that corruption levels are high in these countries boosts the idea that there is

no effective return on the contributions made to the social protection fund. This idea is reinforced systematically by the weaknesses found in the system: access to benefits is slow, amounts received outdated, etc. In this field, Cape Verde is the only PALOP country where less importance was given to this question, and its institutional reorganization is an example among these countries. On this matter, it is important to know how trust in the State and its institutions and, more specifically, in the management of the social protection structures could be restored. It is also important to assess to what extent greater commitment to private (formal) initiatives would become a target of similar mistrust and what the real potential of private initiatives would be in raising trust.

Another factor that prevents formal systems developing, is widespread illiteracy and/or low schooling levels among the population as a whole. The working models inherited by the formal system's social protection, and which continue to be developed, are very bureaucratic; they require a knowledge of the formal processes or legal system which is not appropriate for a mainly rural population, with high illiteracy rates. Moreover, administrative expenses are nearly always involved in this bureaucracy, the returns of which are not easy to identify:

> "At the moment I am dealing with the legalization process; I am getting some of the papers. Right now I have a MIC Entrepreneur document which I have to get recognized by the notary and then I can only get the official document once I have placed 300,000 escudos in my name; as I haven't got that kind of money, I have to wait." [T., Praia – Cape Verde]

The general increase in the schooling levels in the PALOP together with an analysis of how to simplify the processes, to give advice and adapt the systems and process to the local realities would be important steps; increasing knowledge about the compensations of such a system is also a priority.

The poor system for registering activities, workers and tax payers is a third factor. This situation is aggravated in countries where the registration of the population is still low; resolving the problem involves a considerable effort to restructure the national registration systems. Yet again, in the light of the difficulties at a macro-institutional level, the advantages of trying to find and develop alternative systems, and the resulting benefits, must be questioned as both kinds of system suffer from these constraints. Could the decentralized institutions and systems overcome these problems better and how could the best results be achieved?

Specifically, in terms of the informal economy and the possibility of integrating it into the formal system, the most commonly referred factor seems to be the costs linked to the process in a context of economic activities generating low profits and low incomes. Making regular demands on workers and economic agents with irregular incomes, leads to greater reluctance to formalization. However, it seems reasonable to question whether significant steps towards integrating the informal into the formal system and the best economic organization and management generally, could be made by means of associating social protection

to formalization – using the existing system or an alternative one. As the lack of visible compensation is the main cause for reluctance towards the formal contributory social protection system, an assessment must be made of how far a real increase in, and more visible, social compensations can give rise to a correlating increase in the formalization of economic activities.

Some specific solutions which envisage reducing both bureacracy and the cost of formalization (eg. the "*guichets únicos*"- one-stop shops in Angola) appear to get some results. However, this process is still not connected to the formalization of efficient social protection systems which help minimize the risks associated with economic activities and labour. The different capacities of the countries to respond to these situations will, undoubtedly, have to take into account the capacity of each country to finance social protection systems. The sources of financing of the social protection systems, based on contributions from international aid, from income from petrol or other natural resources or from workers' contributions, will certainly define the potential to restructure and consolidate the social protection systems as well as the most viable means.

Qualitative information also reveals some ways of strengthening and expanding social protection using the specific approaches of the cultural and social systems. Firstly, there are recommendations to bring the existing traditional systems closer to the formal systems, in order to obtain more effective results in line with the needs of the population. This is particularly visible in the situations of Guinea-Bissau and Mozambique. Also, with regard to traditional/community possibilities, emphasis is placed on the capacity of social protection directed at specific household members to create positive advantages for the whole household, given that family solidarity, based on strategies developed over relatively long periods of uncertainty, risks and insecurity, permits the "multiplication" of benefits obtained by members individually. This is particularly notable in the possibility to access health and education benefits. Could plans to extend social protection include strengthening the family capacities for integration and solidarity? How could support and social protection systems, based on family groups be made effective and how could these systems be managed in the future? Some country studies indicate the acute need to adapt social protection policies and actions to the existing socio-cultural systems that are specific to each region and/or ethnic group (Guinea-Bissau), "avoiding dogmatism or narrow-minded thinking" (Handem, 2006) and understanding that "the (very) concept of social protection is unknown to the population" (Angola) (Van Dunem, 2006); others emphasize the need to look for an alternative model, turning the formal and the informal "into a system adapted to the reality, sufficiently far-reaching and inclusive" (Mozambique) (Francisco, 2006). In other cases, the incorporation of the community and traditional systems is seen more as a complement, an extension to the national formal social protection system, either because the social protection systems are already well consolidated (Cape Verde), or because in certain contexts family and community solidarity are historically weaker and more unstable (São Tomé and Príncipe).

Finally, it is foreseeable in all contexts that a drastic reduction in bureaucracy, more effective registration and improvements in the running of State institutions and structures are associated with short-term results that can rapidly lead to an overall improvement in the working of the formal social protection systems. Nevertheless, retirement is a very substantial challenge that seems to have advanced well in some countries like Cape Verde and Mozambique, but elsewhere is a long-term investment that involves the mobilization of considerable human and financial resources.

Despite the distinct contexts of the various PALOP, extending social protection to the informal system faces similar obstacles and opportunities in some aspects. Excessive bureaucracy and a mistrust of the official/formal structures are the most significant obstacles. In terms of the approach taken, social protection is generally not associated with work and economic activity. With regard to opportunities, family solidarity and support from traditional and/or community structures and new means developed on the basis of traditional solidarity and inter-help structures are very important in all PALOP. The informal economy itself has created its own protection mechanisms – of which the credit associations are undoubtedly the most significant – and this is one way of overcoming the problems involved in a formal system, which is neither efficient or far-reaching but that, on the other hand, discourages the desire for formalization among its agents. The choices in each of the countries must, therefore, take into account the effective possibilities to develop alternative protection systems as well as national policies dealing with these issues.

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Social assistance and integration with the labour market

Armando Barrientos

1. Introduction

Ensuring that social assistance programmes are consistent with labour market objectives and performance is essential to strengthening social protection, both in terms of maximising the support provided to vulnerable workers and in minimising adverse incentive effects. The spread of new forms of social assistance in developing countries, mainly in the shape of cash transfer programmes directed at poor and vulnerable households, makes it urgent to look again at the linkages existing between social assistance and labour market policy. This is the main objective of this paper.

Conventional approaches to social security distinguish between social assistance and social insurance. Social insurance is commonly employment-based, it is financed through payroll taxes, and entitlements are based on attachment to formal employment. Social assistance is tax financed and targets vulnerable groups that, for a variety of reasons, are economically inactive. Both social assistance and social insurance perform a mix of redistribution, insurance, saving, and safety net functions, but social insurance is stronger on insurance and saving, whilst social assistance is more explicitly redistributive and safety-net oriented. Social assistance has an explicit anti-poverty objective, through poverty prevention, reduction and amelioration.

In many developing countries, but especially in the Latin American region, social insurance developed among workers in formal employment, but social assistance played at best a subsidiary and residual role.[1] In the last two decades,

[1] Explaining the absence of reliable data on social assistance in Latin America and the Caribbean, Mesa-Lago notes that "social assistance is of considerable lesser importance and extension than social insurance; it is not based on a right and lacks an organized constituency capable of exercising pressure to get information; and few countries in LAC have social assistance programmes that go beyond charity and a token help for a minimal fraction of those in need" (p. 176f) (Mesa-Lago 2001).

the combined effects of economic and financial crises and structural adjustment have not only reinforced the separation of social assistance and social insurance in the region, tax-financed and employment-based social security, but have also undermined both these branches (Barrientos, 2004).

Growing informalization, measured by the share of employment lacking social protection, has the effect of reducing the labour force coverage of social insurance, while at the same time raising the demand for social assistance (ILO, 2000). The growth of informalization, and accompanying vulnerability and poverty, has inevitably led to a rethinking of the role of social assistance in developing countries. A key lesson from the policy responses to crises in the 1980s and 1990s is that, addressing informality and vulnerability requires that social assistance programmes in developing countries go beyond a narrow temporary safety-net role, and look towards more stable forms of support capable of delivering medium and longer term economic and human development improvements (Ferreira, Prennushi et al., 1999).[2] New forms of social assistance, such as PROGRESA/OPORTUNIDADES or BOLSA ESCOLA, provide regular forms of support to poor households, many of whom depend on informal employment.

This change in focus has important implications for our understanding of the relationship existing between social assistance and labour market policy. The traditional focus of social assistance on groups perceived to be economically inactive inevitably underplayed the significance of potential linkages of social assistance with the labour market. To the extent that these were the subject of policy and research, the main concern was with identifying and minimizing the adverse effects of social assistance programmes on the labour supply of beneficiaries.[3] The refocusing of social assistance and poverty reduction programmes emphasises stronger, and more positive, linkages with the labour market. New forms of social assistance provide an important source of protection for informal workers and have important implications for labour market incentives and the operation of the labour market. For example, cash transfer programmes targeting poor households conditional on children's schooling, have implications for the incidence of child labour, the transition from school to work, and the skills base of the future labour force. On a broader scale, social assistance programmes targeting poor households have the potential to generate a wide range of labour markets effects, extending to human capital investment, labour supply, labour migration, and sectoral employment choice. In this context, the linkages of new forms of social assistance to the labour market are important.

This paper is divided into three main sections. The next section outlines new forms of social assistance in developing countries, providing a short description of a handful of innovative social assistance programmes and then examining

[2] The Millennium Development Goals have strengthened poverty reduction priorities.

[3] This has been an important factor behind social assistance reforms in developed countries.

their common features. These common features are the main parameters of the emergent new approach to social assistance. The section after that discusses key linkages between social assistance and labour markets and labour market policy, focusing on labour supply, labour migration, skills and productivity, and protection of informal workers. The following section discusses equity-efficiency complementarities and trade-offs in new forms of social assistance. A final section summarises the main conclusions.

2. New forms of social assistance in developing countries

This section describes some innovative social assistance programmes, and highlights and examines their common features.

i. New forms of social assistance

The section outlines a wide range of programmes; from unconditional transfers to children and older people to conditional human development cash transfer programmes.

Brazil – Programa de Erradicaçao do Trabalho Infantil (PETI)

PETI was introduced in 1996 in three poor rural states of northeast Brazil with a high incidence of child labour, and in 1999 the programme was extended to all other states. The programme provides a cash transfer to poor households with children aged 7 to 15 working in hazardous, degrading, or unhealthy occupations (e.g. coal mining, sugar cane and sisal production), conditional on children attending school for at least 75 per cent of the time, and also attending an after school programme of activities. In 2005, the programme reached 930,000 households. PETI was developed as a response to the high level of informal work by children in Brazil, despite legislation prohibiting it among children below 14 years of age. Estimates, using data from the annual household survey PNAD for 1996, show that among children aged 10-14, around 10 per cent in urban areas and 36 per cent in rural areas, were in employment (Yap et al., 2002). Child labour was more common among boys (12 per cent and 48 per cent in urban and rural areas, respectively). The majority of children worked as unpaid family workers (59 per cent of those in urban areas and 91 per cent in rural areas) and, therefore, were not protected by labour market regulations.

The programme is financed by federal and State contributions, which are transferred to beneficiary households (around US$18 per child per month in urban areas and US$12 in rural areas) and schools (around US$8 and US$4 per

child in urban and rural areas, respectively). Schools provide an after-school programme, including remedial education and skill transfers. This is also important in preventing children from working. Programme participation is voluntary for households with per capita incomes below one half of the minimum wage, and children in work.[4] Early evaluations suggest that the programme is successful in raising time spent at school, and reducing time spent in work, including in hazardous employment (Yap et al., 2002; Cardoso and Portela Souza, 2003).

Brazil – Bolsa Escola/Bolsa Familia

The *Bolsa Escola* (school bag) programme in Brazil provided a cash transfer to poor households with children aged 6-15 years, conditional on school attendance. The programme was initially introduced in the Municipality of Campinas, but later spread to other municipalities and became a federal programme in 2001. In 2003 it reached 8.2 million children in 5 million households (around 4.7 per cent of the population), at a cost to the federal Government of 0.13 per cent of GDP (Bolsa Escola, 2003). Despite the interest it generated within and outside Brazil, few evaluations of it were undertaken, but those that were, found it targeted the poor reasonably well, but failed to reach most of them (Cardoso and Portela Souza, 2003). This is, in part, due to the reduced capacity of poor municipalities to access federal funds and to deliver the transfers. As expected, evaluations show that the programme is associated with a moderate rise in school attendance.

In 2004, the government combined *Bolsa Escola* with two other cash transfer programmes directed at poor households, the *Bolsa Alimentaçao* (an unconditional cash transfer to indigent households), and *Auxilio-Gás* (an unconditional cash transfer subsidising poor households' consumption of gas), into a single *Bolsa Familia* programme. Under the combined programme, households in extreme poverty (with per capita incomes below a quarter of the minimum wage) receive US$20 a month plus US$7 per child below 16 years old for up to three children. Households in poverty (with per capita household income below the minimum wage) receive US$7 per child below 16 years old for up to three children. In December 2005, *Bolsa Familia* reached 8.2 million poor households.

Mexico – PROGRESA/OPORTUNIDADES

The Mexican government introduced PROGRESA in 1997 as part of its poverty reduction programme, in response to high and persistent levels of poverty in the 1990s and to the perceived failure of previous interventions. PROGRESA provided a range of cash transfers to poor households with children of school age in rural areas, conditional on education, health and nutrition activities. The cash transfer includes a basic amount aimed at improving household nutrition,

[4] In Brazil, the minimum wage is widely used as a standard of living benchmark, both as a targeting threshold for benefit entitlement and as a reference point for setting the value of benefits.

plus subsidies for each child of school age, rising with school grade attended and for girls attending secondary school, capped to a fixed level to reduce potential fertility incentives. On average, the transfers combined amount to just over 20 per cent of household consumption, paid to the mother. The transfers are conditional on children attending school for at least 85 per cent of the time, and on household members attending primary health care centres. Nutritional supplements for pregnant and lactating mothers and for children aged 4-24 months are also available. Programme designers put in place strong evaluation processes and, as a result, there is detailed and strong evidence on the effectiveness of the programme (Skoufias, 2001; Coady, 2003). The early evaluations of PROGRESA indicated the programme was well targeted on the poor (through a mix of geographic and household targeting); reduced the poverty gap by 36 per cent, led to a rise in school enrolment and improved use of primary health care facilities. There is also evidence of improved health status among beneficiary households.

In 2002, PROGRESA was renamed OPORTUNIDADES and extended to other rural and urban areas. In urban areas, active labour market policies including skills training for the unemployed and microenterprise development, were added. In 2003, OPORTUNIDADES reached 4 million households at a total programme cost of US$2.2 billion or less than 0.5 per cent of GDP.

Chile – 'Chile Solidario'

This programme was introduced by the Chilean Government in 2002 in response to the persistence of extreme poverty despite the sustained growth experienced by the Chilean economy (around 6 per cent per year since 1984). By 2000, household survey data indicated that 225,000 household in Chile lived in extreme poverty or indigence, that is they had per capita household income below the level required to purchase a basic food basket. Economic growth and an associated rise in social expenditures had been successful in reducing overall poverty, but relatively unsuccessful in reaching the extreme poor. Evaluations of anti-poverty programmes suggested that public interventions from different agencies were not sufficiently well coordinated, and failed to reach the extreme poor who were commonly excluded from social protection. "Chile Solidario" is designed to overcome these obstacles and is premised on the view that poverty is multidimensional (MIDEPLAN 2003). The main objectives of the programme are to eradicate extreme poverty and to integrate the extreme poor into social protection networks.

The programme works by inviting households in extreme poverty to make an assessment, helped by a social worker, of the factors responsible for their situation. Seven dimensions are specifically targeted: registration, household dynamics, health, education, employment, income, housing and quality of life. For each dimension, the programme sets several minimum levels of attainment. A cash transfer supports the household during this initial period. The social

worker ensures that the household can access their entitlements and coordinates the different public agencies involved. The household then works to achieve the minimum levels of attainment. The expectation is that self-assessment of capabilities and deficits, together with integrated interventions will lift these households from extreme poverty within two years, and a cash transfer will ensure they stay out of extreme poverty over the next three years. Early evaluations of the programme suggest it is reaching its target group, and that participant households have shown some progress towards securing basic standards (CEPAL, 2003).

South Africa – Child Support Grants and Social Pension

Among countries in Sub-Saharan Africa, South Africa has taken important strides towards developing a comprehensive social security system, particularly since the end of apartheid in 1994. South Africa has a more developed economic and social infrastructure, and a stronger public sector, but it is also affected by widespread poverty, a high HIV/AIDS incidence, high unemployment and large-scale labour migration. There is a range of cash transfers targeting the poor in South Africa. The "social pension" is paid to men aged 65 and women aged 60 with income and assets below a minimum, and currently reaches around 1.9 million beneficiaries. A Foster Care grant and a Care Dependency Grant are paid to the guardians of children legally placed in the care of someone who is not their parent and to children with severe disabilities, respectively. In 1998, a Child Support Grant was introduced, intended to reach children living in poor households and will eventually reach around 3.6 million children.

Assessments of these programmes suggest that they have a significant effect in reducing the poverty gap and vulnerability of poor households (Barrientos and Lloyd-Sherlock, 2003; Case et al., 2005). The "social pension" is set at a relatively high level of around US$70, and the Child Care Grant at around US$20. These are important injections of cash into poor households and neighbourhoods. As such, they support a range of household livelihood strategies, investment in education, and labour migration.

