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Information note

Towards universal and inclusive social protection for children of Madagascar

n° 2021.02, june 2021

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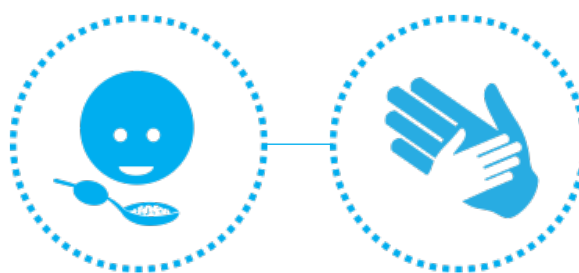


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VERY HIGH POVERTY RATES AND SOME OF THE LOWEST HUMAN CAPITAL INVESTMENT FOR CHILDREN IN THE WORLD¹

Madagascar ranks 162nd out of 189 countries on the Human Development Index (HDI), placing it in the lowest human development category². In terms of income poverty, 74.3 per cent of the population lives on less than US\$ 1.90 per day and it is estimated that the economic crisis linked to COVID-19 could push an additional 475,000 to 2.3 million Malagasy below the income poverty line, depending on the intensity of the crisis³. The recent Multiple Overlapping Deprivation Analysis (MODA)⁴

reveals that more than two-thirds (67.6 per cent) of Malagasy children are deprived in at least two dimensions of well-being, and almost a quarter (23.7 per cent) suffer deprivation in four or more of the seven dimensions.



¹ This note presents the main findings and recommendations of the report «Towards Universal and Inclusive Social Protection for Children in Madagascar - An Analysis to increase the Inclusiveness of the National Social Safety Net Program,» United Nations Children's Fund, June 2021

² UNDP (2018). Human development indices and indicators: 2018 statistical update. Madagascar Briefing Note. http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/MDG.pdf.

³ The potential effects of the COVID-19 pandemic on children in Madagascar, Information note, n. 2021.01, April 2021, UNICEF

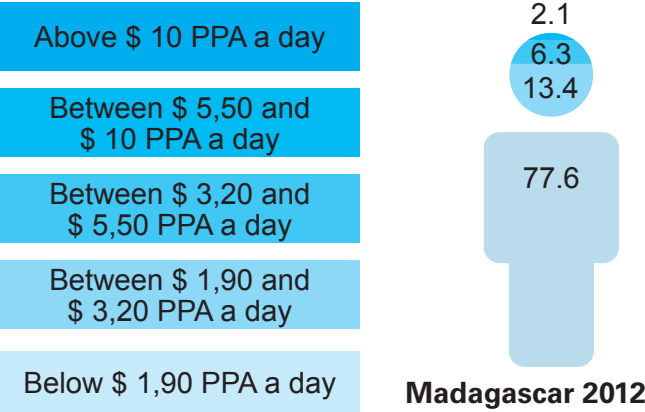
⁴ UNICEF, INSTAT & Oxford Policy Management (2020a).

As a response to this situation, in this note we summarize the key findings and recommendations of an analysis conducted by UNICEF on behalf of the Ministry of Population, Social Protection and Promotion of Women (MPPSPF). The analysis aims to increase the inclusiveness of the National Safety Net Program (PNFSS), with a focus on the most vulnerable children. First, we will examine the impact of poverty on the population, particularly on children. Second, we will consider the current coverage of the PNFSS, and finally, we will present the impact that the introduction of an universal child benefit could have in terms of investment in human capital. The analysis is based on literature review, field research, and impact simulation of an increased coverage of the PNFSS on poverty.



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Chart 1: International poverty lines in Madagascar



Source : World Bank, PovcalNet: <http://research.worldbank.org/PovcalNet/povOnDemand.aspx>

The high rates of poverty in Madagascar translate into **extremely high rates of chronic malnutrition**: a Malagasy child under 5 years of age currently faces a 50 per cent chance of being stunted, and around 1 in 5 children is severely stunted. The recent 2018 Multiple Indicator Cluster Survey (MICS) reported that **only around 76 per cent of primary school age children are enrolled in school**, only 27 per cent of lower secondary school age children and a mere 13 per cent of upper secondary. Similarly, MICS found that **only 41 per cent of children aged 12-23 months had received the basic set of essential vaccinations**, fewer than 25 per cent had had the full recommended set, and 20 per cent had not been vaccinated at all. In addition to the strict financial barriers, poverty also impacts access to education and healthcare in terms of the infrastructure available. In 2015, it was reported that 40 per cent of the population in Madagascar lived in areas far from health centres, often necessitating a 2 hour walk to reach a health centre.

