

Preventing and reducing poverty in times of crisis – the role of social protection in Eastern Europe and Central Asia

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UNICEF/ODI conference

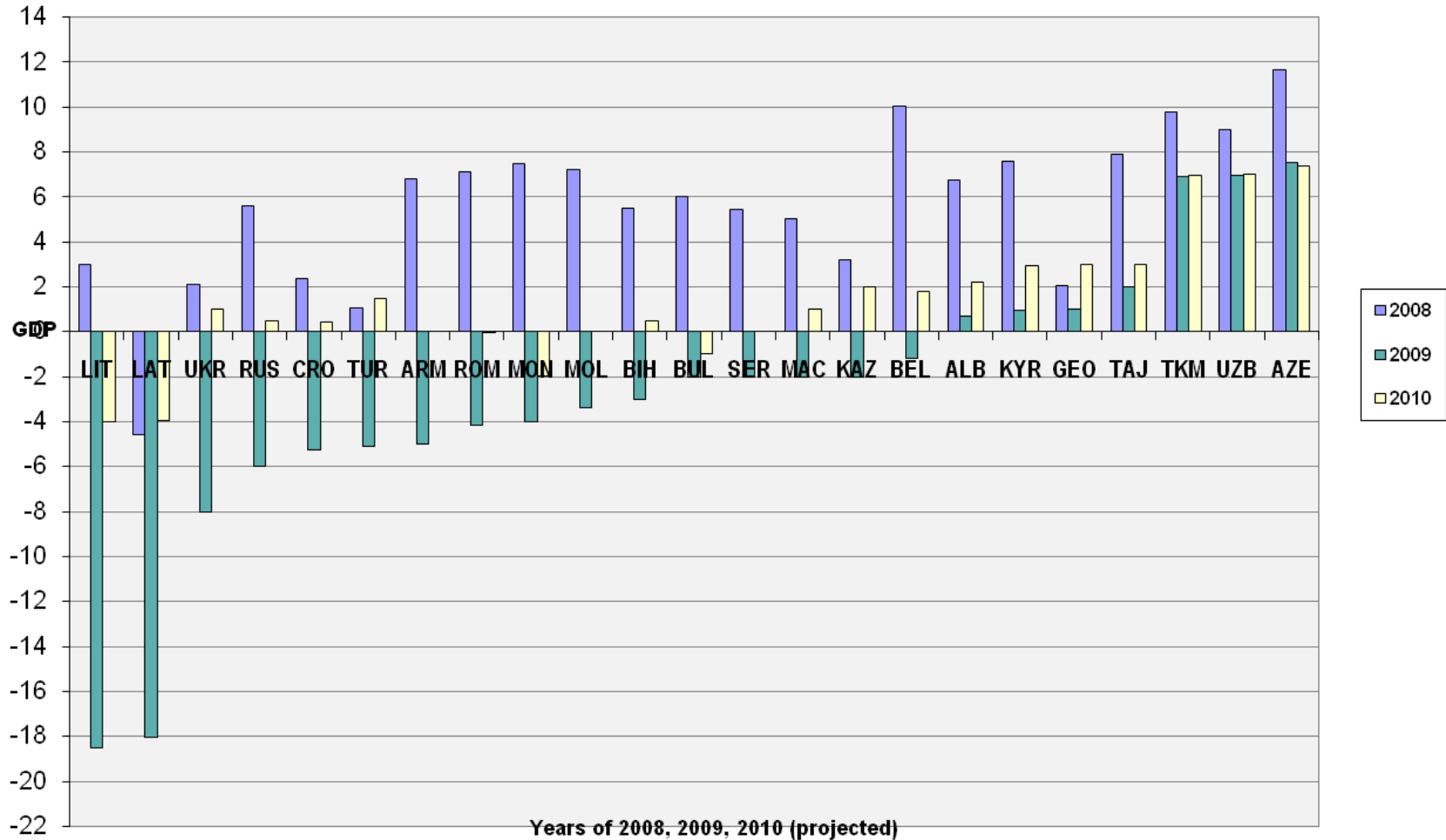
London 10 Nov 2009

unite for
children



Crisis and rebound CEE-CIS 2008-2010

Annual Real GDP Growth Rate, 2008-2010
(World Economic Outlook Database, October 2009)