Bangladesh – Food/Cash for Education

The "Food for Education" programmes in Bangladesh provided food to poor households with children of school age on condition that the children attended school for at least 85 per cent of the time. The programme was established as a means of strengthening incentives for schooling among poor households and to reduce the incidence of child labour (Ahmed and del Ninno, 2002). On average, children attend school for 17 hours a week in Bangladesh, three hours per day for 120 days in the year. In 1995/6 the programme covered 2.2 million children or 13 per cent of school enrolments. Evaluations of the impact of the programme show that it was successful in raising school enrolment and attendance, but that the reduction in child labour was only a fraction of the increase in schooling.

Ravallion and Wodon (2000) concluded that the reduction in the incidence of child labour among boys was a quarter of the increase in school enrolment, and among girls it was smaller at one eighth. It appears that children could attend school and continue in work, perhaps to the detriment of non-school, non-work activities. In 2001, a cash transfer replaced the food transfer and the programme was renamed "Cash for Education".

ii. Common features of a new approach

The selected programmes outlined above represent a spectrum of new initiatives in social assistance in developing countries. They share a number of common features, defining a new approach to social assistance.

The programmes include a mix of cash transfers and service provision, and aim to act on both the demand and the supply sides, but the emphasis is on the former and on cash transfers. These reflect a perception that strengthening the supply of education and health care, important as this is, may not be sufficient to reach the poorest. The poorest face higher relative costs in accessing these services. Whilst education and health infrastructure is a precondition for education and health demand subsidies to be effective, the latter are essential for the very poorest.

Cash transfer programmes work by supplementing household income, and therefore consumption, in the short run. The fact that these programmes aim to provide regular and reliable support for an extended period of time has the additional advantage of facilitating household investment in human, physical, and social capital, and holds the promise of securing longer term reductions in poverty and vulnerability. In this respect, the programmes outlined above differ fundamentally from safety nets providing temporary support during emergencies.

The programmes focus on the household, rather than the individual or community, as the unit of support. This is anchored in the view that sustained reductions in vulnerability to poverty require strengthening the agency of the poor, and that this agency lies with the household unit. More traditional social assistance focused on vulnerable individuals, defined in terms of broader groups, such as the elderly, children, or single mothers. This approach had the disadvantage that it abstracted from the fact that these vulnerable individuals normally live in households and share their social and economic situation. This focus on the household as the unit of support and agency does not preclude acknowledging significant inequalities in intra-household allocation of income and resources. In fact, some programmes incorporate design features aiming to strengthen the bargaining power of least advantaged members of poor households, for example by routing the transfers through the mother.

To a greater or lesser extent, the programmes are grounded on a multidimensional view of poverty. Consequently, they aim to act on several dimensions of poverty at once. The scope of multidimensionality varies across programmes.

Conditional transfer programmes focus mainly on income, health, education and nutrition. *Chile Solidario* holds the widest perspective on poverty and aims to improve well-being and inclusion along several dimensions.

Another important characteristic of these programmes is that they pursue a range of objectives. Programme objectives extend to the protection of poor households, the promotion and strengthening of their capabilities, particularly human capital investment, and the transformation of households' exclusion and powerlessness.

The programmes also acknowledge that poverty can be persistent over time. They pay explicit attention to the channels through which poverty is repeated across generations, and aim to break the cycle of intergenerational poverty. In this respect, the programmes aim to both reduce poverty in the short and long term.

Without exception, the programmes target the poorest. This is an important difference from more traditional social assistance. The latter relies almost exclusively on means testing as a mechanism for identifying beneficiaries and, in many developed countries, the level of assistance. By contrast, the programmes reviewed above use a variety of targeting methods, including geographic, means tests, proxy means tests, and community participation. These are effective in distinguishing the poor from the non-poor and also enable identification of the poorest. Many of the programmes reviewed above generate a ranking of households according to the depth of their poverty. It is well understood that targeting generates trade-offs between poverty reduction effectiveness, on the one hand, and equity and some forms of exclusion, on the other. These will be examined in more detail below.

Finally, most of the programmes incorporate, either implicitly or explicitly, voluntary participation by households on the basis of a contract or agreement. *Chile Solidario* does this explicitly. Some programmes include conditionalities, schooling or access to primary health care, as part of this contract or agreement. These common characteristics describe the main parameters of a new approach to social assistance focused on poverty and vulnerability reduction.[5]

[5] There are important differences across the programmes as regards the term structure of assistance. Some programmes could be best described as projects, with a specific closing date. Others could be described as programmes, in as far as they have a longer term horizon linked to success in reaching programme objectives. Traditional social assistance consisted of permanent policies.

3. Linkages to the labour market

This section discusses in more detail the main linkages of social assistance and the labour market. These are divided into two. The first sub-section focuses on the linkages existing between social assistance and the operation of the labour market, including the impact on labour supply, migration, and skills and productivity. The second sub-section considers the extent to which new forms of social assistance can protect informal workers.

i. Social assistance and labour supply

Concerns over the impact of social assistance on the labour supply of beneficiaries and their households have been a key driver of welfare reforms in developed countries. In standard models of labour supply, leisure is considered a normal good with the implication that a rise in unearned income will result in the purchase of leisure, alongside other commodities and services. Within these models, it is predicted that cash transfers will result in a reduction in labour supply among beneficiaries and their households.

This is the precisely the intended effect of cash transfers to poor households targeting children of school age. The underlying assumption is that schooling is associated with direct costs (transport, texts, uniforms, school fees) and indirect costs (loss of earnings from children's labour). Poor households may lack the resources needed to keep children at school and may be forced to send them to work to supplement household income. Cash transfers raise the incomes of poor households, therefore, enabling them to afford the costs of education and minimize the need for children's earnings. Education subsidies can be designed to compensate households for the direct and indirect costs of schooling. In Mexico, where enrolment rates drop significantly at secondary school, and are lower for girls, PROGRESA subsidies show a step rise for secondary school grades and for girls, and the subsidy rises with secondary school grade. However, and given that children's time could be split into schooling, working, and other activities, education subsidies providing incentives for schooling may not, by themselves, result in a proportionate reduction in the incidence of child labour. As noted above, evaluations for Bangladesh's Food for Education programme suggest that the reduction in child labour time was less than proportionate to the rise in schooling, and in Mexico's PROGRESA the evidence of a rise in enrolment and attendance from beneficiary children is stronger and more compelling than evidence that education subsidies reduced child labour. The success of PETI in reducing child labour is in large measure due to the requirement that children from beneficiary households spend time in after school activities (Yap et al., 2002). Imposing conditionalities on beneficiary households can strengthen incentives for school enrolment and attendance arising from income transfers.

Regular social assistance can also work to reduce child labour to the extent that it lifts credit constraints on poor households. In the absence of access to financial markets, households will be restricted in their ability to send their children to school, to the resources they have available at the time, with the implication that poor households will under-invest in their children's education and have inefficient levels of child labour (Baland and Robinson, 2000). To the extent that these conditions persist, poverty will be an absorbing state for these households (Emerson and Portela Souza, 2003). Studies for Brazil have indicated that children of parents who entered the labour market early are more likely to do so themselves, and that early labour market entry results on average in lower lifetime earnings of 13 to 17 per cent and raise the probability of poverty by 7 to 8 per cent (Cardoso and Portela Souza, 2003). In this context, regular cash transfers will help to lift credit constraints on poor households and lead to lower incidence of child labour and higher levels of investment in education.

A further possibility is that withdrawing children from school and sending them to work might be the outcome of unanticipated and uninsured hazards affecting poor households. In this context, child work is a mechanism for smoothing income and consumption by poor households. Regular social assistance, and the constraints imposed by conditionalities, may ensure poor households cope with shocks without resorting to child labour (Sadoulet et al., 2004).

Standard models of labour supply responses to cash transfers would also predict that transfers targeting older people will reduce their labour supply. Studies focusing on labour supply effects of the social pension in South Africa are able to identify standard labour supply effects. Labour force participation rates for those eligible to receive a pension are very low in South Africa, and decline rapidly when individuals reach the age of pension entitlement (Lam et al., 2004). This is to be expected as the combination of generosity of the pension benefit and the means test provide strong incentives for withdrawal from the labour market.[6]

Given a high incidence of co-residence of pensioners and their extended households in developing countries, and evidence of widespread pension income sharing, it is of some interest whether labour supply effects of social assistance can also be observed among non-pensioners. Bertrand et al. (2003) suggest that the effects of pension income on hours of work and employment of 15 to 50 year olds co-residing with pension beneficiaries are significant. Critically, this study samples co-residents only and misses out non-resident household members. Posel et al. (2004) note that a high proportion of household members of working age migrate to urban centres in search of work, and as many as 30 per cent of rural households in South Africa in 1993 contained at least one household member

[6] It has been suggested that a key feature of employment based pensions is that they enforce retirement from the labour force on elder workers with declining productivity (Mulligan and Sala-i-Martin 1999).

who had migrated in search of work. Replicating the work of Bertrand et al., but including migrant household members, Posel et al. found that the negative association between pension receipt and labour supply in that study became positive.

Overall, the labour supply response to cash transfers appears to reflect the predictions from standard models: an increase in unearned income leads to a reduction in the labour supply of children and older people, where education subsidies or pensions target these groups specifically. The effects are stronger where social assistance programmes include schooling conditionalities for children or inactivity tests for older people. However, these standard effects are mediated by intra-household decision-making as well as labour and financial market imperfections. In the case of PROGRESA, a small reduction in child labour appears to have been compensated by an increase in the labour supply of adults, but otherwise adult labour remained unaffected by the income transfers (Skoufias, 2001). Non-contributory pensions reduce the labour supply of older people, and this effect is stronger if pensions include a means test as a condition for entitlement, but the reduction in older people's labour supply appears to have been compensated for in rural South Africa by an increase in labour migration supported by the regular cash transfer. To the extent that cash transfers lift credit constraints, these could work to reduce child labour, but could equally encourage additional labour supply from other household members migrating to take advantage of employment opportunities.

ii. Labour migration

The discussion in the last section already made reference to the significance of the linkages existing between social assistance and migration. In the context of the social pension in South Africa, the regularity of cash transfers, together with the fact that the majority of beneficiaries are women, appears to facilitate internal labour migration (Posel et al., 2004). Models of labour migration suggest that for given migration preferences, wage differentials between the local and the destination labour markets and migration costs are the main determinants of migration behaviour. The gains from labour migration arise from the capacity of migrants to access higher earnings in destination labour markets; the costs associated with migration are a deterrent. Cash transfers may help lower the barriers to migration for poor households. In the case of South Africa, the gender of beneficiaries is also important because of the capacity of grandmothers to care for younger members of the household.

The extent to which cash transfers have effects upon incentives for labour migration has also been considered in the context of PROGRESA, but the evidence is, to date, inconclusive. The migration effects of a conditional cash transfer programme such as PROGRESA are more complex than is the case with unconditional transfers. PROGRESA transfers represent in practice a mix of conditional and unconditional transfers, mainly because enrolment rates at

primary school were already close to their maximum before the programme was introduced and, therefore, education subsidies to primary school children are, to all intents and purposes, unconditional. Unconditional transfers should, other things being equal, lower cost barriers to labour migration. Conditional transfers to secondary school children, where enrolments rates were significantly lower are, however, binding for a higher proportion of secondary school children. Conditional transfers should lower incentives for migration in the short term because of the requirement that household members are present at regular health checks and children attend school. These should also lower labour migration incentives in the medium term because household investment in human capital of children will improve their earnings when they enter the labour market, thus reducing the wage differentials existing between labour markets at the point of origin and labour markets at potential destination points.

The strength of incentives is likely to be, in practice, a great deal more complex, and will vary by gender, household role, skills levels, and participation in networks. This may explain in part the conflicting findings emerging from empirical studies. Rubalcava and Teurel (2005) found, using different estimators, that beneficiary households have higher migration propensities than control households. Using the same methodology, Angelucci (2004), finds that PROGRESA households show marginally higher international migration than control households, but that there are no significant differences in terms of domestic labour migration.[7]

The main conclusion is that public assistance designed around regular and reliable cash transfers can have observable effects upon migration propensities. The effects on migration propensities are complex, and vary across individuals and households along a range of characteristics, but unconditional cash transfer programmes on the whole facilitate migration through lowering the costs of migration for poor households, while conditional cash transfer programmes, on the whole, restrict labour migration. In any case the effects of social assistance programmes on migration are small in absolute terms.

iii. Skills and productivity

New social assistance programmes aim to lock in investment in human capital, particularly health and education, by poor households. To the extent that the programmes are effective, and that matching growth in the demand for skills takes place, they will have medium and longer term effects upon the supply of skills and productivity. In this sense, social assistance programmes share some common characteristics with active labour market policies in seeking to improve the working of the labour market, through strengthening opportunities for, and

[7] Other studies find that PROGRESA transfers reduce migration, taken broadly to include all reasons for leaving a household (Stecklov et al., 2003).

attachment to, employment. What differentiates social assistance programmes is that they are specifically targeting the poor and poorest and, therefore, productivity gains are very likely to work to reduce poverty and inequality.

It is too early to identify with precision the size of the impact of social assistance programmes on future productivity. Initial estimates by Skoufias (2001) of the impact of PROGRESA on schooling suggested girls in beneficiary households achieve an extra 0.72 years of schooling, and boys an extra 0.64 years during the education cycle. Relying on estimates of the returns to schooling for persons currently in the Mexican labour market, an extra year of schooling raises earnings by 8 per cent. On the basis of these projections it can be concluded that social assistance programmes will, assuming matching growth in demand, deliver significant gains in skills and productivity. As schooling is also negatively correlated with informality and unemployment, participation in the programme could also raise productivity through an improved labour market experience of beneficiaries. This is a very promising area for further research.

iv. Protecting informal workers

New social assistance programmes may restrict or facilitate informal work. In the context of programmes aiming to raise schooling and reduce child labour, social assistance programmes will most likely reduce informal work among them, although it is not clear whether additional work from adults compensating for child labour will itself be informal. However, to the extent that social assistance programmes, given the regularity of cash transfers, support small-scale economic activity among beneficiaries, they may encourage informal employment although these effects are likely to be small.

The more interesting question is whether the new social assistance programmes can provide an effective source of protection for informal workers. Trends in informality in developing countries demonstrate a weakening of employment-based social protection. New forms of social assistance can provide a measure of protection for informal workers, and perhaps the only form of protection available to the most vulnerable among them. In terms of the profile of beneficiaries of the social assistance programmes outlined above, informal workers are a very large segment, and the majority of the child labourers targeted by the PETI programme in Brazil worked informally.

There is some evidence that some social assistance programmes are able to provide protection against a range of possible contingencies. Sadoulet et al. (2004) found that PROGRESA appears to have successfully mitigated the impact of shocks on poor households, and prevented the adoption of short term responses, such as the withdrawal of children from school, with long-term adverse effects. In the context of another conditional cash transfer programme, the *Red de Protección Social* in Nicaragua, Maluccio (2005) found that the transfers had protected poor households from the adverse effects of the decline in coffee prices.

In particular, the transfers had protected poor households involved in coffee production from sharp reductions in consumption, and the likely impact on children's nutrition and schooling. Although the social assistance programmes involved had not been designed as safety nets, in both cases, they performed such a role for poor and vulnerable households, aided by conditionalities.

4. Complementarities and trade-offs between equity and efficiency

Traditional social assistance is essentially redistributive, as demonstrated by the tax-transfer schemes in place in developed countries. It is an interesting question whether new forms of social assistance, with their emphasis on targeting and on human capital investment, are also likely to deliver greater equity. Efficiency-equity trade-offs are to an important extent context specific, especially as social assistance programmes have complex effects, in some cases not consistent with explicit programme objectives (Das et al., 2005). The contingency table below shows possible equity-efficiency outcomes of assistance programmes:

Table 1. Equity-poverty reduction efficiency trade-offs in social assistance programmes

		equity	
		improves	worsens
efficiency	improves	I	II
	worsens	III	IV

There can be "trade-offs" in poverty reduction efficiency and equity associated with design features of new forms of social assistance. Combining demand and supply interventions to reduce poverty makes a great deal of sense from a poverty reduction effectiveness perspective, but may exclude very vulnerable groups. In Mexico's PROGRESA only rural communities with available provision of health and education centres were included in the programme, excluding poor, and sometimes poorer, communities without the necessary service infrastructure. Along similar lines, PROGRESA targets poor households with children of school age, and excludes poor households without children, raising the possibility that greater efficiency in poverty reduction is captured at the expense of increasing inequalities among the poor (case II in the table above). Poverty reduction efficiency and equity trade-offs may also arise from programme objectives. For a

given anti-poverty budget used to minimize headcount poverty, programmes focused on the least poor may have greater effectiveness in achieving the objective of securing the greatest reduction in headcount poverty, but will also have poor equity outcomes to the extent that the poorest are excluded (case II in the table above). Universal social assistance programmes could have positive effects on equity, but poverty reduction efficiency may be seriously compromised by leakages to the non-poor (case III in the table above). Good examples are non-contributory pensions schemes targeting the very old. If the poor die, on average, at a younger age, non-contributory pensions targeting the very old, but financed from taxes collected from the population as a whole will, in all likelihood, redistribute from the short-lived poor to the long-lived rich.[8]

Complementarities between equity and efficiency objectives may be captured with social assistance programmes which reduce hazardous child labour, or improve the bargaining power of vulnerable household members within poor households (case I in the table above). As discussed above, reducing hazardous child labour improves lifetime labour earnings and the opportunities for later generations. To the extent that intra-household decisions on resource allocation reflect bargaining power among household members, and in turn bargaining power reflects the contributions of members to household income, channelling cash transfers to mothers in poor households increases household income and, by improving the bargaining power of less advantaged members, it reduces intra-household inequality (Rubalcava et al., 2002).

