A CASE STUDY

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Effectiveness of social security net works- Myths and realities

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ABSTRACT

The social safety net is a collection of services provided by the state or government sector for the welfare of poor people which include welfare programmes, unemployment benefits, elderly people benefits, healthcare, homeless shelters, and sometimes subsidized services such as public transport, which prevent individuals from falling into poverty. The programmes protect the families from the impact of economic shocks, natural disasters, and other unexpected crises; ensuring that children grow up healthy, well-fed, and can stay in school and learn; empowering women and girls; and creating jobs. Social safety nets come in many forms like cash, food, healthcare, housing, household goods or education for children etc. According to the State of Social Safety Nets 2015 statistics, more than 1.9 billion people in 136 low and middle-income countries are now on beneficiary rolls of social safety net programmes. Different countries have different social safety nets to meet the needs of people. Average social expenditure among OECD (Organization for Economic Co-operation and Development) countries was over 21 per cent of GDP in 2014. OECD countries operate different programmes like minimum income programme, housing benefits, family benefits, benefits for lone parents, employment –conditional benefits for able bodied people, child care benefits. The average developing country spends 1.6 per cent of GDP on social safety nets. In Sub-Saharan Africa and South Asia, where most of the global poor live, social safety nets cover just one-tenth and one-fifth of the poorest 20 per cent of the population, respectively. The world's five largest social safety net programmes are all in middle-income countries (China, India, South Africa and Ethiopia) and reach over 526 million people.India spends about 0.72 per cent of the Gross National Product (GDP) on social safety net programmes. Pakistan and Bangladesh – spend a higher proportion on social safety net, *i.e.* 1.89 per cent and 1.09 per cent. In Brazil, under "BolsaFamilia" programme 53 per cent of Brazil's poor (or the bottom quintile) are covered. Mexico established its own conditional cash transfer programme, known as Prospera has been credited with improving education levels, strengthening nutritional status, and reducing poverty. Elements of Prospera have been replicated in more than 50 countries. In cities of China, there are different pension systems for civil servants, public services workers, urban employees and urban residents. Canada provides transfer payments for medicare and public education.The CLMV countries *i.e.*, Cambodia, Laos, Myanmar, and Vietnam have their own framework for food security and social safety nets, as they are heterogeneous in terms of financial capacity, demographic structure, and institutional settings. The Global Hunger Index (GHI) shows a significant reduction in hunger incidence in the CLV countries due to social safety nets. The social security net in developing countries is characterized by excessive overheads, non-compliance by companies, mismanagement and corruption, poor administration and under-payments. It is hard to administer, hard to understand and inflexible in a fast-changing and increasingly mobile society. Social Security has failed to provide an adequate return on investment. Information systems need to improve, and more basic data need to be collected on the number and type of beneficiaries covered as well as on programme outcomes so that policy makers and planners can use this information to improve programme design and coordination and attract financial resources and donor support.

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INTRODUCTION

Social protection has several definitions depending on the scope it covers. The major aim of social security is to enhance the lives of the poor. Social protection is briefly defined as the interventions in the labour market, social insurance, and social safety nets. Social protection comprises activities related to the protection of child labourers, protection of industrial relations, pensions, insurances and social funds to support vulnerable groups like children, differently abled, old aged, poor and disadvantaged.Social protection also covers all public interventions that enable individuals, households, and communities tomanage risks and support the critically poor.

The major focus of the social protection system across the worldis to changethe trend from short-term “social safety nets”to long term protection of basic consumption levels, particularly for the poor and disadvantaged groups, andto invest in the human capital to help them to escape the inter-linked poverty trap and have a better standard of living. Within the social protection system, though treated as short term interventions, social safetynets play an important role in achieving the long-term goal of social protection. Different countries have different social safety nets to meet the needs of people. The target group, programmes and their benefits varies from country to country.

Social safety net programmes constitute a small part of the social protection and poverty-reduction system, but are effective if implemented properly. Social safety nets are in the form of non-contributory transfer programmes that include monetary transfers, in-kind transfers, and price subsidies for basic products that are aimed at preventing the poor or those vulnerable to adverse shocks and poverty from falling below a certain income or consumption level. Examples of such transfers may include monetary transfers, health insurances, pension schemes and price subsidies for basic products (e.g., education, electricity, etc.) providing either regular or conditional support. Both public sector, generally the state or development partners and the private sector (such as non-governmental organizations, private firms, charities, etc.) participate in these programmes to help the people to reduce vulnerability and poverty among various social groups (Thanh, 2012).

According to The State of Social Safety Nets 2015 report, the combined spending on social safety nets in 120 developing countries amounted to about US$329 billion between 2010 and 2014. Well-designed programmes are cost-effective, costing countries only between 1.5 per cent and 1.9 per cent of GDP –far less than most government spending on fuel subsidies.

In terms of global social safety net coverage, the report shows that countries at lower levels of income face the greatest gaps in reaching the poorest people:

– The world’s five largest social safety net programmes are all in middle-income countries (China, India, South Africa and Ethiopia) and reach over 526 million people.