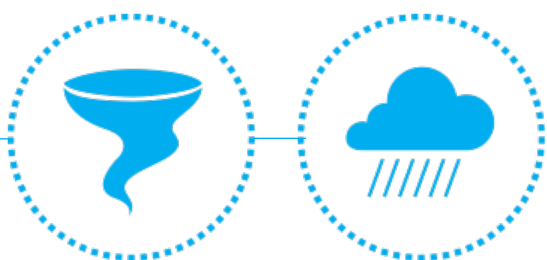
These challenges will inevitably be worse for persons with disabilities, who face greater barriers of access, and for whom the costs of participation are necessarily higher. The recent

MICS survey found that 13 per cent of children aged between 2 and 17 suffered from some functional limitations in at least one domain; and that nine per cent of women and 3.9 per cent of men aged between 18 and 49 suffered from at



least one functional limitation in basic activities. A UNICEF report stressed that the number of enrolled children with disabilities represents just 0.62 per cent of overall enrolment in primary education, and only just over one tenth of children with disabilities are enrolled.

Madagascar is also among the most vulnerable countries to climate change in the world, averaging around three-four cyclones a year, as it is an island territory in the direct path of storms blowing west from the Indian Ocean. Drought is also common in the South of the country and is associated with high levels of seasonal and cyclical food insecurity: just in 2016, the drought brought upon by El Nino caused harvest losses of up to 95 per cent.



INADEQUATE COVERAGE OF CHILDREN'S SOCIAL PROTECTION NEEDS

In the face of these serious challenges, Madagascar's investment in social protection remains among the lowest in the world.

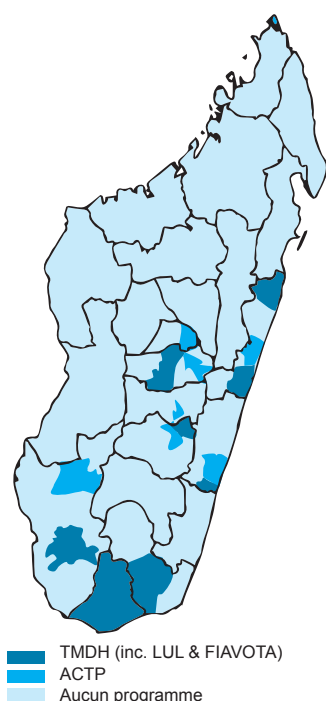
Even using a very broad definition of social protection, the Government of Madagascar only spent around 0.7 per cent of GDP on social protection in 2014 (which includes significant spending on social insurance) and indeed ranks last in the United Nations Development Programme's (UNDP) Social Protection Index for Africa. This is well below the 1.3 per cent of GDP that the International Labour Organization (ILO) estimates to be the average of such expenditure in low-income countries.

To begin to address this challenge of limited investment in social protection, the Government of Madagascar approved its National Social Protection Policy (PNPS) in 2015 and the National Social Protection



Strategy (SNPS) 2019-2023, to be led by the Ministry of Population, Social Protection and Promotion of Women (MPPSPF). Despite widespread vulnerability, the Government's flagship programme under the PNPS – the national social safety nets (NSSN) programme – currently targets a very small population: just 5 per cent of extremely poor households are included in a limited number of districts, although the Government plans to increase this to 15 per cent by 2023 (0.5 per cent of GDP), and to 50 per cent by 2030 (1.5 per cent of GDP). With the current NSSN programmes funded almost exclusively by external donors, the Government's expressed intent to grow investment in tax-financed social protection to at least 0.5 per cent by 2023 and to at least 1.5 per cent by 2030 would appear to offer only limited fiscal space for expansion, especially in the context of recovery from COVID-19.