5. Conclusion

New forms of social assistance have emerged as a means of addressing poverty and vulnerability. Traditional social assistance focused on providing temporary safety nets to groups that, for a variety of reasons, are economically inactive. New approaches to social assistance in developing countries seek to develop regular and reliable forms of support capable of delivering medium and longer-term human development improvements.

New forms of social protection incorporate a mix of in-kind and cash transfers and service provision, but the emphasis is on regular and reliable demand-side income transfers targeting the poorest, capable of overcoming the higher relative costs of accessing services by the poorest. Regular support has the additional advantage of facilitating household investment in human capital. The programmes reviewed focus on poor and poorest households, as the unit of support

[8] Lesotho has recently introduced a universal non-contributory pension programme with the age of entitlement at 70, and Nepal has also recently introduced a similar pension with entitlement from age 75.

and agency. New forms of social assistance are grounded on a multidimensional view of poverty, and tackle several dimensions of poverty together. They combine the protection of households, as well as the promotion of their resilience and, where possible, their transformation. In this context, they target the persistence of poverty and vulnerability. Without exception, social assistance programmes target the poor and poorest.

In traditional social assistance, a focus on the economically inactive inevitably underplayed the significance of linkages to the labour market. New approaches to social assistance and poverty reduction emphasises stronger, and more positive, linkages with the labour market. Social assistance programmes targeting poor households have the potential to generate a wide range of labour market effects, extending to human capital investment, labour supply, labour migration, and sectoral employment choice. New social assistance programmes strengthen investment in schooling and health care by poor households, through income supplements which lift liquidity and credit restrictions, and through conditionalities. They also reduce child labour, and older people's labour supply when these are the direct beneficiaries, with compensating increases in adult labour supply. New social assistance programmes have complex effects on migration. Broadly, unconditional transfers facilitate migration, but conditional transfers restrict it. New forms of social assistance can provide an important source of protection for informal workers, and especially the poorer and most vulnerable among them.

New forms of social assistance show complementarities and trade-offs in equity and poverty reduction effectiveness, although these are likely to be context specific. The main conclusion of this paper is that new forms of social assistance have significant potential in providing protection for informal workers, and have wide-ranging and significant effects upon the performance of the labour market. As noted at the start of the paper, conceptualising and achieving consistency of social assistance programmes with labour market policy is essential to strengthening social protection.

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Social assistance, integrated local development and productive inclusion in Brazil

Caio Silveira

Introduction

Although this article deals with broad questions, not restricted to a specific country, it draws on relevant aspects of Brazil's experience in the policies and initiatives for protection, inclusion and social development.

Part 1 highlights some innovative examples of localized actions which have emerged in the fight against social exclusion in various regions of Brazil, particularly over the last decade. The modifications in the patterns of social inclusion policies in the many local initiatives are described. This is not simply a generalised reorganization in the institutional shape of public policies; it is a set of innovations based on widespread experimentalism that is mapping out the paths for governance.

Part 2 illustrates some strategies being adopted to combat social exclusion in Brazil at the start of 2006. The initial focus is on programmes linked to income transfer and productive insertion programmes because of the surge in the number and scope of these actions in Brazil over the last ten years.

Part 2 ends by referring to the initiatives where actions are based on territorial articulation, that is, support strategies for integrated local development. This point (2.3) takes up the modifications analysed in Part 1 of this article and stresses other innovative characteristics found in systemic local development initiatives. These initiatives, as shown here, are distinct from the majority of government programmes for income transfer and fostering production as their reference is one of territorial integration rather than the centralized supply of services and recourses.

Part 3 is the nucleus of this article. Some approaches and perspectives are discussed which are considered strategic in formulating and implementing policies for social inclusion, more specifically in the context of Brazil. The approaches discussed are: the State-society relationship (partnership and extending to the

public sphere), the universalization-targeting debate, the review of the binomial compensatory policies and structuring policies and the emphasis on the *local* dimension (the territory as the place where inclusion and social promotion is initiated).

The final section sums up with the key points developed in the article focusing on matters relevant to governance.

1. Aspects of Brazil's recent trajectory: Local initiatives and innovations

A brief historical overview must start by identifying a wide range of illustrative and innovative experiments which flourished in various regions of Brazil, particularly from the 1990s. This is not intended as a general description of a context but rather to identify the innovative aspects found in many of the initiatives which have been the focus of research by various authors and specialized centres in Brazil.

Experiments in the form of actions and projects related to the fight against poverty, inequality or exclusion in strategic areas of public policies began thriving in the mid 1990s. Most of these experiments had a thematic/sectorial starting point or focus: nutrition and health, education, work and income, the environment, infrastructure and housing. Alternatively, they worked in combination with specific segments – above all using the criteria of age, gender or ethnic groups.

The initiatives are mainly undertaken by non-governmental organisations, municipal governments (in some cases, but not all, associated to decentralized federal programmes), or based on voluntary action developed away from institutions or even from "organized civil society".

Actions also began taking the form of partnerships (it was not by chance that the debate on this matter was launched in the 1990s) and localized projects which went beyond sectoral action were progressively being set up. In other words, projects that tried to make the link between social protection and promotion, citizenship and economic insertion, housing and work, environmental and social aspects.

At the time, there was a growing understanding of the need to record and raise the visibility of this whole range of localised experiments which had different themes and focuses. Research work, projects for the building of data banks, identification of good practices, awards for projects and experiments (principally of municipal initiatives) sprung up everywhere. There were also spaces and forums whose aims included the circulation and dissemination of innovative practices for learning and reference purposes.

It is worth raising the following question: to what extent can these widespread and expressive experiments be considered as the triggers of change and instigators

of new relations? Or are they simply sporadic actions operating in the vacuum of a "national public policy" committed to social inclusion? In short, which aspects or references can be considered *innovative* or *triggers of change* in this whole range of actions that has been flourishing since the 1990s?

The following aspects which run through a significant number of projects and experiments can be highlighted:

- the attempt to build partnerships between organizations from different sectors (governmental, social and, to a far lesser extent, business);
- the impetus of self organization and empowerment processes among local populations;
- the valorisation of social participation in project planning and management;
- the search for a form of social action in which the "target group" becomes an active agent or "personal public" in the processes (and not simply the beneficiary or client of programmes and projects);
- the practical extension of the notion of public policy (as something which includes, but that is not limited to governmental policy).

These aspects indicated a change in the vertical and centralist approach that had dominated over previous decades, although it did not mean that this approach had been superseded or that it had ceased to exist. That is, although the modification indicated here does not involve a generalised institutional reorganization, or one taken at the initiative of the central State, it is present in a vast number of local initiatives.

Particularly when the emphasis is on inter-institutional articulation linked with the active role of local populations, producing an interface between the social policies and development policies, the *innovative experimentalism* that has emerged since the 1990s is more than a provisional minimalist alternative; it is a melting pot of culture that *generates new standards of public policies*.

This question is taken up again at the end of the following section and, more specifically, in Parts 3 and 4 of this article, after a brief characterization of the strategies and public programmes for social inclusion found in Brazil at the start of 2006.

2. Some key strategies in the fight against social exclusion

This section provides illustrations of some of the strategies (programmes, methodologies and specific local experiments) being adopted in Brazil since the start of 2006 in the fight against social exclusion and which involve specific aspects related to income transfer, productive insertion and the search for integration in actions from the local level.

Focus on these first two aspects (income transfer and supporting productive insertion) is due, not only to the recognition of their relevance, but more specifically because programmes of this kind are prevalent in Brazil and have had great impetus through the actions of the federal Government elected in 2002.

The third aspect (the local dimension) is stressed here, both due to its vitality in the current Brazilian scenario and also because it allows us to go back to the wave of innovations referred to in Part 1 of this article and to introduce the distinctions involved in the search for territorial articulation of actions with regard to political culture and the question of governance.

2.1. Mechanisms for income transfer: Family Fund (Bolsa familia) Programme

The income transfer programmes being used in Brazil can essentially be divided into two groups (MDS, 2006):

a) transfers based on social rights set out in the 1988 Brazilian Constitution in the field of welfare (retirement and pensions), social assistance (social benefits given to the disabled and elderly with family income per capita lower than one quarter of the minimum wage) and work (maternity benefits, unemployment benefit, income allowance and family income);

b) income linked transfer actions, targeting families in extreme poverty situations (e.g. Family Fund Programme, Programme for the Eradication of Child Labour, Programme for Youth Agents of Social and Human Development).

The Family Fund Programme was launched in October 2003 under the coordination of the Ministry of Social Development and the Fight against Hunger, created at that time. It is recognized as being the most important of the programmes and actions included in the so-called Zero Hunger policy, defined as a priority by the government. The programme's prevalence and scope is such that it is worthwhile describing some of its basic characteristics here (some in-depth questions also raised by this programme are discussed in Part 4 of this article).

When the federal Government's various income transfer programmes (Food Allowance, School Grant, Food Card, Petrol Aid) were amalgamated, the Family Fund became the most far-reaching programme of this kind in force in Latin

America. By the end of 2005, when it had been running for two years, the Family Fund Programme was found in 100 per cent of Brazil's municipalities and was reaching 8.7 million families in its target group i.e. families with income per capita up to R$100 a month (approximately 45 dollars).

The target for 2006 is to provide benefits for 11.2 million families (total target defined on the basis of national research conducted on a sample of households in 2002), with an investment of R$8.7 billion (approximately US$3.5 billion).

In order to receive the benefit monthly, the families pledge to keep an agenda for health (keep vaccinations up to date, attend pre-natal check-ups, etc.) and education (school age children and adolescents must have a minimum of 85 per cent attendance in the schooling networks). With this link between income transfers and insertion in education and basic health services, the explicit aim is to encourage and reinforce the exercising of these social rights, thus creating opportunities to break the inter-generational poverty cycle.

The programme stipulates that responsibility for supervising the health and education conditions is shared between the three levels of government (federal, State and municipal), society and the families themselves. This requires these services to work well and also be strictly monitored, above all by the government's municipal departments; it is recognized that this is a significant challenge.

The upgrading and updating of the single register of low income families is a field of action directly linked to the Family Fund (as well as to other programmes involving income transfer). Created in 2001, and developed in the following years, single registration is a means of identifying families from all Brazilian municipalities, in a poverty situation, in order to provide orientation for the implementation of public policies with selective criteria. This data bank provides municipal, state and federal governments with information about the families registered (actual and potential beneficiaries of the programmes) regarding income, family expenses (rent, transport, food and others), characteristics of housing (number of rooms, kind of construction, water and sanitary conditions), composition of the family (number of family members, pregnant members, breast feeding mothers, elderly, disabled), schooling, professional qualification and situation in the labour market.

The maintenance and use of a single register by the three spheres of government (Union, State and Municipalities) is a powerful instrument for the managers and for society, broadly speaking, to monitor and control targeted social policies. However, it is a very extensive and complex task when we consider, among other factors, the size of the country and the human resources required to do this in nearly six thousand municipalities.

2.2. Actions aiming at productive inclusion

In the current Brazilian context, both federal Government agents and a wide range of public policy formulators and managers working from quite different approaches are generally convinced that social inclusion policies should combine

basic social protection mechanisms (e.g. citizen income, access to education, health, social assistance and welfare services) with the right to inclusion in the world of work, or productive inclusion in the broad sense of the term.

Therefore, active labour and income policies, particularly for those who are not inserted in the formal market, are seen as a priority thanks to the current context where the proportion of salaried workers is declining, which tends to increasingly break down the belief that productive insertion is only guaranteed by on-going economic growth.

According to the arguments on which the current governmental policies are founded (e.g. the Family Fund programme and, more generally, the different actions included in the Zero Hunger programme), the articulation between social protection and productive insertion is repeatedly stressed as necessary and "indispensable… for the construction of economic and social relations which are able to foster the survival and improvement of the quality of life of citizens excluded from the formal labour market" (MDS, 2006).

Although the federal Government considers the target group of the Family Fund Programme as a priority for actions generating jobs and income, the families receiving the allowance who participate in these actions, have not yet been assessed; in addition there is still little recognition in Brazil for the link between income transfer and the fostering of productive activities among this public.

Nevertheless, over the last decade in particular, we have seen a multiplication of public actions linked to productive inclusion in different fields and involving a wide range of institutions within and outside government spheres.

The following are among the main fields of action: training and raising skills for work, technical assistance, access to credit, support for commercialisation, fostering production logistics, support for *co-operativism* and various forms of economic solidarity.

Despite an increasingly explicit concern to articulate this kind of action (with each other and with initiatives for social protection and the fight against exclusion in general), the process is very diffused and fragmented with poor integration and coordination.

However, the construction of information systems about projects and programmes fostering productive inclusion represents a significant step in this direction and an effort has been made to organise this over the last decade in Brazil; at the end of 2005 the Information Guide on federal Government Actions for Work and Income was a significant step forward. The Ministry for Social Development and the Fight against Hunger (MDS) coordinated the drawing up and maintenance of this Guide, though 17 ministries were involved with the participation of hundreds of institutions from different sectors.

2.3. Support strategies for integrated local development

The references for the two previous points were public policies (programmes, projects etc.) predominantly in the field of the *supply* of benefits, services and instruments, albeit requiring articulation between a vast and varied set of players (from the three government spheres and also the private sector and organizations from civil society). The exception among the policies mentioned, is the fostering of an economy with solidarity anchored on social dynamics and movements; hence, we can say that the visibility of the question of economic solidarity in Brazil is a process that emanated from society even before it became a State policy.

On the other hand, even though local management is necessary to the implementation of the various programmes mentioned above, the *territorial dimension* is not a priority reference. Equally, they do not focus some of the innovative aspects found in the experimentalism spreading through local actions that, as stressed in the first part of this article, appeared over the 1990s in Brazil. In addition to the questions of partnerships between different kinds of player, which are common nowadays, we also refer here to the impetus given to self-organization among local populations, linked to the social participation in planning and managing actions. These aspects are decisive in the integrated local development initiatives presented below.

From the mid 1990s, there was a great boost in local development in Brazil which came from various sources. The debate on the subject became more widespread, local development support programmes were set up and, above all, concrete experiments started to multiply in various places across the country.

In the light of the multiplicity of initiatives underway, it is not difficult to confirm that these are experimentation processes. But, there is something that distinguishes this from the widespread experimentalism that has marked a large contingent of innovative local actions since the start of the 1990s. In fact, there is a significant distinction in the new approaches towards local development which started to be formulated and tried out at the end of the 1990s in Brazil: the search for a territorialized action which is not just about conducting "a project" in the usual sense, but about generating a matrix of ongoing projects and actions based on the mobilisation of the different players present and acting within the territories.

Although this characteristic is common to various cases, the local development initiatives underway in Brazil are quite varied in terms of methodology, thematic emphasis and the geographical area covered. There are experiments in progress in communities with less than one thousand residents, as well as in regions with 400,000 inhabitants. The terms and names in use also vary considerably, according to the various focus points or centres for institutional promotion. But it is worth stressing some advances in the process as a whole that various policy-makers, researchers and managers, working in Brazil today, have identified.

Firstly, the growth in the number of local development initiatives throughout the country is stressed, as a molecular and, to a certain extent, underground process.

The second phenomenon to be emphasised is the emergence of multi-centric and diffuse networks of agents involved in local initiatives and inter-local connections from associations, forums, councils and development agencies.

Thirdly, centres have emerged for the creation of concepts, the empowerment of development agents, studies and research in different parts of Brazil that are related directly or indirectly to the basic themes of local development. As a result, local development is becoming a field of reflection, criticism and education and although its social and institutional dissemination is still limited, it is culturally significant.

Finally, a feature that marks the trajectory of local development in Brazil is the extent of programmes and methodologies that have supported these initiatives since the mid 1990s.

Various ministries have been implementing programmes using a territorial matrix with emphasis on local agents acting directly in the planning and management of the actions. Specifically, actions of this kind have been promoted by the Ministry of Agrarian Development, the Ministry for Social Development and the Fight against Hunger, the Ministry of the Environment and the Ministry of National Integration. In addition to governmental programmes, it is also worth mentioning the strategies and methodologies whose reference centres are organizations from civil or private society; the most relevant of these include the strategy that has been formulated and developed by AED – Education for Development Agency and the GESPAR methodology formulated by the Advisory Institute for Human Development (IADH).

In addition to the methodologies, programmes and strategies (and their interlinking), there is also a polycentric range of local development initiatives in progress (inter-municipal, municipal and sub-municipal). In different places in Brazil, we can find territorial pacts, forums and local development agencies being formed, along with other forms of cooperation and integration, focusing on the mobilization of local agents. Recognition is being given in various ways to the importance of the territories as integrators of emergency and permanent actions in the light of a development perspective with social inclusion.

The annual Brazil Local Development Expo started on a large scale in 2002, where advances and challenges have been identified in more than one hundred local development experiments underway in Brazil. The first four events (between 2002 and 2005) were attended by more than 2,000 people from all the regions of Brazil, including local agents, project managers, researchers and representatives of institutions from civil society, companies and various government departments and organizations. The outstanding feature of these events is the enthusiasm expressed for the themes and experiments linked to the local development perspective in the Brazilian context.