Main messages

- Some countries did avoid a repeat of mistakes of earlier crisis – but social protection response cannot be better than existing systems
- Social protection systems not playing a significant role in mitigating impact, not flexible enough
- Hardly any country is doing well in supporting families through tax and benefit structure
- Too narrowly targeted social assistance doing more harm than good
- Future-oriented social protection needs to be built

Methodology and sources of data

- Collaboration with Jonathan Bradshaw and Emese Mayhew, University of York
- Questionnaire to 22 UNICEF Country Offices: social impacts of crisis, government response, social protection measures in place
- UNICEF Social Policy officers as key informants for the Model Family Analysis
- Re-analysis of HBS & LSMS HH surveys: children as unit of analysis, use of range of poverty measures, effectiveness of social protection

Reform of non-contributory social protection in CIS – the lost consensus

- Gradually reforming systems (e.g. Belarus) remain generous to families with children
- Fast reformers that dismantled the old system and moved to Targeted Social Assistance (Caucasus)
- Countries moving to TSA while maintaining – but eroding – old benefit system of privileges and categorical benefits

Shift from social protection to safety nets

Targeting efficiency now more important than effectiveness

Resources suggest low priority in government spending

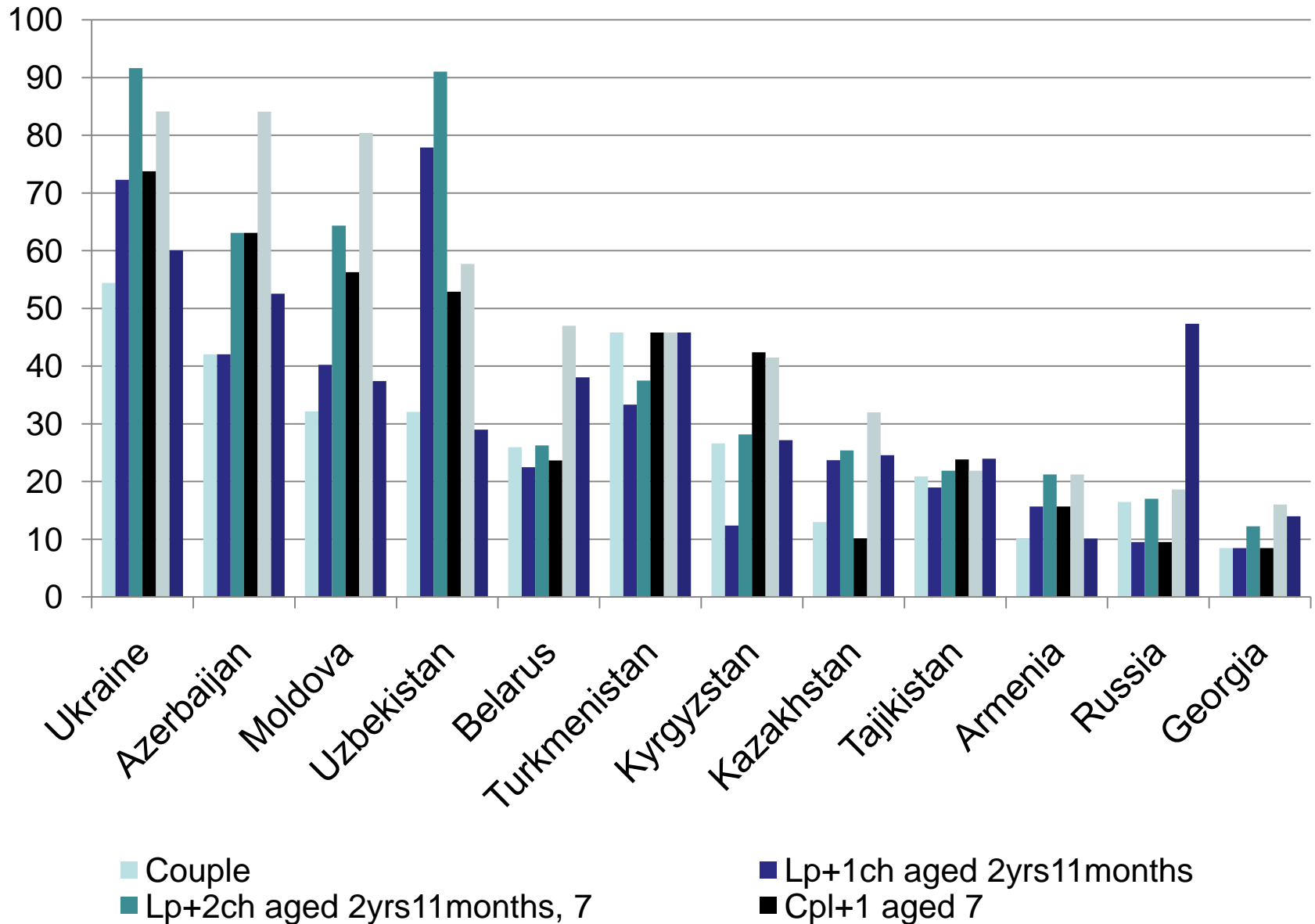
What criteria of effectiveness?