Figure 1: Districts where Cash for Productive Work (ACTP)⁵ and Cash Transfer for Human Development (TMDH) are active, 2020



⁵ The National Social Safety Nets programme consists of two components: Cash Transfer for Human Development (TMDH) and Cash for Productive Work (ACTP)

A UNIVERSAL CHILD BENEFIT TO PROMOTE CHILDREN'S WELL-BEING AND HUMAN DEVELOPMENT

Provision of support to children should be a priority of any government, because those children represent the future of the country. And support to children with disabilities should be absolutely guaranteed, and a primary obligation of any Government that is a signatory to the Convention on the Rights of Persons with Disabilities.

A very substantial majority of children in Madagascar receive no support. Currently the NSSN programmes reach only three per cent of all children, in a country where 83 per cent of children are living in monetary poverty, and a similar number (82 per cent according to the recent cross-country Multiple Overlapping Deprivation Analysis, MODA) are suffering from some form of multi-dimensional poverty. They are excluded because of a range of factors: The Region, district, commune or fokontany where they reside, the characteristics of the composition of the household in which they live, and the ability of their caregivers to meet the necessary conditions and registration requirements, all of which will tend to militate against the inclusion of the most vulnerable among them.

There is currently no automatic inclusion of persons with disabilities in the NSSN programmes. Such people are eligible, and indeed in some cases special arrangements are put in place to priorities' them for inclusion, which is very positive. But there are a number of factors that may compromise such inclusion (barriers of distance and inaccessibility, household-based targeting, complexity of registration procedures, conditions for eligibility, and so on).

The first step to improve inclusivity of the NSSN is to scale up coverage of children to become truly national. But this on its own would be insufficient, since the implementation of a poverty-targeted household grant, even nationally, will still leave substantial numbers of vulnerable children uncovered. **It is therefore strongly recommended that the country invest in a universal child benefit.** This is more consistent with the rights of the individual child and reflects the first recommendation of the recent MODA study, which ‘emphasizes the importance of developing social policies targeting the hidden deprivations of children suffering from discrimination or inequality within the household, such as relinquished children or orphans. This has implications, for example, for social transfers which often target the entire household. **And there is a strong case, especially in a country with poverty as widespread, as pervasive and as persistent as Madagascar, that this should be provided universally, to get every child off to the best possible start in life.** However, that this can probably only be achieved **progressively, and over a period of time**, especially given the fiscal constraints during the period of recovery from COVID-19. **It would also entail a higher investment, by 2030, than that envisaged in the SNPS, at nearly 2.5 per cent of GDP, compared with 1.5 per cent of GDP in the SNPS.**

Clearly, such a substantial investment would need to be analysed in more detail. It would also be necessary to explore potential options for financing the expansion: either from traditional mechanisms such as quantitative easing, seeking debt relief, reallocation of Government expenditure and budget efficiencies, making taxation more progressive, improving tax collection, reducing illicit financial flows; or through more innovative approaches such as taxes on the digital economy, inheritance, transaction and tourist taxes, a surcharge on natural resource extraction and expanding so-called ‘sin taxes’ on luxury items, tobacco and alcohol. Both the International Monetary Fund (IMF, 2020) and Organisation for Economic



Co-operation and Development (OECD, 2020) have argued in favour of taxes for redistribution as important “solidarity surcharges” in post-COVID-19 recovery. Finally, the possible risks of inflation of such a substantial programme would need to be assessed and monitored. Global experience suggests that social transfers do not lead to inflation, since they tend to be spent locally, on basic goods and services, and are more usually found to generate positive multipliers in local markets, but this would need to be confirmed in Madagascar, especially in more remote areas where supply might not necessarily follow demand.