There are, therefore, hundreds of experiments in progress with characteristics that include the creation of public spaces for participation and new socio-institutional arrangements aimed at triggering multi-sectorial projects and actions in specific territories. Many examples attempt to cover the identified priority needs in various areas (education, work and income, infrastructure, environment, culture) and are generally based on shared plans and visions of the future. Even though confronted by different obstacles, these initiatives seem a promising path in articulating the principles, considered of growing relevance, in the question of governance linked to social inclusion – such as social participation, inter-institutional articulation and the search for inter-sectorial action, with specific locations as the reference for action.

3. Focus for debate and prospects

3.1. The State-society relationship: partnerships and broadening the public sphere

The term "partnership" has clearly become almost omnipresent in the Brazilian trajectory over the last decade. Its diffusion cannot be dissociated from the broader context of Brazil's new phase in the democratization process in the 1990s.

Specifically with regard to the State-society relationship, a debate that took shape at that time was the legitimacy of proposing partnerships between these different sectors or spheres of social reality. This debate is summarized below.

On one hand, there was the idea that "stimulating partnership actions and autonomous initiatives as a whole, tends to encourage the State to disclaim responsibility in the name of strengthening civil society" (Wanderley, 1998). In other words, the emphasis on these partnerships is associated to neo-liberal ideas, to the negation or reduction of the State's role as the regulator or promoter of social well-being.

The other argument focuses on this being something more deep-rooted and innovative: "we are dealing with new forms of articulation between the State, civil society and the private sector, aimed at assuring the provision of public services, the construction of new forms of social solidarity and the redistribution of power, favouring the democratization of relations between the State and Society and the democratisation of the access to services" (Farah, 1998).

In the light of these different perspectives, we propose that the question of partnerships is not best explained by using a general picture, but by looking at how the different characteristics work together in this whole process of forming inter-organisational relations. However, from a general perspective, it seems pertinent to determine the basic distinction between partnerships as a variation of privatization from the State, and, on the other hand, as an aspect of the process of broadening the public sphere.

The introduction of the question of partnerships in the political agenda in Brazil since the start of the 1990s is inseparable from both the democratization process, in general, and also the concentration of civil society, in particular. Throughout the 1990s, organizations from the civil society expanded and became more heterogeneous, going from the norm of "the society against the State" (in which resistance and pressure were the main elements) to diversified forms which included the actual idea of partnership. This trend was even found in the legal boundaries of organizations from civil society – particularly through the Civil Society's Organizations of Public Interest (*OSCIPs*) and the creation of the term partnership as a mechanism foreseen in Brazilian legislation from 1999. If we examined the vast range of social programmes in progress in Brazil today, we would understand that a significant number of partnerships are found in each action and overall they can be found in huge numbers.

Another question that must be considered is the perception that the "State is necessary but it is not enough" due to the magnitude of the social problems to be tackled, in the case of Brazil, for example. However, the recognition of the need for, and insufficiency of, the State can be seen, not only in terms of its capacity to operate, but also as a dimension of the actual issue of democracy. Particularly, in so far as it incorporates reasons of society, that is, it turns the eyes of society (distinct from the ears of any State) into powers of society, powers to formulate, intervene and act in the public domain. Within this conception, the broadening of democracy supposes the overriding of the State's monopoly of the public sphere: "sharing the tasks of social development with civil society, incorporating the visions and the reasons of society in affairs previously reserved for governments, means that populations have more opportunities and greater capacities to intervene in public decisions – it means empowering communities, distributing and democratizing power" (Franco, 2000).

In the context of Brazil, there was a great deal of resistance to situations of this kind. As Dowbor (1999) laments: "we are still impregnated with the idea that organising the participation of civil society is a way of taking away the State's responsibility".

Nevertheless, it can be claimed that "the very outburst of organized civil society in the political arena is undoubtedly due to the increasingly common belief that neither the macro-structures of State power, nor the macro-structures of private power are responding to the everyday needs of society in terms of quality of life, respecting the environment, fostering a climate of security, preservation of space for freedom and individual and social creativity; … it is not enough for a company, or the State, to do something for the well-being of the populations. It is important to understand that the right to build one's own way, and not just that of receiving things that are useful as *favours* either from the State or from companies, is an essential part of our rights" (Dowbor, 1999).

The main focus of the perspective described above is not on the role of organizations from civil society. It is principally on emphasising the articulation

between the State and society as a means of de-centralizing public power, which is expressed in channels such as councils, forums and other groups. The question of the legitimacy of these extended spaces of public policy formulation and management is linked to the actual legitimacy of factors such as articulation and participation. It is not to be confused, therefore, with the idea that organizations from civil society would be more legitimate as policy-makers and managers than government bodies. Broadly speaking, it should be noted that the emphasis on the broadening of democracy, associated to the widening of the public sphere (understood as the *locus* for visibility, dialogue and conducting policies), is one of the liveliest subjects in the current debate on social inclusion and distributive policies in Brazil today.

3.2. Universalization and targeting

In the debate on public social policies in Brazil, *universalization and targeting* are frequently compared and they are often seen as antagonistic to each other, or even ideologically conflicting.

A number of researchers and public policy-makers have stressed the need to give preference to the poorest in the allocation of public resources. In other words, implementing policies targeting areas and sectors with the greatest concentration of poverty: "the challenge of today is essentially to prioritise social spending focused on the poorest of the poor and assuring the operational capacity to implement and monitor anti-poverty policies" (Rocha, 2003).

However, there is strong resistance to this idea. The idea of directing – or targeting – social policies towards specific social segments would be a pretext for removing the State's obligation to assure the universalization of social protection.

On the other hand, it is stated that "we could worsen inequality instead of improving it if we treat it equally. Sometimes, in the name of equity, it is essential to treat the unequal unequally" – that is, to go beyond the classic universal policies (Cardoso et al., 2000). This means identifying the most vulnerable segments – using discrimination and comparative disadvantages – and targeting the action to overcome this condition.

It is fair to consider that social inclusion policies involve directing resources toward the most vulnerable social groups. It can be added that the diagnoses and registers referring to the specific segments of the population are important instruments for the management and assessment of the impact of these public policies in specific universes. In fact, contrary to removing the State's obligation, the targeted actions tend to make strong demands on efficiency and effectiveness because opportunities are created for social control and minimising the waste so often referred to in the trajectory of social policies in Brazil.

Nevertheless, the basic principle of guaranteeing universal rights (and therefore policies) in areas such as health, education, assistance and welfare through

improving the quality and accessibility of non-discriminatory public social security systems cannot be questioned. The key question lies, therefore, in how to stop targeting processes representing the restriction of rights that are accepted as universal.

In the context of Brazil, social programmes, which are generally understood to be important (e.g. the Programme for the Eradication of Child labour and the actual Family Fund Programme, despite its size) are targeted actions, in their conception and means of implementation. There is not, necessarily, a contradiction between universalization and targeting. This means conceiving both the simultaneous adoption of universal and targeted public policies as well as considering the hypothesis that targeting procedures are social inclusion mechanisms that can give rise to effective universalization.

In effect, this is not the current orientation of directors in the ambit of federal Government (strongly focused on the notion of the line of poverty and the search for a way out of it so that the public covered by the income transfer programmes will not need to be covered in the future). However, it makes one consider the possibility that, as this debate unfolds, the idea of the universalization of a citizen income (or "universal wage") will come onto the agenda, as suggested by Cocco and Negri (2006), in a context that points to "a process of unconditional and rapid *massification* (democratization) of the Family-Fund as the beginnings of a universal income and citizenship".

Nevertheless, on this matter, the discussion around the so-called *constraints* could have more substance and a greater effect than the discussion on "for or against any *targeting*".

In the case of the Family-Fund Programme and in other examples (such as the Programme for the Eradication of Child Labour, the Youth Agent Programme etc.), the income transfer systems are seen to a great extent as *educational support grants*. That is, they try to encourage the conjugation between this income transfer and access to the educational system, as well as to the systems of basic health services. There is no disapproval of this conjugation as a means of operating a systemic vision of rights, through the idea of giving people access and direction (using constraints) to certain services which give rise to recognised social rights (such as education, basic health services etc.).

Even though there may be a contradiction between the right and the obligations (induced by the constraint), these programmes, albeit targeted, are not processes to *restrict* rights or block the dynamics of universalization (when this is seen not only as formal universalization where comparative inequality and disadvantages are ignored and, therefore, reproduced).

There is open discussion on the compatibility between the universal income and the so-called conditionalities (e.g. in the income-schooling relationship, as in the main income transfer programmes in Brazil today) and this will certainly enhance the construction of the path towards social inclusion in the near future in the context of Brazil.

Here, anyway, we have already shifted from the universalization-targeting duality. Nevertheless, affirmative action or positive discrimination, ranging from those considering poverty indicators to those involving socio-cultural discrimination (as in the case of certain ethnic groups and women) cannot effectively be reduced to the universalization-targeting duality.

The territorial question, discussed below, may be seen as an approach which is characterised not by "conciliating" universalization and *targeting* but rather by raising the question of social, political and productive inclusion on the basis of other aspects linked to the emergence of people with rights.

In fact, the universalization-targeting polarity is still imprisoned in a strictly "supply-based" vision with regard to the formulation and implementation of social protection and inclusion policies. This matter will be raised again later in this article (point 3.4).

3.3. Citizenship, forming people with rights and productive inclusion: another look at the polarity between compensatory policies and structuring policies

In addition to the dual question of targeting-universalization, another broad issue is that of the relationship between social protection and promotion or, specifically, between the acquisition of social rights (including social assistance and income transfer actions) and policies for productive inclusion, that is, social inclusion in the world of work.

These questions must, at least, make reference to the current context of shifting paradigms, with the conjugation between the restructuring of production (post-Fordism), supremacy of immaterial work (information, communication, knowledge), and the crisis of the welfare State built on the basis of a salaried society. It is highly questionable today whether the growth-employment combination (mass salaried employment) is a workable mechanism of social inclusion and the construction of citizenship – which in the so-called peripheral countries like Brazil, has never occurred and where there are no longer conditions for it to occur.

Hence, it is very evocative to consider that "social integration (the fact of having the right to rights, of being a full citizen) is no longer associated to productive integration (in its relation with salary, in the status of a formal job regulated by an open-ended contract)… On the contrary, in the capitalism of the knowledge era, it is necessary to have an education, home and access to basic and advanced services to be productive. To be productive, it is necessary to be a citizen – including and above all, having an income!" (Cocco and Negri, 2006).

As social inclusion is not seen as a result of economic growth (or of actions correcting the shortcomings and distortions of economic growth), it is necessary to rethink the duality between compensatory policies (transitory and

complementary measures, "until insertion through a job takes place") and policies considered as structuring (like the effective access to basic and higher education, as well as the macroeconomic and microeconomic policies, the latter being typical of programmes fostering productive inclusion).

Along these lines, one of the relevant points of the current debate in this country is whether income transfer policies in Brazil (notably the Family Fund Programme) are considered transitory or structuring: should these policies be seen as compensatory policies to be substituted when the employment dynamics allow a return to articulated universal policies based on the salary relation (that is, on the traditional capital-labour relation) or do they represent the guarantee of basic rights of citizenship, as a condition for actual productive insertion? (Cocco and Negri, 2006).

In any case, it is pertinent to consider that, so as not to be restricted to palliative effects that generate dependence and subordination, the assistance policies (including those of income transfer) can only become emancipating if they are implemented as part of a systemic movement articulating inclusion and social development factors. Here we stress the need to understand that emancipating processes require the link between:

(i) the materialization of elementary rights of citizenship (basic income, access to food, health, education, housing, circulation and communication);

(ii) the democratization of the access to work, linked to insertion in productive networks (production chains and local arrangements), as the core of productive inclusion (in the broad sense of the word which involves circulation, consumption, and shared knowledge as a basic asset);

(iii) the increase of public spaces for the expression of rights (where participative democracy and shared management are combined and translated into concrete plans, projects and actions which actively involve the most vulnerable segments).

In short, this means making a commitment to rearrange the "social", the "economic" and the "political", i.e. social inclusion, productive inclusion and the broadening of democracy from the grass roots of society. More than having an abstract awareness of these bonds, this implies actively producing the bridges between the movements of these factors, making this potential clear and taking advantage of an opportunity that has not always existed; this is typical in the contemporary context (and in particular in Brazil).

This is directly related to *questions of governance*, because it deals with the relationships between agents in the public terrain, with their morphologies and flows.

The essential aspect of governance is the formation of the *subjective forces* oriented towards the change of the parameters for formulating and implementing public policies, including the authorship parameters (as discussed below). This

can only be expressed if appropriate channels and mechanisms exist (authorities for public bargaining, the socio-institutional arrangements, that is, the *morphologies* of governance) and above all in the living management processes; in other words, the flows end up being more decisive than the morphologies. Nevertheless, it is important to state that, without these morphologies, the extended process of participation continues to be blocked and the emancipating potential of social protection and inclusion policies tends to be lost. A basic question is, therefore, that of how these communicating vessels can be created and their fluidity strengthened. We suggest that, on this path, the *local dimension* of individuals' democratic and productive formation becomes particularly relevant, as discussed in the following point and sub-points.

3.4. The emphasis on the local dimension: the territory as a field for initiating social inclusion and promotion

Here we work on the hypothesis that the dynamics that "generate inequality and exclusion cannot be destroyed from above or by other flow systems distant from places (that is, from the territorial bases of socializing and communication).

This view implicitly questions the planning and management models based on vertically organized instruments and resources from central governments. It is, therefore, necessary to understand the territories not as *points* of exogenous and vertical processes, but as *centres* capable of instigating effective changes in the living and socialising conditions, "for inside" and "for outside".

The emphasis on the local dimension must be understood more as a variation in the logic for the construction of social bonds (political and productive) than as the focus of a limited scale of actions. This statement is not based only on the fact that, as the Brazilian example indicates, there are local development initiatives in various scales of construction, such as neighbourhoods, municipalities, micro-regions etc. More than this, here we are stating that the political and socio-productive inclusion initiatives from the *local* correspond to multi-scale or *trans-scale* dynamics. There is a game of intrinsically articulated scales within them and, even when the action involves a defined space, "multiple scales are present, where the players are involved in relations with various levels of government, communities, local, national or international financial agents" (Fischer, 2002). Camarotti and Spink's (2000) statement is also along these lines: "The place is not a given fact; it is defined and redefined on the basis of the actions, using a context of relations that is not just local".

Therefore, in these formulations, the *local* is not being conceived from the perspective of "localism", understood as the myth of the isolated place, confined and strictly limited to its internal bonds (Bocayuva, 2001). We are not constructing "refuges" or "hideaways from history" (Franco, 2002): the strengthening of the *locals* assumes they are simultaneously broken down and connected with the

extra-local. Nevertheless, when we consider the territory as a field instigating social promotion and inclusion, special emphasis is given to the discovery and valorization of *local assets*, that is, of the potentials and ties that can be activated from each territory.

3.4.1. Shared and participative management

The *territorialization* of social protection/inclusion/promotion policies is a principle that is strongly interlinked with the principles of multi-sectorial *integration*, articulation of *partnerships and* social *participation*.

Along these lines, the territory is identified as the key for the combined creation of new organization patterns (inter-organizational partnerships, social networks) and forms of regulation (wider spaces of bargaining, democratic-participative dynamics of planning and management. This reshaping of the public sphere can be summed up in the idea of *shared and participative management*.

From this perspective, local dynamics capable of integrating actions and democratizing their construction process require new forms and spaces of management, which are being characterised as *inter-organizational devices* (Fischer, 2002) or *new institutionalities*, to use the expression commonly applied in Brazil. Irrespective of the variety and complexity of the socio-institutional arrangements created in each place of reference (and Brazil's recent trajectory is very rich in this field), it is essentially a matrix of projects and actions in the territory, with the authorities and dynamics that combine inter-institutional articulation and direct social participation.

Attempts of this kind are found in hundreds of experiments currently underway in Brazil. Both in metropolitan areas as well as in small and medium cities or in micro regions, in urban and rural settings, territorially-based initiatives are found where the common factor is the decisive role of mixed associations (in forums, committees, councils and agencies) specifically focused on local development (Silveira and Costa Reis, 2003, 2004, 2005).

These possibilities, which are being tried out in Brazil today, lead back to the discussion about the still predominant policy norms. Firstly, we highlight the attempt to *overcome the supply-demand logic based on local protagonism* which is a predominant theme in the formulations on local development, particularly in Brazilian literature. (Zapata and Parente, 2002; Dowbor, 2000; Silveira and Costa Reis, 2004). And, secondly, the indication of *changes in political culture* (in response to a tradition of tutelage and *clientelism*, which continues to predominate in the Brazil case). These two aspects are briefly discussed below.

3.4.2. Overcoming the supply demand logic and the question of local protagonism

In the recent case of Brazil, the emphasis on local demands is a significant shift, as opposed to the centralist – and, therefore, supply-based – tradition in the reasoning for the flow of policies and public resources. The institutions are used to thinking on the basis of their *portfolios*, the public is seen as the *target*, and not as the subject, and the place is seen as the *point*, and not as the centrality. In these circumstances, it is a significant change to use demand as the starting point. But, perhaps the change in the local development initiatives is even greater when they are based on local capacities and perspectives – and not just, or mainly, on the demands to provide the *local* with what it *lacks*.