- Actual impact on families? Poverty rates and poverty gaps
- Are entitlements sufficient to make ends meet?
Adequacy and availability of benefits
- Extent of coverage, accessibility and governance

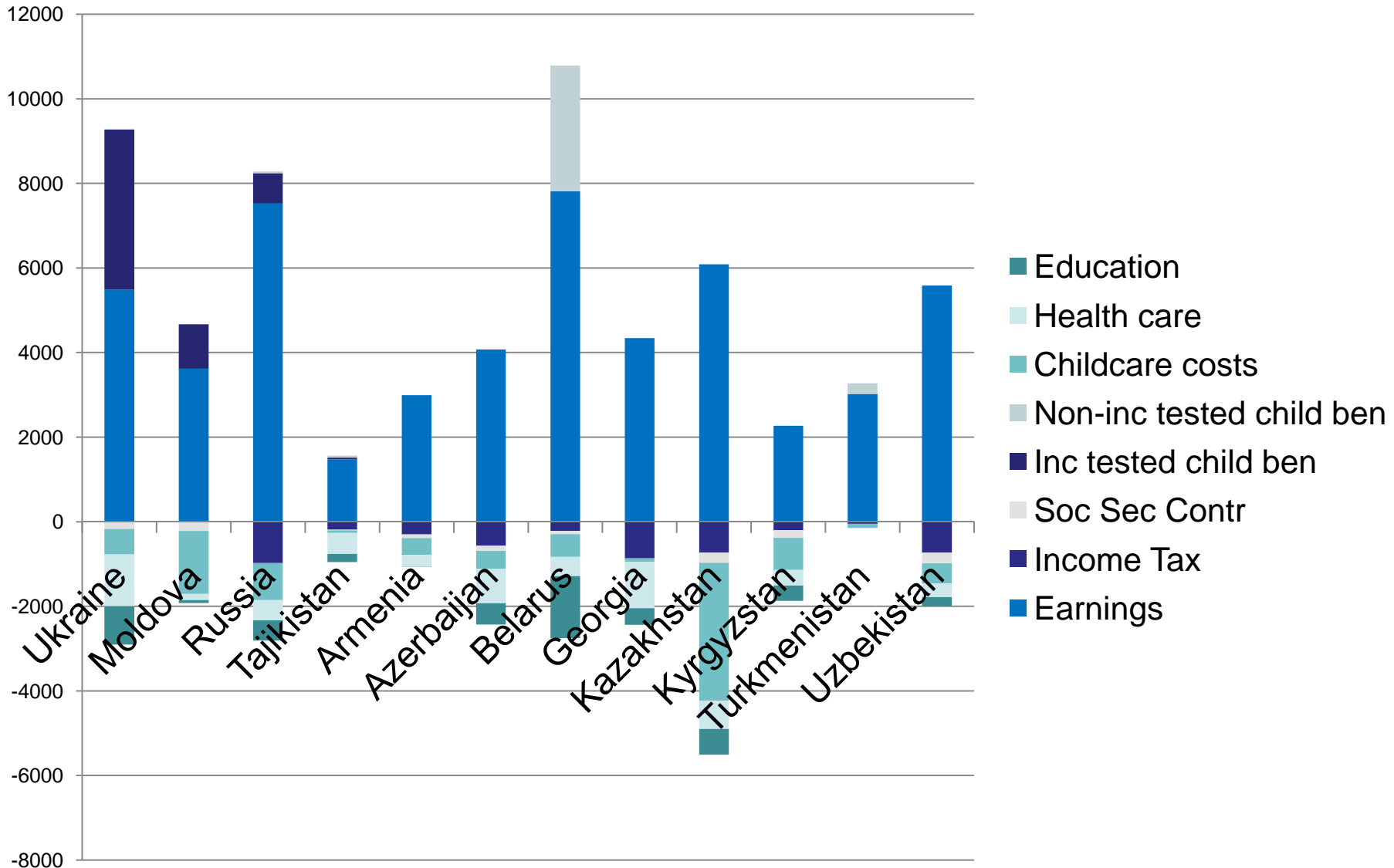
Poverty rates before and after transfers (2007)