– In low-income and lower-middle-income countries, social safety nets cover only 25 per cent of the extreme poor, compared to 64 per cent in upper-middle-income countries.

– In Sub-Saharan Africa and South Asia, where most of the global poor live, social safety nets cover just one-tenth and one-fifth of the poorest 20 per cent of the population, respectively.

– Coverage of the poorest is in urban areas, where an estimated 863 million people live in precarious settlements, also remains a challenge.

Adequacy of social safety net programmes is measured by the total transfer amount received by the population participating in social safety net programmes as a share of their total welfare. Welfare is defined as the total income or total expenditure of beneficiary households. By combining different issues of a country, five types of social safety nets programmes are generated, which includes (adapted from World Bank Report, 2012 and Grosh *et al.*, 2008):

– Conditional cash transfers (CCTs) provide cash to participants upon their fulfilment of a set of conditions or co-responsibilities. Examples include programmes that combine one or more conditions such as ensuring a minimum level of school attendance by children, undertaking regular visits to health facilities, or attending skills training programmes; conditional cash transfers also include school stipend programmes. For example, Mexico's Oportunidades programme falls under this category. School feeding and fee waivers cover around 600 million people, or almost one-third of safety net beneficiaries. Unconditional cash transfers and conditional cash transfer programmes, including public works, reach 718 million people or 36 per cent of global social safety net beneficiaries.

Conditional cash transfers are the best targeted safety net programmes, devoting as much as 50 per cent of benefits to the poorest 20 per cent of the population. This is evident in the case of large-scale conditional cash transfer programmes in Latin America, such as *Bolsa familia* in Brazil and*Prospera* in Mexico; and Asia, such as the *Pantawid* in the Philippines (The State of Social Safety Nets 2015 report).

– Unconditional cash transfers (UCTs) include the provision of cash without co-responsibilities. Examples embrace various cash transfer programmes targeted to particular categories of people, such as the elderly (also known as "social pensions") or orphan children.The Hunger Safety Net programme in Kenya represents an example of such social safety net type. Social pensions and unconditional cash transfers are less well targeted to the poor.

– Conditional in-kind transfers (CITs) involve, similarly to conditional cash transfers, formsof compliance such as ensuring a certain level of monthly school attendance. In this case, however, the form of transfer is in-kind. Typical examples of conditional in-kind transfers are school feeding programmes that provide on-site meals to children in schools. Sometimes, these programmes also visualise "take-home" food rations for children's families. An example includesIndia's Mid-day Meal Programme.

Unconditional in-kind transfers (UITs) envision the distribution of food, vouchers, or otherin-kind transfers without any form of conditionality or co-responsibility. Examples may include the provision of fortified food supplements for malnourished pregnant women and children. The Public Food Distribution System in Bangladesh is an example of unconditional in-kind transfers.

– Public works programmes (PWs) engage participants in manual, labour-oriented activities such as building or rehabilitating community assets and public infrastructure. Examples include seasonal labour intensive works for poor and food insecure populations. Public work simplemented under the Productive Safety Net Programme in Ethiopia illustrate such type.

Social safety net programmes are implemented all over the world depending on the needs of the population of the country. This paper tries to study about the implementation and functioning of social safety net programmes implemented in different countries, with a major focus in India.

A World Bank report titled The State of Social Safety Nets, 2015 says, India spends about 0.72 per cent of the Gross National Product (GDP) on social safety net programmes, whereas developing countries spend an average of 1.6 per cent of GDP. Low-income and middle-income countries devote approximately the same level of resources to social safety nets (1.5 and 1.6 % of GDP, respectively), while richer countries spend 1.9 per cent of GDP on average.This report identifies India as a "lower middle income group" country and finds that all other BRICS countries, except China, spend a higher proportion of funds on social safety net. Brazil spends 2.42 per cent, Russia 3.30 per cent, China 0.70 per cent, South Africa 3.51 per cent, and South Africa 3.51 per cent of GDP. Interestingly, even the two of India's neighbours – Pakistan and Bangladesh – spend a higher proportion on social safety net, 1.89 per cent and 1.09 per cent. Among the most important social safety net programmes of India, which the report identifies, are the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), covering 58 million beneficiaries, and school feeding programmes, covering 105 million beneficiaries. In 2012- 2013, nearly 50 million households found some employment through this program, and it generated nearly 2.3 billion person-days of employment. A special feature of NREGA is that it provides a guarantee or justiciable right to employment.

Apart from MGNREGA, the Public Distribution Scheme (PDS) is one of the major in-kind transfer programmes implemented in 1990's has been the primary instrument for achieving food security. Under the PDS, the Indian government guarantees a minimum support price for particular agricultural products, purchasing them and then releasing some at subsidized rates to families below the povertyline. The food subsidy, along with fuel and fertilizer subsidies, constitutes the bulk of public subsidies, costing the government about $15 billion in 2012. In 2013 India passed a landmark food security bill under which 75 per cent of the rural population and 50 per cent of the urban population—an estimated 800 million people—will receive 5 kilograms of wheat, rice and coarse cerealseach month for the equivalent of about 5 cents, 3 cents and 2 cents per kilogram, respectively. This is estimated to increase the food subsidy by an additional $6 billion. Critically, however, the PDS has been given a legal umbrella, making it a justiciable right.