A systematic and continued set of territorial actions based on a shared vision of the future, or on socially assumed diagnoses and plans, is something quite distinct for an agenda of demands because it involves the emergence of public subjectivity acting from the *local*. Generally speaking, processes of this kind differ both from the perspective of fitting a pre-existing supply to the localities, and also, on the other hand, from the attempt to simply turn external institutions into demand deposits. The relationship between the *local* and the *extra-local*, between the resources and the endogenous agents, between the flows that connect one place to other places, express logics of cooperation and inter-dependence – more than logics of demand and supply. Hence, governance regards these relationships as a new reference.

It has become clear from the analyses of different local development experiments underway that in Brazil (Silveira and Costa Reis, 2003, 2004, 2005), the more local environments are kept active through the actual dynamics of local management, mechanisms for the public and shared identification of priorities in the territory, the better they are able to tune and adjust the supply of services. Therefore, in an apparent paradox, it is local protagonism (and not the protagonism of the supplying institutions) that is essential to the effectiveness of the actual institutional actions that come from "outside" or "above" each *local*, in the form of programmes and services.

3.4.3. Political culture and the training of agents

Here *political culture* is understood to be not what is imagined about political matters (what people and groups think and formulate on the subject of politics), but as the cultural dimension where values and symbols – not necessarily political – are projected into the public domain, generating relational models and restricting or broadening prospects of power.

Two of the various significant cultural obstacles are focused here.

Firstly, *clientelism* is a key factor in sustaining the predominant political system in Brazil and it affects every kind of locality from the rural interior to the metropolitan centres. Relations are based on the patron-client model and are

reproduced in vertical chains of brokering public resources and, therefore, inhibit self-organization and the construction of locally-based horizontal connections.

Another obstacle lies in *institutional corporativism*, an organizational culture that makes political culture, because it permeates very little into the surroundings, to enhancing integrative partnerships and, above all social participation.

In the most varied places in Brazil today, there has been a surge in the *search for new references, instead of the above-mentioned norms of political culture*, which form resistance to the strategies strengthening local protagonism.

The importance of the question of the local and institutional players *learning* about shared and socially participative management emerges with the development of new social and political interactions. In the context of Brazil, it is easy to see the immensity of this task: agents' skills to act within new parameters of public policy and social management are very poor. That is, it is necessary to deal with managers' lack of preparation and obstacles to the perspective of inter-organizational action, to a culture of partnerships and networks and, in particular, to accepting the full participation of the population (not just as beneficiaries but as active participants and protagonists). However, in spite of the difficulties, the combination of continuing teaching processes and new dynamics for governance (based on territoriality, partnership and participation) is converging in the policy making and analyses that deal with local development experiments in Brazil today (Camarotti and Spink, 2000; Dowbor, 2000; Franco, 2002; Zapata and Parente, 2002; Arns, 2002; Silveira and Costa Reis, 2004).

4. Summary

To conclude, we highlight some of our key references in this article on dealing with the question of the governance of protection, inclusion and social development policies, based on the experience of Brazil.

1. In the Brazilian process, there has been an escalation in wide-ranging projects and programmes linked to the subject of reducing inequalities and social inclusion, in addition to the basic education, health, infrastructure and housing systems. To give a general idea, a survey found that at the start of 2006 in Brazil 198 actions were in progress, and this referred only to those with the active involvement of the federal Government in three areas considered vital: income transfer, fostering productive inclusion and support for local development (MDS, 2006).

A survey of this kind in itself contributes significantly to the question of governance (as it allows the sharing of information); however, it is the multiplicity of the initiatives which stand out most, indicating an appreciation of the priority nature of actions in these areas; it is also indicative of their lack of interaction with each other which, in turn, suggests a tendency for work and public investment to be fragmented and overlapping.

The issue here is that of a clear need for these programmes to articulate with each other and with a wide range of correlating policies. However, at a broader level, the real question is one of the ability to produce bridges between the social, political and the economic, in the actual governance of the inclusion and social development processes.

These bridges between sub-systems that appear to be independent, and even internally fragmented, presuppose intensive and far-reaching empowerment processes (or shared learning) and the generation of flows of information and communication – linked to the concrete dynamics of policy, planning, project and programme management, among other aspects.

2. The key-question of the articulation between sectors, themes and players (of the different kind and level of action) takes on more weight when tied to the specific socio-territorial realities, in accordance with the thesis sustained in this article. Given the challenge of coordination in diversity, the territory (the local dimension) is decisive and integrating; articulation "from above" is also necessary however (coordination between different levels of government – federal, state and municipal, in the case of Brazil).

In this sense, the experiments in integrated local development in Brazil stand out as they provide an important lesson: the forming of a matrix of action and projects based on shared and participative territorial management systems is, in practice, producing integration between the economic and the social, with references in new political environments. This happens in so far as the priority agendas combine (in a single dynamic) actions that are usually divided into sectors and separated in their origin and implementation (like those involving income transfer, education, health, housing and productive insertion) – as can be seen in the concrete initiatives taking place in different places in Brazil today.

Some points should be stressed with regard to the emphasis on the local dimension:

- The strengthening of territorialized social networks and concrete dynamics enhancing democracy, with the creation and maintenance of new socio-institutional arrangements and democratic-participative spaces for planning and management in each *local*.
- The promotion of productive articulation which is territorially based and able to integrate low level activities (focusing to a greater or lesser extent on an economy of solidarity or inter-company arrangements) and making territorial support services and systems effective.
- The emphasis on local assets (above all the potentials of the population and not just their needs) and, linked to this, on the strengthening of local players as protagonists in the processes of change towards social inclusion.
- The triggering of intensive processes of knowledge and communication with emphasis on the role given to the empowerment of players as agents

of inter-institutional and socio-territorial articulation (i.e. as *bridge-players*, facilitators in the management of extended public spaces and socio-institutional networks).

3. On the other hand, it is recognised that it is far from easy to boost and articulate these aspects and there are considerable challenges to be overcome. Some obstacles can be highlighted here:

- *clientelism* as a still predominant norm in political relations which weakens the creation of democratic networks and spaces for participation from the grass roots of society;
- the segmentation of governmental institutions, inter and intra its three spheres, which turns its lack of articulation into a "natural mechanism" and makes integration a great challenge;
- the tradition in institutions for self-reference and *corporativism*, which complicates shared management and makes institutional protagonism an obstacle to local protagonism;
- the weakness of local information and communication systems which affects the players' capacity for participation and articulation.

4. The very obstacles we have highlighted clearly demonstrate the special importance of creating dynamics capable of changing the norms of political culture. From what the various experiments have suggested, the teaching/communication aspect and the concrete public policy management and planning processes are interlinked in these dynamics. At a more general level, they are experiments that indicate the congruence between articulation in networks, shared management and local management from the roots of society.

A perspective which goes beyond the supply-demand logic raises the basic challenge of the articulation between the different local governance systems; articulation with each other and with national policies (as well as international lines) so that the territorially based and projected social development processes are strengthened by the national policies. This articulation must be a network (or, more precisely, inter-networks) able to relate different territories and kinds of player (from society, the market and spheres of government).

5. Finally, despite the obstacles, resistances and challenges, Brazil is now a huge laboratory of local initiatives which can change the public policy management norms on social inclusion.

It is worth saying that the data highlighted here is not specific to local development approaches and is permeating through a large number of the initiatives that have been thriving in Brazil during the last decade, which focus on empowerment and protagonism from the grass roots of society and are producing a

significant shift in the still predominant patterns of public management and political culture.

The existence of this field of action has meant that the debate on public policies, as well as the relationship between social policies and development policies can no longer be the same today as it was ten years ago. It has become difficult to sustain the conception that attributes the State with the role of the exclusive promoter of actions for protection, inclusion and social promotion as opposed to the necessary and irreplaceable role of articulator – even though the former is still embedded in a large proportion of government players and in the social imagination.

The issues of governance in these processes cannot be reduced to a morphological blueprint to be reproduced en masse. However, there are some principles and aspects that can be put into practice – with emphasis on the combination between the development of grass-roots democracy, articulation in networks and the territorialisation of actions. Along this path, the roles of the different agents, the interaction norms and the dynamics that can be triggered cannot be part of any model foreseen in the mind of the most creative of policy-maker or manager. But, the potential for articulation between the traditionally separated domains has become visible and there is already a glimmer of hope for new paths based on concrete and identifiable initiatives, however great the resistance and obstacles might be.

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Access of vulnerable people to basic social services: The case of the Angola Social Action Fund

Henda Ducados

Background on Angola

Despite being rich in natural resources such as oil and diamonds, Angola has one of the lowest indicators of human development in the world. Compounding this is a dearth of data on how the poorest population lives and how to quantify definitely how many of the 13 million people live in poverty. Existing data drawn from a Household Budget Survey conducted in 2000-2001 indicated that the proportion of the population living in extreme poverty was estimated to be 23.7 per cent, with almost one in four Angolans living below US$0.75 a day (World Bank, 2005).[1] Over two thirds of the population live in poverty on less than US$2 a day (European Union, 2005).

The Ministry for Social Affairs (MINARS) is responsible for overseeing social welfare and defining strategies for social assistance. At present, the groups targeted by the MINARS are: families with special needs; children in difficult circumstances; the social reintegration of ex-soldiers and de-mining activities. Female-headed households are not specifically targeted, but are implicitly integrated in families with special needs.

Despite the efforts made by government to reduce poverty, the needs of the population and vulnerable groups, in particular, are still high. The context of poverty can be characterised by the destruction of infrastructures; increase in loss of assets of the population; increase of HIV/AIDS; low human and social capital; unequal access to resources; weakening of the labour base for agriculture and rural development; deterioration of informal support mechanisms; weakening of local governance structure; and, loss of trust in the institutions. Moreover, there is still a need to increase knowledge on the vulnerability of the poor, how

[1] This survey was conducted in the provinces of Cabinda, Luanda, Lunda Norte, Benguela, Namibe, Huila and Cunene.

they are being targeted and what provisions are in place for social protection and improving livelihoods.

The recent democratic reforms towards peace consolidation in Angola with the advent of peace in 2002 and the announcement of the presidential elections provide a unique window of opportunity for economic growth and sustainable development. However, there are many challenges ahead to ensure that adequate programmes addressing the needs of the socially excluded are successfully implemented. Some of these challenges include the need to increase knowledge on the main vulnerabilities that poor people face, how they are being targeted, and what social protection provisions are in place to improve their livelihoods.

Social protection programmes are described by the World Bank as public interventions to assist individuals and households to better manage risk. Nonetheless, existing government safety net programmes to date, have low coverage due to the limited capacity of government to respond to the needs of the population in the post-conflict context. In addition, the country has limited experience in providing local services in a transparent, accountable and participatory way. To compound this, private sector and the organizations of the civil society do not play an active role in delivering services. The private sector has limited outreach capacity and thus has limited impact outside the urban centres. The organisations of civil society such as local non-governmental organizations (NGOs) and churches have been active in delivering services to the poor, but have had a limited impact and outreach due to the donor-driven nature of their activities. As a result, the majority of the poor rely on services provided by the informal sector, but these are not always of better quality or cheaper.

Some of the reasons why existing social protection measures in Angola are limited are that they are underdeveloped and not comprehensive, having only fragmented schemes under separate laws and ministries. The limited capacity of the State is problematic in post conflict, given that the State is responsible for providing social assistance to those in need. However, due to the failure of government to provide effective social protection to the population, some public interventions have been increasingly implemented at the local level through social funds so as to ensure better targeting and/or greater inclusion. The Angola Social Action Fund (FAS) is such an example.

The Angola Social Action Fund (FAS)

FAS was created in 1994 with the overall objective of complementing the poverty alleviation activities of the government. Specifically, FAS's mandate is to respond to the massive destruction of social infrastructures during the civil conflict through the construction/rehabilitation of social infrastructures in rural and peri-urban communities.

The first phase (1994-2000) centred its operations on building and rehabilitating physical capital. Activities focused on organising the communities with the help of local level organizations (referred to as *'agencias de enquadramento'*) and representative community groups (*'nucleos comunitarios'*) around common goals to identify, prioritize infrastructure needs, and to prepare sub-project proposals for FAS's consideration. This phase completed 687 sub-projects and disbursed US$ 30 million benefiting over 900,000 people.

The second phase (2000-2003) gave continuity to the activities initiated during the first phase, but included two additional components, namely capacity-building and monitoring and evaluation. This phase completed over 979 sub-projects, trained over 300 partners, such as members of local government, NGOs, community-based associations and members of the community, and disbursed over US$40 million benefiting 1,400,000 people.

The third phase (2003-2007) is being implemented and aims to improve and expand the sustainable utilization of basic social and economic infrastructures. To this effect, it applies a community-driven development approach which builds human and social capital within and between communities and external support agents, such as local administrations and civil society organizations. The third phase intends to finance over 2,345 social infrastructures and disburse over US$120 million.

Since its inception in 1994, the World Bank has been the main financing agency of FAS. The Bank allocated the amount of US$50 Million for FAS III. The Government of Angola, on the other hand, is providing a counterparty funding of 10 per cent of the World Bank credit.

The Governments of Sweden, Norway, Italy and Japan, bilateral agencies such as USAID, DFID and the private sector, such as Shell and Chevron have also contributed to FAS activities through the provision of grants over the years. The European Commission has made a substantial contribution to FAS III through a Trust Fund in the amount of US$55 million to be managed by the World Bank. The Commission jointly with the Bank, is responsible for providing technical assistance to the project as well as implementing regular supervisory missions.

Description of FAS activities

The Community Development Component provides and/or rehabilitates social and economic infrastructure applying a Community Driven Development (CDD) approach. This focuses on three key aspects: (a) the enhancement of human and organizational capacities at community level; (b) the improvement of institutional and communication channels and accountability mechanisms between government, community members and their associated organizations; and (c) the building of a comprehensive local data base comprising the communities' human, social, economic, organizational, environmental and physical characteristics. The main target is a collective group of beneficiaries, such as members of the communities and community-based organizations (*Nucleo Communatario*), as well as members of NGOs, local government entities, such as members of provincial government, municipal and communal administrations.

In terms of operation, FAS functions in a similar fashion to other social funds operating around the world. Local level organizations (referred to as A*gencias de Enquadramento*) work with representative community groups (N*ucleos Comunitarios*) to identify priority infrastructure needs and to prepare sub-project proposals for FAS consideration. The proposals can be drawn from a menu of projects in the sectors of education, health, water and sanitation and production.

FAS promotes active participation of project beneficiaries at the community level from sub-project identification to evaluation. The component activities are implemented following the various stages outlined in its sub-project cycle, which include: (i) social mobilization; (ii) project identification; (iii) field and desk appraisals; (iv) sub-project implementation; and (v) monitoring and evaluation.

FAS staff, with the help of social promoters as well as communal and municipal administration officials, facilitate these sub-project cycles. Thus, equipping the facilitators of the processes with the appropriate skills, knowledge and tools constitute a precondition for effective implementation of FAS sub-projects.

Nevertheless, the participation of the community throughout the project cycle is not always straightforward. FAS Operational Manual has given special attention to community participation during the project cycle defining '*participation*' as the voluntary and conscious involvement of individuals and communities in the main phases of a sub-project with clearly defined responsibilities. To this end, it is expected that communities' members must be involved in the process, from the identification to the evaluation phases.

The participation of the community during the project cycle happens as explained in the Operational Manual. It was noted, however, that there is a disparity between the degrees of participation of the different actors. It must be highlighted that cultural aspects and regional diversification has influenced the non-compliance and effective participation of some actors. Moreover, the legacy of conflict

has increased people's reluctance to speak in public and to participate actively in community activities. On the other hand, aid in an emergency context has not been geared to enhancing communities' participation in decision-making.

For instance, other development partners in Angola have a different logic from that of FAS, where *food for work* prevails over other intervention methodologies. Local governments do not have, as yet, the technical and institutional conditions necessary to orient the different actors towards an integrated development process in their respective jurisdictional areas. In this context, FAS has been seen as an innovator institution and its procedures have been used as examples for the active involvement of all partners in the project cycle.

Nonetheless, it was noted that in some cases, the degree of satisfaction with meeting the needs and priorities of the community evolved into frustration when the expected sub-project was changed for another, which better served the interests of the leadership or the convenience of the intermediary agencies. Since the project's inception, this has caused a feeling of loss in the community over its sense of ownership and decreased participation and contribution.

For example, qualitative assessments revealed that in some cases the mobilization work was conducted very quickly and influenced by the traditional leaders *'soba'*, intermediary agencies or some other entity leaving not enough opportunity for the community to be heard.

A member of the Kalumbiro community, during a general assembly in Huíla province, stated that the community was left backstage "… the community priority was not respected and we were betrayed". In the Calundo neighbourhood, a suburban area of Kuanza Sul province, the community members stated that the *'soba'* took decisions on identifying the project on their behalf. There have also been cases in which the *'soba'* not only chooses the sub-project localisation plant, but also insists on being manager of it in order to have greater control, suggesting that traditional authorities can, at times, exercise decision-making power throughout the project cycle that is to the detriment of the communities' will and aspirations.

Overall, over the years, FAS has been successful, not only in organising community members to better articulate their demands, but also in establishing mechanisms of accountability for the delivery and management of those required public goods. The following table exemplifies this.

Phases	Amount Disbursed in US$	Number of projects completed	Beneficiaries
FAS I-1994-2000	30703468.72	687	924730
FAS II-2000-03	40652305.92	979	1477463
FAS III-2003-07	120000000.00*	2345*	2500000*

* Estimate

Of the projects expected to be completed during the third phase, 710 will be from the education sector, 130 from health, 1,250 from water and sanitation, 200 from economic and 55 from other categories.