	Pensions		Social assistance	
	pre-transfer	post-transfer	pre-transfer	post-transfer
<i>general poverty</i>				
Belarus	25 %	14.7%	16.4%	14.7%
Moldova	37.7%	25.8%	26.8%	25.8%
Armenia	31.2%	25.0%	26.4%	25.0%
<i>child poverty</i>				
Kyrgyzstan	56%	43%	46%	43%
Georgia	33%	28%	30%	28%
Armenia	34%	26%	30%	26%

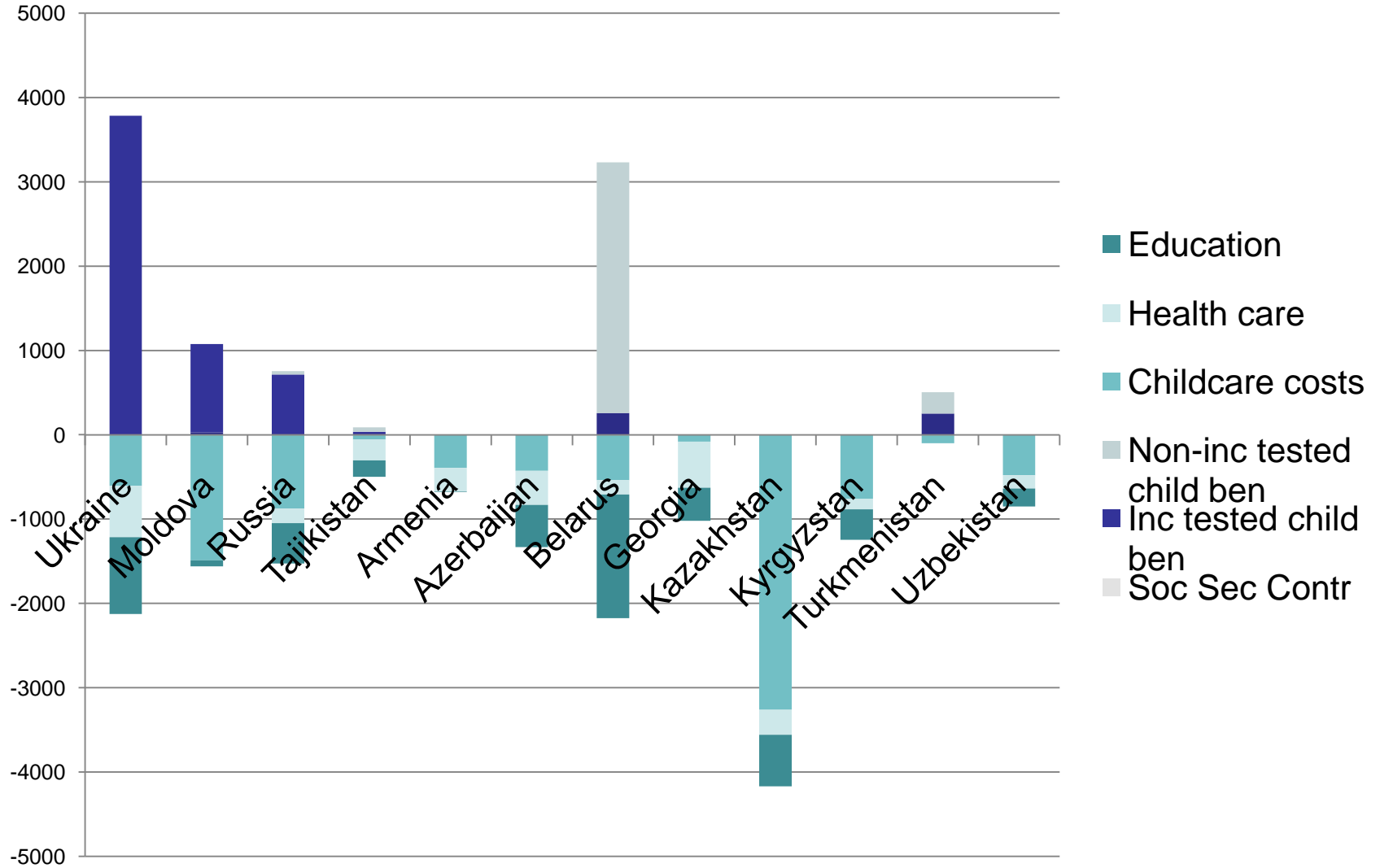
Social assistance as % of average earnings



Model Family Analysis: income composition couple, 2 children, half average earnings



Model Family Analysis: Child benefit package, difference from childless couple



Observations

- Very little state effort for poor people and families with children
- Countries with Targeted Social Assistance schemes spend too little on too few people
- Negative net balance of child benefit packages translates into higher child poverty risks
- Taxation not sufficiently used to finance cash transfers or provide tax benefits for families
- Very little potential to support families in times of crisis

Social protection in times of crisis – towards a new vision

- A renewed social consensus – social protection to reduce and prevent poverty and to mitigate social risks
- A mix of contributory and tax-funded cash transfers, employment policies plus quality basic services
- A simple, transparent easily administered and accessible system (based around the answer to the question ‘who are the poor and where are they?’)
 - Expansion of social insurance schemes to those not yet covered – unemployment, pensions, health etc.
 - Child benefits – step by step
 - Basic, tax-funded, pensions and disability benefits
 - Basic income grants for adults in disadvantaged areas

Social protection in times of crisis – a question of political priorities

- It does cost money
- It is a long-term commitment for governments
- It does require predictable funding – also with donor support

But:

- The universal right to social security and an adequate standard of living
- We know the current and long term costs of child poverty
- There is more fiscal space available – better use of taxation, social protection reforms, spending priorities
- There are good examples – e.g. South Africa Child Support Grant
- We are in danger of losing the argument