Integrated Child Development Services (ICDS)is another programme implemented on a large scale by the Indian government. As a part of this programme, food, preschool education, and primary healthcare to children under 6 years of age and their mothers is given. These services are provided from Anganwadi centres established mainly in rural areas and staffed with frontline workers. In addition to fighting malnutrition and ill-health, the programme is also intended to fight gender inequality by providing girls with the same resources as boys.

Another programme, The Indira Gandhi National Old Age Pension Scheme (IGNOAPS), a non-contributory old age pension scheme aims to provide pension to Indians who are 60 years and above and live below the poverty line. Around Rs. 300 per month, for people who are from 60-80 year age group will be given as an assistance from the government and around Rs. 500 per month will be given for people above 80 years.

Other type of programmes in India, include the direct cash transfer programmes. The Janani Suraksha Yojana (JSY), known as the National Maternity Benefit Scheme in an earlier incarnation, is a safe motherhood scheme that promotes institutional delivery among poor pregnant women by providing them with cash benefits for such deliveries. In addition, community-level accredited social health activists (ASHAs) are tasked with identifying eligible women and helping them arrange prenatal health checkups, postnatal tests, immunization for the newborns and so forth. A data from the Indian government released in the year 2011-12 indicate that more than 57million women have received benefits under the JSY since its inception in 2005.

A second set of policies begun in 1995 as National Social Assistance Programme (NSAP)—which includes an old-age pension scheme, a widowpension scheme, a disability pension scheme and a scheme for assistance to families in case of the death of the primary breadwinner. Benefits from the four NSAP schemes reached more than 27 million people by 2012. A recent study found that the allocation for the programme has increased three fold in the past six years, reaching $1.4 billion in 2013-2014.

Another programme that seeks to address long-term need of people is the Indira Awaas Yojana (IAY), or Indira Housing Scheme. This housing scheme provides cash grants to the rural poor to construct dwelling units or improve "kutcha" or temporary units. The IAY is among the most expensive schemes run by the central government. In 2012-2013, for example, $2.2 billion was al located to this programme. A recent World Bank study estimated that about 1.6 million houses are built every year under the scheme.One aim is to augment incomes of the rural poor through a variety of job creation programmes.

The Rashtriya Swasthya Bima Yojana (RSBY) or the National Health Insurance Programme, seeks to protect poor families from negative income shocks caused by health needs. The central and state governments directly pay the insurer on behalf of beneficiaries,who are entitled to hospital services worth upto approximately $460 every year. The beneficiaries are responsible for paying only a small registration fee of about 45 cents out of pocket, and later the premiums can be paid. A study by the Center for Global Development found that more than 110 million people have received benefits from this scheme, and that the scheme has been found to increase utilization of hospital care by the poor and reduce out-of-pocket payments for healthcare.

Bangladesh, which is considered a developing poor country, has about 40% people of the country is below poverty line. Most of the poor here are poor even when the economy is good. So just making the macro-economy of Bangladesh sound and healthy will not eliminate this poverty. Social safety net programmes are required to save these people. Different programmes like food for work, scholarship for poor students, subsides, zakat etc. is effectively helping the poor in Bangladesh to get some fresh air inside the suffocating poverty of their life (Chakrirkhabar, 2015).

Vietnam has a variety of programmes aimed at households, including preferential access to credit, education and social service subsi- dies, and cash transfers. The current social safety net system in Cambodia focuses on support for pensioners (including civil servants and veterans), support for employees in the formal private sector, food for school students, food for workers, and scholarships targeted at female students.

Washington, spends lots of money on programmes like Medicare and Medicaid But unlike its industrialized peers, the U.S. still doesn't have universal coverage.

In Canada, provinces and territories are responsible for compulsory education upto the age of 16 in most provinces, 17 and 18 in others. Most Canadian seniors are eligible for Old Age Security, a taxable monthly social security payment. The federal government also offers the Universal Child Care Benefit to subsidize the cost of daycare spots or other forms of childcare. The Ontario government has the Ontario Disability Support Programme which offers income and employment assistance for disabled people and the Assistive Devices Programme to provide funding to help pay the cost of assistive devices for people with long-term physical disabilities.

These examples show that the programmes implemented in other countries are different from those being implemented in India, which is a developing country. This gives a hint that the social safety net programmes are always related to the needs based to that country.

Conclusion :

To conclude, Social safety nets are charity works provided by the government, NGOs or individuals to save the people of a country from falling below poverty line. Social safety nets provides different forms of helps like cash transfer, food-based programmes, school supplies, price subsides for food, power or transport, waiver for health care etc. which has the major aim to fight poverty. These examples mentioned above in this paper shows that depending upon a country's financial state and people's requirements, different countries implement different kinds of social safety net programmes in order to help the people living in poverty and help them have a better life. Social safety net programmes are important tools for poverty alleviation. However, studies about their effective governance are very few. Hence, good amount of research has to be taken upto study the efficiency of these programmes so that the loopholes can be identified and further developments can be taken upto exactly meet the needs of the poor and disadvantaged.

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