A key element to the sustainability of FAS activities has been the strong focus on enhancing the empowerment and participation of the community during the whole project cycle. Nevertheless, there remain many challenges to be addressed.

The other main component of FAS is the Municipal Development Component. It supports the strengthening of a local governance structure that creates norms and networks among local government agencies and citizens promoting direct citizen participation in development at the local level. During the implementation period, municipal administrations with civil society representatives, are expected to prepare, finance and implement local development plans in a phased manner, according to their own speed and implementation capacity. Social protection within the Municipal Development Component is institutionalised within municipal forums that are open spaces where members of municipal administrations and civil society meet to discuss, define and validate their local development. Local development in FAS's understanding is the reflection of specific needs identified by a pool of stakeholders, social protection within is seen as a way to ensure that the needs of the poor are addressed through the implementation of projects within a local development plan.

FAS and social protection

Social protection within FAS is manifested equally in both the community development component and the municipal component. As such, social protection within FAS is seen as very important, given that the programme aims at attending to the needs of the poorest population. More importantly, by financing the building of a school or a health post in an area deprived of such basic services, FAS is, on the one hand, ensuring social protection for providing such a service and, on the other hand, empowering the population in responding to their needs. The community-driven approach in the decision-making process for selecting the infrastructures, ensures that the community voices their priorities and also allows for greater sustainability of the infrastructures given the community involvement in monitoring and evaluation.

Vulnerability and Social Exclusion within FAS

While the first and second phases targeted communities irrespective of their degree of vulnerability, the third phase is paying special attention to vulnerable groups. Indeed, some of the lessons learned from the previous phases, led FAS to take advantage of a unique window of opportunity for responding to community demands for support to vulnerable groups and peace- building activities. The project designed a sub-component specifically oriented towards vulnerable groups, anticipating their increased numbers and visibility due to the end of the conflict, and in light of the adverse social and economic trends in Angola. Moreover, FAS recognised the need to better understand the factors that lead to social exclusion and extreme poverty, as well as to identifying those in this category. The sub-component intends to: (i) identify vulnerable groups and understand the constraints they face; (ii) foster the capacity of vulnerable groups by empowering them to participate in decision-making processes within their communities and to benefit from community projects.

The first step was to carry out a Conflict Impact and Vulnerability Assessment (CVA) in ten communities in three provinces so as to identify potential constraints to, and opportunities for, building social capital, and to identify potential entry points for FAS intervention.[2]

The assessment identified the following sources of vulnerability:[3]

1. The most fundamental factor leading to poverty is the profound inequality of access to critical services and resources, including those delivered by external organisations.
2. The poor do not have equal access to critical services and resources, such as water, schools, health care and land, including those that are delivered by external organizations.
3. Community leaders tend to serve the interests of wealthier, more influential, community members in distributing community resources and services often excluding people because they are women or for other reasons.
4. The poor face many risks, and because of their absolute poverty, they lack the means to mitigate risks or cope with crises.
5. Not all members of a 'vulnerable group' are likely to be equally poor or equally vulnerable.

[2] The assessment took place in the provinces of Uige, Luanda and Huambo.

[3] Vulnerability in the CVA refers to the situation of an individual, family or community, in terms of specific risks they face. These risks can be categorised into different types (external dangers, natural, social, cultural, economic, environmental or political constraints).

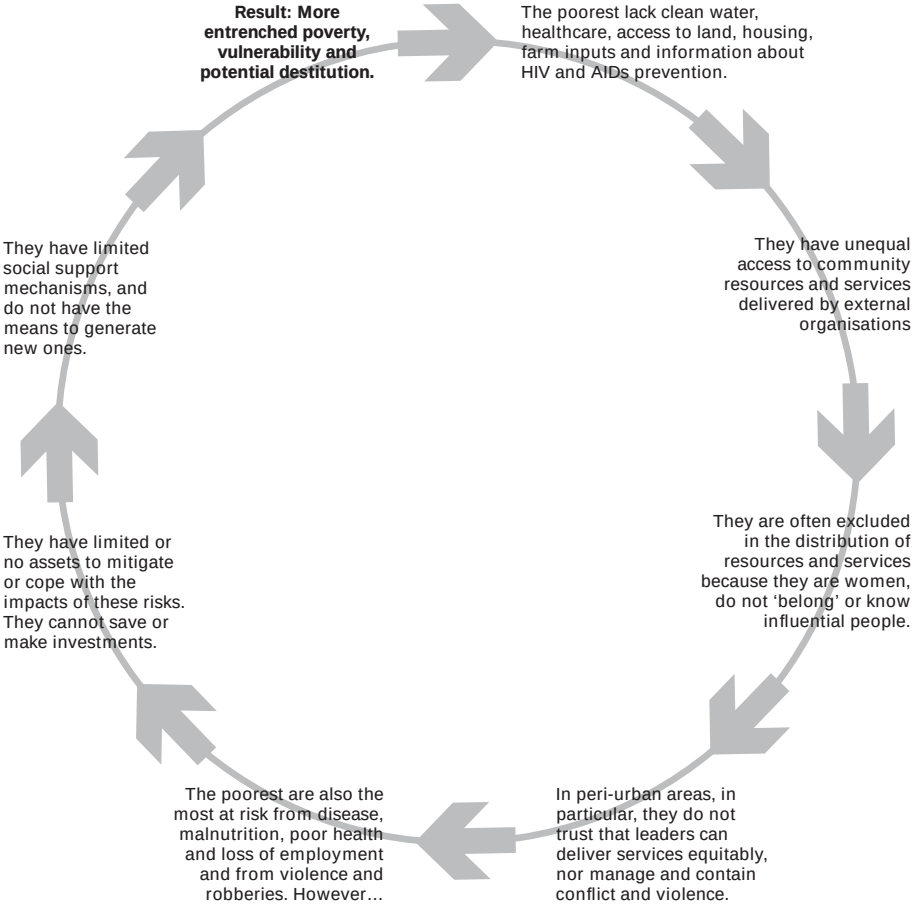

Diagram 1. The dynamics of social exclusion and vulnerability

Diagram 1 also summarises the dynamics of social exclusion and vulnerability as encountered in the assessment.

The assessment made recommendations focusing on: (i) the need to engage vulnerable groups in the decision-making process with regards to access to services; (ii) the importance of contextualizing and defining poverty and vulnerability not only in monetary terms, but in terms of access to resources and services, including social networks; and (iii) the need to address all aspects of weak social cohesion, including inequality, social exclusion, conflict and violence in rehabilitation, reintegration and peace-building programmes.

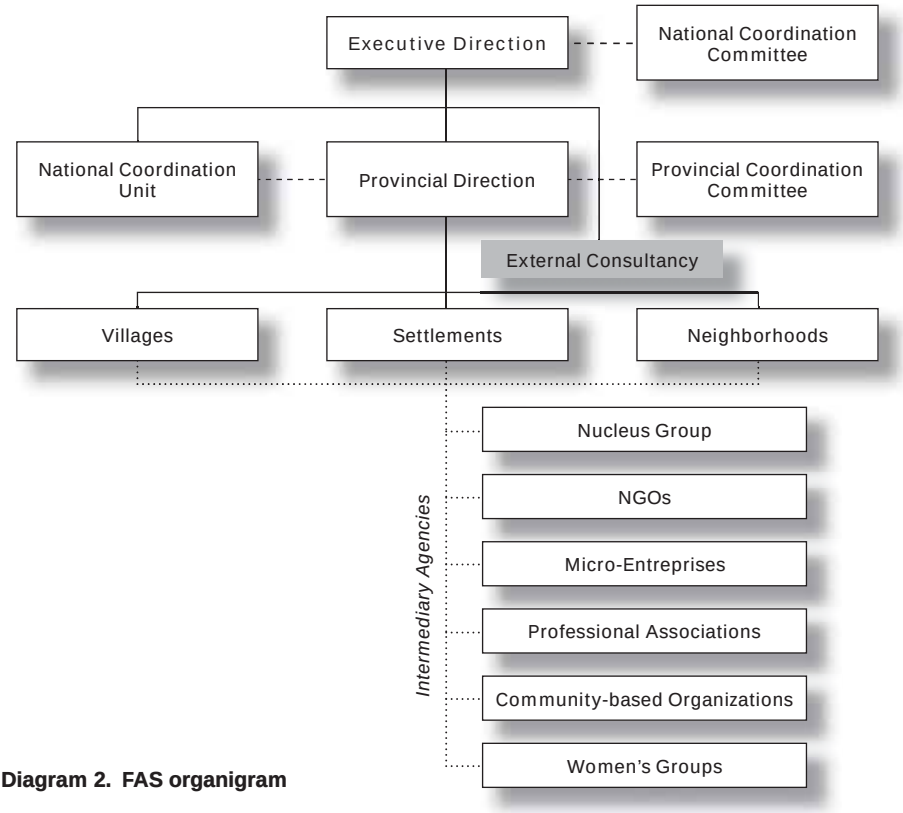

Diagram 2. FAS organigram

Example of the FAS approach to better include stakeholders

FAS is managed by an autonomous management unit, under the Ministry of Planning. This management unit benefits from technical assistance and support from external consultants hired locally and internationally. The unit consists of national technicians located in Luanda and provincial branches located in the provinces where they operate. At the provincial level, the approval of identified projects by the communities is done with the support of local government and representatives of the private and non-governmental sector. The coordination in the approval of projects ensures their greater sustainability and the coordination of efforts in responding to the needs of the community. It is expected that this is done through agencies such as community associations and non-governmental organizations.

Concrete examples of FAS activities with special reference to social protection services

However, it is important to note that over the years the provincial committee, with the facilitation of FAS, coordinated their decisions with a view to ensuring that the projects chosen by the communities were framed within an analysis of the local social protection system, having the overall objective of coordinating efforts and sustaining FAS interventions with other stakeholders.

The findings of the assessment clearly indicated that lack of access to basic social and economic services, in addition to lack of access to basic information, led to social exclusion and poverty. This is, therefore, important to consider when designing interventions for vulnerable groups.

Nevertheless, the majority of interventions geared at supporting the poor are usually designed without their involvement. For instance, in the case of Angola, the policy instrument in use for poverty alleviation is the Poverty Reduction Strategy, that was renamed the Poverty Strategy. The strategy's main objective is to consolidate peace and national unity through the sustainable improvement of living conditions of the most vulnerable groups. However, the document was written without consulting the poor population and, as a result, this may hamper the government's ability to formulate sound and well-informed policies. It is crucial for the poor to voice their concerns so as to gain an understanding of poverty and the ways to overcome it. The discrepancy in failing to consult with a variety of stakeholders on the poverty debate presumably derives from the government's limited mechanisms for engaging in public consultation.

In light of the problem of access, as highlighted by the assessment, FAS decided to pay greater attention to the vulnerability and social exclusion issue during the project cycle. To this end, the project opted to train its partners and/or those involved in it to develop a critical eye for vulnerability and social exclusion. This was done using participatory tools and asking partners to identify indicators on vulnerability and social exclusion, allowing them to point out the factors leading to vulnerability and social exclusion. In addition, training materials were developed so as to record the steps taken during the training. FAS also invited the communal and municipal administrations to participate in the training, ensuring their exposure to the issues and, more importantly, equipping them with tools for their mitigation. It is expected that, in the long term, the identification and application of simple, transparent, criteria for determining the most vulnerable will lead to the development of effective systems for monitoring the impact on vulnerability by the community members themselves and local authorities.

Selected policies and programmes against social exclusion

The ideal scenario in providing support to the most vulnerable groups is for selected policies and programmes to target those most in need.

At the macro level, interventions geared to provide safety nets to the socially excluded usually focus on demobilization and reintegration, macroeconomic stabilization, and community infrastructure reconstruction. The demobilization and reintegration projects are often priorities and are designed to assist ex-combatants as they return to civilian life. In addition, the beneficiaries of these projects are children who have been associated with armed conflict. Community infrastructures are also given priority, with the aim of providing communities with access to basic social services.

Nevertheless, targeting those who will benefit from these programmes is often problematic. Indeed, given that, in general, only war-affected "vulnerable groups" are targeted for special support in post-conflict development activities, they tend to be identified and classified on the basis of specific social and post-conflict related characteristics, rather than on non-conflict related characteristics. Groups that are often pre-selected for special support include: male ex-combat soldiers; victims of landmine accidents; and refugees. This is important to note because "vulnerable groups" could also include individuals and households that have not suffered directly from the conflict. This explains why projects targeting specific "vulnerable groups" can create conflict and resentment within communities. Therefore, the limitation of targeting can, in a sense, foster greater social exclusion if "conflict characteristic" is taken as the main criteria for receiving support.

Conclusions with policy recommendations

The overall discussion indicated that the existing social protection measures in Angola are fragmented and limited in their targeting. There are many reasons to account for this: poor governance, weakness of institutions and lack of public consultation; limited coordinating mechanisms among existing national programmes; and limited response by civil society organizations and other development partners to respond to the needs of the poor.

As a result, and considering that monetary measures are not being adjusted for inflation, the social protection measures in place are not having a significant impact and, therefore, have become symbolic and cannot be considered as supplementing incomes. In-kind measures are also deficient given the limited number of basic social infrastructures.

In light of the existing constraint to successfully design and implement an appropriate system of safety-nets and social programmes, the State should create mechanisms to increase its social public spending. The dearth of data on the livelihoods of the poor is also an impediment to informed policy. Therefore, the State should develop a strong poverty monitoring system for policy design purposes. Donors should also support the State in creating coordination mechanisms to monitor development activities so as to ensure a more sustainable and broad reaching approach in delivering services to the poor. Finally, so that an appropriate system of safety nets can be put in place to protect the needs of the poor, they have to be heard. For this to happen, local institutions must strengthen their role and engage the population in the resolution of their problems.

Overall, opportunities for democracy, good governance and sustainable development have emerged with the end of the conflict. However, implementing these opportunities has proved to be difficult, since there has not been a rapid improvement in people's lives or a decrease in their vulnerability. One of the main challenges is to ensure that safety-net programmes provide access to social services, target those in need and, more importantly, respond to the expressed needs of the population and, in particular, the most vulnerable groups.

Conclusions

Wouter van Ginneken

Over the past two decades, globalization has brought new opportunities through expansion of global markets, but it is widely recognized that this process alone will not suffice to provide decent work for all. The World Commission on the Social Dimension of Globalization, established by the ILO in 2002, introduced a new perspective for achieving a fair globalization. The preface to their report (ILO, 2004a) states: "We believe that the dominant perspective on globalization must shift more from a narrow preoccupation with markets to a broader preoccupation with people".

The concept of social exclusion is at the root of this preoccupation with people and with the processes that can marginalize them and/or keep them marginalized. In a recent review for the ILO, Estivill (2003) identifies social exclusion as a process in the economic, political and social spheres of life, which distances individuals and groups of people from centres of power, resources and prevailing values. This process prevents them from participating fully, and with equal rights, in these fields. ILO's decent work agenda is a crucial element in a strategy that aims at inclusion at all levels – local, national and global. The objective of the decent work agenda is to progress towards a situation of full respect for labour and social rights, where all people participate and/or are represented in democratic social dialogue, where all those able and willing to work can find employment, and where social protection systems support inclusion and provide security to everyone in need. There is also growing recognition that social protection policies can have a positive impact on the economic environment, both directly through fostering productivity and – more indirectly – through fostering social cohesion and social peace which are prerequisites for stable long-term economic growth (ILO, 2005a).

According to the ILO (2000), social security is defined as the protection which society provides for its members through as series of public measures:

- To offset the absence or substantial reduction of income from work resulting from various contingencies, notably sickness, maternity, employment injury, unemployment, invalidity, old age and death of the breadwinner.
- To provide people with health care.
- To provide benefits for families with children.

Social protection includes not only social security schemes, but also private or non-statutory schemes with a similar objective, such as mutual benefit societies (micro-insurance) and occupational pension schemes, provided that the contributions to these schemes are not wholly determined by market forces.

Access to basic social services, such as health care, education, housing and nutrition, play a crucial part in processes towards inclusion and empowerment. They provide people, and in particular the poor and the vulnerable, with the capabilities (Sen, 1999) to fully participate in economic, social and political life. The studies included in this book show how access to basic social services and to social protection contribute to the achievement of the Millennium Development Goals, and in particular to the reduction of poverty.

This book focuses on the role of selected social protection policies in the process towards inclusion in economic, social and political life. Various chapters examine the role of specific types of social transfer programmes in the fight against poverty, and stress the need for the development and administration of such schemes that are feasible and affordable for low-income countries.

I. Three emerging policy issues

Four chapters focus on the role of universal and targeted non-contributory cash transfers. The chapters by Barrientos and by de la Brière and Rawlings examine Conditional Cash Transfers (CCTs). These transfers aim not only at reducing poverty, but also at strengthening beneficiaries' capabilities to participate in local development, and more generally in social, economic and political life. CCTs have so far mainly been introduced in middle-income countries, especially in Latin America. Two additional chapters, by Díaz Pérez on the *Chile Solidario* programme and by Kazepov and Sabatinelli on minimum income and social integration in Europe, produce complementary insights into how social assistance programmes can contribute to social inclusion.

Three other chapters analyze the process of extending coverage by social protection and the role of social rights. Lautier provides an original typology of the processes that help to advance towards universal coverage; he also examines the role of universal social rights in these processes. Chatterjee and Ranson analyze how the Self-Employed Women's Association (SEWA) has extended access to medical care and health insurance to women working in the informal economy

in India. The case study by A. Hu shows strategies for extending health care coverage in rural areas of China.

The remaining chapters revolve around the role of local development in the fight against social exclusion. The chapters by, for example, Ducados and Silveira show that there is a need for an integrated action framework including policies in areas, such as social protection (including medical care), employment, and housing. They consider that the local level (and in particular the local government) is a key factor in such integration as well as in the mobilization and coordination of actors at different levels (local, national and even international).

1. Gearing social assistance towards social inclusion and employment

Since the mid 1990s tax-financed social assistance benefits targeted on the poor and the vulnerable, has been widely adopted across a wide range of countries. Social assistance benefits are generally provided on the basis of a means test, but increasingly new conditionalities have been added. In order to increase the impact on social integration, many European countries for example, have added activation conditionalities to their social assistance programmes. Many middle-income countries have adopted CCTs to provide poor families with an incentive to send their children to school and to have regular health check-ups and basic health care treatment. Some low-income countries are presently experimenting with various social assistance schemes.

The new generation of social assistance programmes in developing countries is focused on poor households; they provide regular assistance for a period of time, and incorporate medium- and longer-term human development objectives. They also rely on intra-household allocation of responsibilities, potentially strengthening the role of women in their households and communities. New social assistance programmes generally include a mix of cash transfers and service provision. It is understood that the availability of education and health facilities is a precondition for demand subsidies to be effective. However, the emphasis is generally on the demand side and on cash transfers, because the poorest face higher relative costs in accessing social services. The poor face direct costs, such as for transport, school uniforms and books, as well as the indirect costs of foregone earnings from child or adult labour. New forms of social assistance therefore also emphasize stronger, and more positive, linkages with the labour market.

New social assistance programmes are grounded on a multidimensional view of poverty; they aim to act on several dimensions of poverty at the same time. Objectives of programmes, such as *Chile Solidario*, extend to the protection of poor households, the promotion and strengthening of their capabilities, and in particular human capital investments, and the transformation of households' exclusion and powerlessness. These programmes also acknowledge that poverty is often persistent over time, and they aim to break the cycle of intergenerational

poverty. They aim to reduce poverty and social exclusion both in the short and in the long run.

Conditional Cash Transfers have generally been successful in meeting their basic welfare objectives, namely reducing short-term poverty through increased total and food expenditures, decreasing malnutrition (stunting) among young children, higher educational enrolment, lower dropout and repetition, and reduced child labour. Spectacular improvements were recorded in, for example, Nicaragua: primary school enrolment rose from 75 per cent in the control group to 93 per cent in the treatment group. In Mexico under the *PROGRESA/Oportunidades* programme, secondary enrolment rose from 70 to 77 per cent, and in Colombia from 64 to 77 per cent for the control and treatment groups respectively.

New social assistance programmes have also significant potential for providing protection for informal workers, and can have wide-ranging and significant effects upon the performance of the labour market. They have the potential to extend to human capital investment, labour supply, labour migration and sectoral employment choice. They strengthen investment in schooling and health care by poor people. They also reduce child labour and older people's labour supply when these are the direct beneficiaries, with compensating increases in adult labour supply. In general, unconditional transfers facilitate migration, whereas conditional transfers tend to restrict it.

The *Chile Solidario* programme has been an original response to the problem that the poorest do not access available basic social services, out of ignorance and a number of other social exclusionary circumstances. The programme builds a bridge between the families and their social rights. The "Bridge" (*Puente)* component of the programme is a single and temporary psychosocial intervention aiming to personally support families and their members to overcome their situation of extreme poverty. The intervention strategy consists in the establishment of a two-year lasting relationship between the family and a person called the Family Support Person. The intervention method is focused on the achievement of 53 minimum social rights in the following seven areas: civil registration, health, education, family dynamics, housing, work and income. These objectives also serve to galvanize the actors involved, i.e. the family and the public institutions who can help to attain these objectives. During the participation in the programme the family receives a cash transfer, whose value diminishes over time.

The programme started in 2002, and by the end of 2005 about 210,000 families had been contacted. By that time about 68,000 families had benefited from the programme, of which more than 70 per cent – above the targeted success rate – had attained all 53 objectives. In 2004 the *Chile Solidario* programme became law, and was extended for a period of five more years.

Kazepov and Sabatinelli show that social policies in Europe are on a converging path, mainly as a result of the method of open coordination. However, there are also important differences in approach, which can be traced back to the values and historical development of the social welfare systems. In some

countries, mainly Scandinavian, policy-makers tend to underline the structural causes of social exclusion, and to socialize the risk and the consequences of being socially excluded through preventive policies, generous replacement rates and wide activation measures, stressing the empowerment of the recipients. In other countries, such as the United Kingdom (and, outside Europe, in the United States), policy-makers tend to stress the individual responsibilities among the causes of the social problems. Here activation is closer to a workfare interpretation, and recipients' duties tend to be emphasized more than their rights.

Countries in continental Europe, such as Germany, France and the Benelux countries, show some kind of balance between empowerment and workfare. In southern European countries, such as Italy, Spain, Portugal and Greece, social policies are weaker. Here the family is mostly charged with the responsibility to support individuals in case of social and economic difficulty. In some of these countries, such as Spain and Portugal, more consistent social assistance policies have recently been introduced. It is probably too early to observe typical patterns for countries in Central and Eastern Europe where social assistance policies were only implemented at the beginning of the 1990s and have been continuously adjusted and modified since.

Social assistance programmes in Europe have focused on activation policies, as a result of two main common trends towards increasing economic and social vulnerability. The first is the growth and persistence of unemployment and the second is the weakening of family ties, brought about by growing divorce and separation rates, resulting in more single parent households, and people living on their own. The spread of activation policies ties in with the EU Lisbon strategy, which aims at achieving a dynamic, competitive and knowledge-based economy, capable of sustainable growth, with more and better jobs, greater social cohesion and less poverty. The National Plan for Social Inclusion is the tool through which member States define their strategies in order to reach the Lisbon targets and translate them into concrete operative actions. Since 2003-05 these plans have shown greater attention to "promoting access to work" strategies and have pleaded for greater connection between the Social Inclusion and the Employment Plans, so as to create virtuous synergies between labour market and social inclusion policies.

2. Achieving universal coverage: a plurality of approaches to reach the excluded

Social protection and social security may consist of non-contributory universal benefits (like old-age pensions, paid to all residents over a certain age, or a national health service), contributory social insurance and targeted social assistance financed from central and/or local public budgets. The process of extension of social protection coverage can take place according to three dimensions, i.e. in terms of persons, contingencies and benefit levels. The Social Security (Minimum Standards) Convention, 1952 (No. 102), identifies nine social security

areas, i.e. medical care as well as benefits in case of sickness, unemployment, old age, employment injury, family circumstances, maternity, invalidity and death of the breadwinner. In many countries, health insurance and pensions are the two main contributory social protection programmes. Workers and their families in the formal economy are generally well covered by contributory programmes, in terms of both contingencies and benefit levels. Workers in the informal economy often do not have access to such programmes, but in some countries, a growing number of workers in the informal economy are covered by micro-insurance programmes, often health cost insurance programmes.

The article by Lautier analyzes two approaches to the process of extending social protection. According to the "top-down" approach the initiative originates from a central political decision leading to the adoption of laws, as well as the establishment of new institutions and modes of finance. The "bottom-up" approach originates from small-scale experiences that are gradually extended, reproduced and united so as to form a national and universal system of social protection. The "big bang" experience ("the creation of social security") could be considered as a component of the "top-down" approach. Classical examples of the "top-down" (and the "big bang") approach are the introduction of the Beveridge system in the United Kingdom after World War II, the introduction of the National Health Service in Spain in the mid-1970s, and the establishment of a national health insurance scheme in the Republic of South Korea in 1989 or a Universal Health Care Scheme in Thailand in 2001. These dates identify a key moment in history when all conditions are fulfilled to shape a national social security system, but they are always recognized as the result of a long historical process.

Another example of successful government social protection policies is Brazil, which has reached important milestones on its road towards universal coverage, and continues to make further progress. It has reached universal coverage in health services. It achieved nearly universal coverage of the elderly through its partly contributory and partly non-contributory system of pension schemes covering a large proportion, of not only urban, but also the rural population. Recently it also reorganized a number of targeted social transfers and subsidies (gas, food, education) into one system called the *Bolsa Familia*. Under this programme, households in extreme poverty receive US$20 a month plus US$7 per child below 16 years of age for up to three children. Households in poverty (with per capita household income below the minimum wage) receive only the child benefit of US$7. In December 2005, *Bolsa Familia* reached 8.2 million households. In 2004 another step towards universalization was taken, when a new law was adopted that established the *Renda Basica de Cidadania* (Basic Citizen's Income) that will not only replace the *Bolsa Familia*, but also include a number of other transfers, such as for the old and the disabled, without a means test. Lautier calls this type of progress towards universalization the "yeast in the bread" approach. It conveys the image that a change in concept

and in logic of the extension process modifies the social behaviour of all participants and galvanizes them into action, i.e. the staff of social protection institutions, the politicians, the providers of social services, and the beneficiaries themselves.

The *Bolsa Familia* (and in future the *Renda Basica*) programmes have (will) become a central element in the social integration of a large number of Brazilians who have no or little access to employment opportunities. Their relevance and importance could increase in a situation where informality and work-related poverty are on the rise. These programmes could be seen as part of a process to set a basic social floor. Their linkages with access to basic social services and other social protection programmes invert the traditional relation of "employment-leading-to-social-integration" towards a process of "access-to-social-services-and-protection-leading-to-employment-and-local-development".

In many, mainly low-income, countries, for example, where access to health care is not provided by the government, one can see a strong movement in favour of the "bottom-up" approach (see the chapter on SEWA). This movement is – amongst others – based on the micro health insurance and other community-based schemes that have emerged in many low-income countries since the beginning of the 1990s. In West Africa, for example, the ILO (2004b) estimated that about 1.5 million people contribute to such schemes. For India the ILO (2004c) estimated this number at 5.2 million, reaching almost 7 million people in 2006.

The "bottom-up" approach is often considered politically attractive, because it is supported by civil society and by the private sector. It seems to assume that costs for society will be lower, but as various analyses show, this is often not the case. The chapter on China seems to confirm that improved and extended health care coverage in rural China is achieved through a combination of voluntary contributions and heavy State subsidies. The State will always have to take charge of those who have no contributory capacity and who would otherwise be excluded.

Stand-alone, self-financed micro-insurance schemes usually cannot become sustainable and efficient social protection mechanisms capable of reaching large segments of the excluded populations. However, they can contribute to the extension process when governments recognize their importance and include them as a key dimension in their national strategies for extending social protection. When they are developed, in coordination with other components of the social protection system, micro-insurance schemes can become part of a progressively more coherent, efficient and equitable system of social protection for all (Jacquier et al., forthcoming).

3. Social security as a human right

The Universal Declaration of Human Rights states in article 22 that "Everyone, as a member of society, has the right to social security and is entitled to realization (…) of the economic, social and cultural rights indispensable for his dignity and the free development of his personality". Article 25 of the same declaration adds that "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control. Motherhood and childhood are entitled to special care and assistance." The International Covenant on Economic, Social and Cultural Rights also recognizes "the right of everyone to social security, including social insurance". The realization of this right is closely related to that of other rights mentioned in this Covenant, such the right to an adequate standard of living, to family protection as well as to health, education, housing and nutrition.

In his article, Lautier makes the point that the right to social security and to social services in general, makes it possible for everyone to also realize their political civil rights, i.e. participate in, and contribute to, a democratic society. Moreover, he sees the definition of the content of the right to social security as the concrete and legitimate way in which society can move forward to the complete universalization of social protection, including for the "most vulnerable and the extreme poor".

The ILO approach to the right of social security is laid down in the Social Security (Minimum Standards) Convention, 1952 (No.102). Moreover, the International Labour Conference (ILO, 2001), composed of Government, Employer and Worker representatives, affirmed that social security "is a basic human right and a fundamental means for creating social cohesion, thereby helping to ensure social peace and social inclusion". Convention No.102 embodies the idea of the gradual realization of full coverage, with regard to the persons protected and to the contingencies covered.

The World Commission on the Social Dimension of Globalization has introduced the notion of a socio-economic floor (ILO, 2004a). While in 2004 there was no precise definition, it was to include the following three components (ILO, 2004d): (i) fundamental rights at work and other civil and political liberties, which guarantee that the voices of the marginalized and disadvantaged will be taken into account; (ii) employment policies which combat exclusion from the labour market, raise the incomes of the working poor and enable workers to move to new jobs that fully utilize their capabilities; and (iii) social protection policies that ensure that all members of society enjoy a basic level of security in terms of income, health and other aspects of well-being. The same report lists three specific types of social protection programmes, which are important to build up a socio-economic floor in the poorest countries: community-based health insurance; non-contributory

minimum pension schemes; and cash grants for primary education. The report also stresses that implementing these policies would require "reorienting public expenditure for expanding basic coverage" and "generous international assistance".

All these approaches are consistent with the view as defended by Castel (2003), i.e. that the right to social security, which in practice is focused on income security, must be embedded in a wider policy framework that aims at the right to integration (droit à l'insertion). When everyone is entitled to the enjoyment of economic, social and cultural rights, everyone can develop their capabilities and contribute to the well-being of others. This will then ensure that everyone will have a respected and dignified place in society.

The UN Committee on Social, Economic and Cultural Rights is presently trying to define what would be the key elements of the right to social security. It considers that the rights granting social protection can be divided in two main categories, according to the nature of the legal obligation that they generate, i.e. an obligation of result and an obligation of behaviour (Kulke and López Morales, 2005). Under the obligation of result, member States (in some cases with the help of the international community) are held to immediately provide certain social protection benefits. In this context, a basic minimum floor could consist of the following elements: (i) access to health care realized through a variety of financing mechanisms but part of a coherent national system; (ii) family benefits that help to fight child labour and permit children to go to school; (iii) a system of basic cash transfers associated with public work programmes and similar labour market policies (such as cash for work programmes) that helps to overcome abject poverty for the able-bodied; and (iv) a system of basic universal pensions for old age, invalidity and survivorship that in effect support whole families. The second group of rights, linked to an obligation of behaviour, would permit the progressive realization of other social protection programmes, in line with the priorities and the development level of each member State.

II. How can things be improved?

The key issue for social protection and inclusion is to design and implement policies that can extend social protection coverage in low-income countries. These conclusions will therefore focus first on two policy areas that are of particular and potential interest for low-income countries, i.e. the potential role of non-contributory (universal or targeted) cash transfers and the impact of local development strategies. For all countries, it is essentially at the national level that strategies for social protection for all can be designed, supported and coordinated. In the third section we shall therefore examine ways in which national social protection strategies can be designed and implemented. National efforts, in particular those by low-income countries, will have to receive financial and technical cooperation support at the global level. This will be reviewed in section four.

1. Cash social transfers and inclusion in low-income countries

Various chapters in this book have shown the important social and economic effects of universal or targeted social pensions and CCTs in middle- and high-income countries. The question is now whether, and to what extent, such transfer programmes can play such a role in low-income countries, which have fewer tax resources and weaker administrative capacity.

One of the great advantages of cash benefits is that they reduce poor people's vulnerability, and enable them to better manage their risks. This is a point made by Prowse (2003) – i.e. that the state of vulnerability itself should be more widely recognized as being a cause, symptom and constituent part of chronic poverty. An interesting example of the favourable impact of cash benefits is the pilot targeted cash transfer scheme in Zambia's Kalomo District (GTZ, 2004). Through cash transfers part of the family income is stabilized, which enables poor people to take better control of their situation and in some cases even allows them to take investment decisions.

One important policy challenge concerns the financing of basic social protection for the elderly through non-contributory social pensions, in low-income countries of sub-Saharan Africa. A recent ILO study (Pal et al., 2005) projects the cost of tax-financed pension and invalidity benefits for seven sub-Saharan African countries according to three scenarios. The Base Case scenario adopts a low level of universal old-age and invalidity pension – US$0.50 (PPP) per day that is in line with Millennium Development Goal No.1. The second scenario sets the universal pension level initially at 30 per cent of GDP per capita. The third scenario sets the benefit level at US$13.71 (PPP) per month that will be provided to the 10 per cent most destitute households. This scenario is based on the GTZ experiment in Kalomo District, Zambia (GTZ, 2004). Under the base scenario, the cost of universal old-age and invalidity pensions will generally not amount to more than 0.3 to 0.6 per cent of GDP. Under scenario two the costs will be about double, i.e. on average about one per cent of GDP throughout the projection period. Under scenario three, the benefits and administration costs are generally not higher than 0.3 per cent of GDP. The GTZ study (2004) estimates the overall costs (including administrative costs) of scenario three in Zambia at 0.4 per cent of GDP. The costs seem affordable, but are higher, in some cases, than what countries spend now. Implementation of these basic benefits would thus require not only reallocation of resources, but also raising new domestic resources in the long run and – in some cases – substantial additional international financing for a transition period.

Another policy question is the choice between universal and targeted/means-tested pension benefits. The advantage of universal pensions is that entitlements are based on clear rights, that universalism prevents the potential stigma sometimes associated with targeted benefits and, thus, may be much more powerful in enhancing social inclusion. Also, the costs are more predictable, administration

less complex and, therefore, more feasible and administrative costs significantly lower. On the other hand, a universal pension requires more resources to finance benefits and it may sometimes be difficult to gain sufficient political support against a "targeted" option which might seem cheaper and be concentrated on the most vulnerable. While the overall costs of targeted, means-tested pensions will, initially, be relatively low, they may increase considerably over time when political pressure for more generous eligibility criteria and for more benefits is likely to grow. In general, it is recommendable to examine the question of non-contributory, tax-financed pensions in the context of a wider perspective on old-age income security and of existing or planned contributory social protection programmes. Such a coherent perspective would also include the role of the family, as well as the impact of savings and other assets, such as land and housing (van Ginneken, 2005).

Finally, there is key policy challenge as to whether cash transfers conditional on school attendance or on participation in certain public health programmes (CCTs) can be applied in low-income countries, particularly in sub-Saharan Africa. Lavinas (2003) assesses the conditions for a successful introduction of school incentive payments in Mozambique. She estimates that it would require substantial outside money and an overhaul of the existing tax-financed social benefits. As noted before, low-income countries have limited administrative and financial resources to implement CCT programmes. In addition, many conditions have to be fulfilled before CCTs can have a long-term development impact. The most important one concerns the availability of quality education and health services. One important policy choice (which includes the need to sequence policy choices properly) is, therefore, between improving the availability of quality services and providing incentives to use them. Another issue concerns orphans, whose parents have often died from AIDS, and who constitute a major vulnerable group in sub-Saharan Africa. In this case CCTs could be used to compensate grandparents for the care they provide to their grandchildren, and to motivate them to send their grandchildren to school.

2. Extending social protection within local development strategies

In many countries local strategies to fight poverty and social exclusion have basically focused on employment creation and income generation. However, social protection has increasingly become a key element in local strategies, because of its social (poverty-reducing) and economic (productivity-enhancing) impact. It also helps to address basic needs revealed by participatory approaches within local development.

Particularly in low-income countries with low governance capacity, access to social protection will greatly benefit from local development initiatives. In those countries, the local population can use different forms of organizations, such as cooperatives, to create employment and generate incomes and to organize

social protection benefits. In middle-income countries local economic policies constitute a strong base for economic expansion and the creation of more and better jobs. In these circumstances the quantity and quality of employment is enhanced by the direct and indirect beneficial effects of social assistance benefits on households and the local economy. In Brazil for example (Schwarzer and Querino, 2002), the electronic banking card received by every social pension beneficiary is often used as a proof of creditworthiness for business loans, since in small villages retired people are among the few persons who can count on a regular income. Also in high-income countries local development strategies tend to adopt combined social and economic (labour market) approaches, for example in the context of the decentralization of social policies and social assistance.

In their chapter Kazepov and Sabatelli draw a number of lessons from their analysis of the European experience with minimum income and social integration policies. In general, they observe a very clear trend towards more coordination and networking. This is particularly important for the implementation of activation measures that, by definition, involve different stakeholders, belonging to different sectors (public, for-profit and not-for-profit) and operate at different institutional levels. However, coordination difficulties can still occur at the three following stages of the activation process: (i) application reception and analysis of eligibility conditions; (ii) design and identification of resources for the individualized integration project; and (iii) job experiences and job achievement.

Also the chapter on Chile Solidario shows the necessity of local coordination. When certain families have been recognized as living in extreme poverty, a municipal Family Intervention Unit (UIF) is set up to make sure that all actors and institutions are well coordinated and that an adequate supply of social services is available. The key concept for collaboration is the so-called local intervention network, defined as "all actors in a certain area that share a common vision (on how to support families in extreme poverty)". This is an open and informal network; it tries to avoid duplication, it promotes synergy and it establishes the operational links with the various actors and institutions.

Local strategies to fight social exclusion also need to link up with, and be supported by, national policies and vice versa. This is shown in the chapter by de la Brière and Rawlings. They confirm that for CCT programmes to be effective, beneficiaries require minimum access to schools and health centres. As noted before, some of the poorest households who live in communities, which are severely underserved, cannot benefit from CCT programmes. Institutional coordination with the supply-side ministries is therefore crucial. In Mexico for example, children who live more than three kilometers from primary school will not attend school, in spite of incentives, such as CCTs or transport subsidies. Thus, for those children the construction of additional schools is a necessity. A related issue is the quality of services provided. Without greater attention to the provision of quality services, CCT programmes run the risk of condemning poor households to use low and worsening-quality services, as demand increases.

3. National strategies for social protection and inclusion

We have seen that government actions and rights-based approaches are crucial for achieving more and better social protection coverage. National strategies and action plans are therefore needed to coordinate, strengthen and galvanize all actors that can bring about social protection for all. However, such strategies and plans should at the same time be flexible and leave room for local and demand-driven approaches.

The central objective of national strategies is to extend access to a set of priority social protection benefits to as many people in a country as possible with a view to reduce the incidence of poverty, social insecurity and vulnerability (with a special emphasis on closing coverage gaps in the informal economy and rural areas). Particularly in low-income countries, it will not be possible to provide immediate social protection coverage in all its dimensions, i.e. for all contingencies, for all population groups, and at high benefit levels. Various choices and trade-offs will have to be made here, priorities set and implementation plans sequenced. Since there is no single right model for the extension process in every context, there is a plurality of mechanisms and actors that can bring this about.

The national strategy needs to provide a coherent and well-integrated framework for this plurality of mechanisms and actors, and they need to be well coordinated with other social and economic policies, such as on poverty reduction, employment, health and labour protection. The process of extension is a complex issue, which needs strong political commitment and lasting efforts, based on a permanent process of social dialogue (Reynaud, forthcoming). If know-how is not available or affordable, technical assistance should focus both on national actors for the design and development of national strategies and action plans as well as on local actors to define their own strategies and tools to extend social protection.

4. Global actions and strategies

Global actions and strategies are needed to support national strategies to extend social protection. One important step towards a global strategy would be to achieve agreement on objectives. Many developing countries aim at universal social security coverage in key areas, such as health and pensions. Some countries have achieved this and others are on the way to doing so. International indicators of social security and protection coverage need to be developed and agreed upon so as to (i) focus public – and policy-makers'– attention; and (ii) map out the road towards progressively realizing the right to social security

A key element in this strategy must be the Global Campaign on Social Security and Coverage for All, which was launched by the International Labour Conference in 2003 (ILO, 2003). The principal aims of the campaign are to show

that there are cost-effective ways of extending social protection and of developing new mechanisms especially appropriate to low-income countries. Various middle-income countries have shown that full coverage for pensions and health insurance is feasible, or is about to be achieved. In high-income countries, the emphasis is on vulnerable groups and on maintaining adequate levels of social security protection. Substantial international donor support is needed for low-income countries to achieve basic social security coverage, as a major element in their efforts to reduce and then eliminate poverty.

Another initiative is the introduction of the so-called "Global Social Trust" (ILO, 2002) to support the build-up of national social protection systems through international solidarity, for example through voluntary contributions from social security participants in rich (OECD) countries. The Global Social Trust aims at lifting people in the poorest countries – hitherto without access to social protection – out of poverty faster through the provision of basic social security, such as pensions and access to health care. The first pilot project undertaken within the context of the Global Trust experimented with subsidizing social health insurance contributions of the poor in Dangme West District, Ghana (ILO, 2005b). The international community should support further research on the feasibility of new global cash transfer financing mechanisms and pilot test them in different settings.

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About the authors

Armando Barrientos is a research fellow at the Institute of Development Studies, University of Sussex. He gained his BA and Ph.D. from the University of Kent at Canterbury in the UK. His research interests focus on the linkages existing between welfare programmes and labour markets in developing countries, and particularly social protection, pensions and health insurance and on their effectiveness in reducing poverty and vulnerability. He is a senior researcher with the Chronic Poverty Research Centre, leading research on insecurity, risk, and vulnerability. His work has been published widely, including articles in *World Development*, *Applied Economics*, The Manchester School and Geneva papers on risk and insurance, and he is the author of Pension Reform in Latin America (Ashgate, 1988). He has acted as an adviser to the ILO, the World Bank, DFID, UNRISD, IADB, WIEGO, and the Caribbean Development Bank.

Mirai Chatterjee is the Coordinator of Social Security at SEWA. She is responsible for SEWA's health care, child care and insurance programmes. Prior to this she was General Secretary of SEWA for three years and Coordinator of SEWA Health Team for 12 years. She is currently Chairperson of the SEWA - promoted health cooperative – Lok Swasthya. Ms. Chatterjee has a B.A. from Harvard University in History and Science and a Master's degree from Johns Hopkins University's school of Hygiene and Public Health. She has written several papers on organizing and the empowerment of women workers, social protection of women and health care in India. She is currently adviser to the National Commission for the Unorganised Sector and the National Rural Health Mission. She is also a commissioner in WHO's new Commission on Social Determinants of Health. She is based at SEWA in Ahmedabad.

Luciano d'Andrea is a sociologist and senior researcher at Associazione di ricerca e formazione (CERFE), a private non-profit social research centre based in Rome. He has carried out many research projects on social exclusion-related

issues, mainly in Africa and Europe, on behalf of different agencies, such as the World Bank, UNDP, WHO and the European Commission. His other research fields of interest are urban development, international migrations, conflict resolution and gender issues.

Bénédicte de la Brière is a Social Protection Specialist in the Latin America and Caribbean Region of the World Bank. Prior to this assignment, she was a Department of International Development (DFID) adviser to the Brazilian Ministry of Social Development and participated in the design of the *Bolsa Família* programme. A French national, she studied biometrics at Ecole Normale Supérieure in Paris and holds a Ph.D. in Agriculture and Resource Economics from the University of California at Berkeley. Her post-doctoral research at the International Food Policy Research Institute focused on intra-household impacts of rural development and childcare programmes. Her present work includes design (with the inclusion of indigenous people) and evaluation of CCT programmes, integrated social protection policy and early childhood interventions.

Cecilia Díaz Pérez is a social worker with a degree from the University of Concepción, Chile. She has postgraduate studies in local and regional development from Michel Montagne University, France; and in public management and development from the INDES Institute, United States. Ms Díaz has been head of research and then Executive Director of the National Foundation for Overcoming Poverty. In 2002, President Lagos designated her Minister of Planning, a period during which she managed the design and setting-up of the social protection system *Chile Solidario*; then, she held the post of Minister of the National Service of Women's Affairs. In March 2006, President Bachelet nominated her Executive Director of the Solidarity and Social Investment Fund (FOSIS), a government agency specialized in overcoming poverty, meant for the implementation of the Puente Program, as one of its objectives.

Henda Ducados is a founding member of the Rede Mulher/Angola (Gender Network) and the Deputy Director of the Social Action Fund (FAS) in Angola. Ms. Ducados has over 12 years experience in development operations and research management in strategic planning and gender programming. She holds a Master's degree in Gender and Development from Sussex University, UK. She was a founding member of the Angolan Institute of Research. She contributed to the 1999 and 2004 Human Development Reports for the United Nations Development Programme (UNDP), Luanda, Angola.

José Fialho Feliciano is an anthropologist and lecturer at the *Instituto Superior de Ciências do Trabalho e da Empresa* and other Portuguese universities. He is a founding member and currently chairman of the board of the *Centro de Estudos Africanos* (CEA). He is a lecturer in the Master's course in African Studies at

the *Instituto Superior de Ciências do Trabalho e da Empresa*, and has been a tutor for Masters' and Ph.D. theses in social sciences over the years, particularly in the area of African Studies. His focus has mainly been on Mozambique and economic anthropology.

Aidi Hu is a social security specialist of the Social Security Department of the ILO in Geneva in charge of Asian countries, with a particular focus on China. She has accumulated 18 years of experience in the field of social security, including 13 years at the international level. Prior to joining the ILO, she had worked for three years as an economist and deputy division chief for the State Council and five years as an acting chief in charge of social security reform in the State Commission for Restructuring the Economic System. Ms. A. Hu holds a Diploma in Social Security (University of Oxford) and a Master's degree in Banking and Public Financing (People's University of China). As a native Chinese working in an international environment, she has a specific insight into China's social security. She has recently published, in either English or Chinese, numerous papers concentrating on social security.

Yuri Albert K. Kazepov is professor of Urban Sociology and Comparative Welfare Systems at the University of Urbino. He is a member and chairperson of the evaluation panel of the Finnish Academy of Science and thematic and national expert in the peer-review process of DG employment, within the evaluation of social inclusion policies (NAPincl) for, INBAS (D), European Centre Vienna (A), NIZW (NL). He is also a member of the management committee of COST Action 26 on "European City-Regions in an Age of Multi-level Governance" and Italian representative and deputy head of the Institute of Sociology, Faculty of Sociology. Prof. Kazepov participates in various other projects and activities related to research, networks and education. He is currently heading an international project on social welfare policies and multi-level governance in Europe, coordinated by the Vienna Centre.

Bruno Lautier has a doctorate in economics and is a professor of sociology at the Institute for the Study of Economic and Social Development at the University of Paris I (Panthéon-Sorbonne). Initially his research focused on the history of economic thinking and household economics, but in the past 20 years it has centred on developing countries, especially those of Latin America. Dr. Lautier has published numerous articles and two books on the informal economy. In the past ten years he has worked essentially on poverty reduction policies and social policies in developing countries, from the comparative point of view, and also on household work.

Carlos Manuel Lopes is an economist and researcher with the *Centro de Estudos Africanos* (CEA). He has a Master in African Studies and is preparing a doctoral thesis on informal markets in Luanda. He has participated in various research projects on the informal economy in Angola and Mozambique, entrepreneurs and entrepreneurship in Africa, urban economics, cross-border economy in Angola. He is a lecturer in the Master's course in African Studies at the *Instituto Superior de Ciências do Trabalho e da Empresa*, and tutor for various theses on the African economy.

M. Kent Ranson is a lecturer in health economics and financing at the Health Policy Unit, London School of Hygiene and Tropical Medicine, and a research team leader of Self-Employed Women's Association Insurance (Vimo SEWA). Dr. Ranson has degrees in clinical medicine (MD, McMaster University), public health epidemiology and biostatistics (MPH, Harvard University), and health economics and financing (Ph.D, University of London). He is currently heading a research project that will assess the impact of several interventions aimed at optimizing the equity impact of Vimo SEWA. He has a particular interest in community-based health financing, and his other research interests include: the cost-effectiveness of public health interventions (e.g. anti-tobacco, anti-malaria and anti-trachoma-blindness) and the identification and measurement of characteristics of health systems that prevent implementation of the (theoretically) most cost-effective interventions.

Laura B. Rawlings is the Country Sector Leader for Human Development for Central America at the World Bank. She is responsible for policy dialogue on social sector issues and for coordinating the World Bank's health, education and social protection portfolio in the region, including research projects and loans. She has also worked in the World Bank's Development Research group on the evaluation of social programmes and as a member of the Social Protection team in the Latin American and Caribbean region where she was responsible for research and operations in the areas of conditional cash transfers, social funds and social protection systems. Prior to joining the World Bank she worked for the Overseas Development Council. She holds an M.A. in economics from Johns Hopkins University, an M.A. in international political economy from the University of Belgrano in Argentina and a B.S. in Foreign Service from Georgetown University.

Stefania Sabatinelli is a post-doctoral research fellow at the European Studies Centre (Sciences-Po) Paris. She holds a PhD from the University of Milan-Bicocca and is project assistant of the Research and Training Network in European Urban and Local Studies at this university. She has also worked as a trainer of childcare professionals and tutor of socio-economic courses, in Italy. Recent research includes minimum income, education, labour, and social policies as well as socio-professional integration, and early childcare.

Caio Márcio Silveira is a sociologist and Special Project Coordinator of the Information Network for the Tertiary Sector (RITS), and coordinator of the Brazil Local Development Expo (since 2002). He has also worked as General Coordinator of the Advisory, Planning and Research Nucleus (NAPP), and as a consultant for UNICEF. Mr Silveira has published several papers on labour and development policies at local and national levels in Brazil. His works also include research on the urban informal sector and methodologies of training.

Cristina Udelsmann Rodrigues is an anthropologist and researcher with the *Centre D'Économie du Développement da Université Montesquieu* – Bordeaux IV and the *Centro de Estudos Africanos* (CEA). She has a Ph.D. on salaried work and family strategies in peri-urban neighbourhoods in Angola and participated as researcher in various studies about Africa, in particular, on urban socio-economic questions in Angola. She is a consultant for a number of international organizations in social and economic areas, more specifically in the contexts of Angola, São Tomé and Principe and Mozambique. She is also a board member of the *Centro de Estudos Africanos.*

Wouter van Ginneken is a consultant. He holds a degree in philosophy and a PhD in development economics. He joined the ILO in 1973, and worked for nine years as a research economist in the World Employment Programme. Between 1982 and 1993 he was Chief Editor for three World Labour Reports and directed the publication of two others. Since 1994 he has been working on social security and has concentrated on workers in the informal economy. His last position at the ILO was Coordinator of the Global Campaign on Social Security and Coverage for All. He is a member of the Editorial Board of the International Social Security Review, and is currently working as a guest editor – with Roddy McKinnon (ISSA) – on a special double issue (2-3/2007) on "Extending social security to all". He has extensively published on employment, income distribution, technology and social security – in developed, transition and developing countries. His latest books are two edited volumes on "Social security for the excluded majority (1999)" and one (with Fabio Bertranou and Carmen Solorio from the ILO) on: "Non-contributory social assistance pensions: Argentina, Brazil, Chile, Costa Rica and Uruguay" (2002; in Spanish).