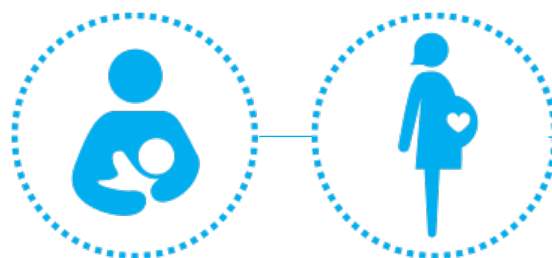
A better approach would be **to advocate for the universal child benefit as the excellent investment** that it would undoubtedly be. It should be a moral obligation for any country to give its next generation of citizens the best possible start in life; **but there are also strong economic arguments since malnutrition and sub-optimal child development have significant costs.** A stunted child faces a higher risk of dying from infectious disease (1.9 to 6.5 times more likely to die, with this risk rising significantly in cases where there is a concurrence of both stunting and wasting) and the child is likely to perform less well in school (equivalent to two to three years’ loss of education). Stunting is associated with impaired brain development, meaning

lasting, diminished mental functioning. This, in turn, leads to significantly reduced learning. Adults stunted as children earn a lower income in life (on average, 22 per cent less), which further exacerbates deprivation. So **investing in all children could be expected to generate a substantial return through a range of channels:** reduction in maternal mortality due to anaemia, a reduction in low birth weight and infant mortality by eliminating maternal anaemia, savings from foregone treatment of chronic diseases of low birth weight children, and reduction of stunting by removing micronutrient deficiency. **A universal child benefit can be shown to represent a better return on investment than most large infrastructure projects.**

Overall, an expansion of the social protection system would have significant impacts on a range of indicators related to poverty, inequality and child well-being. As a result of the additional income from transfers, child poverty would decrease. **When measured against the national extreme poverty line, the child poverty headcount rate would fall by around 7 per cent with the introduction of a universal child benefit.** Using a lower poverty line set at 50 per cent of median per capita income, the child poverty headcount rate would fall by fully 53 per cent in

this scenario. Income inequality, as measured by the Gini coefficient, would decrease too, by eight per cent.

The simulations⁶ also indicate that **universal child benefit can help boost education indicators**, with significant increases in the share of young children attending early childhood education and attendance rates for primary and secondary schooling. Moreover, the universal child benefit would have an impact on family's ability to obtain **access to improved drinking water sources**; and, for adolescent girls, it could **decrease the likelihood of teenage pregnancy and early childbearing** by over 4 per cent. This confirms international evidence (e.g. from South Africa) that – in direct contradiction to common misperceptions – a universal child benefit could also be expected to reduce the fertility rate.



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⁶ The simulation tool is available through the following link (shinyapps.io)/ <https://devpathways.shinyapps.io/madagascar/> ; login : UNICEF ; password : test123

Table 1: Simulated impact of nationwide implementation of a universal child benefit on indicators of child well-being (percent change)

Indicator	UCB
Children living below national absolute poverty line	-7.0
Children living below relative poverty line (50 per cent of median income)	-53.0
Gini coefficient (income inequality)	-8.0
Prevalence of childhood stunting	-1.5
Pre-school (early childhood education) attendance rate	10.3
Net attendance rate in primary education	4.5
Net attendance rate in junior secondary education	12.5
Net attendance rate in senior secondary education	7.2
Population with access to improved drinking water	7.1
Prevalence of early childbearing or teenage pregnancy	-4.3

The high coverage of households through a universal child benefit would also profit the demand side of the economy, another important consideration in the context of recovery from COVID-19, where domestic markets may need to be stimulated to support the economy. This rationale, of increasing domestic money supply through an expansion of cash transfers, is being followed by countries across the globe as they seek to stimulate their economies, minimise the severity and duration of the recessions they face as a result of COVID-19, and enable their economies to rebound more quickly.

Alongside this, social support to children through the NSSN should recognise the additional vulnerability of children with disabilities through the incorporation of an additional “equal opportunities benefit” for such children with disabilities, into the broader child benefit programme as it is progressively expanded across the country.



MAIN RECOMMENDATIONS

- In Madagascar, **83 per cent** of children are living **in monetary poverty**, and 82 per cent suffer from some form of multidimensional poverty. Despite this situation, **only three per cent** of Malagasy children are covered by the **national social safety net programme**.
- In a country with such widespread and persistent poverty as Madagascar, it is recommended that the Government **invest in a universal child benefit** to get every child off to the best possible start in life.

- This allowance would also **entail a higher investment**, by 2030, than that envisaged in the SNPS, at nearly **2.5 per cent of GDP**, compared with 1.5 per cent of GDP in the SNPS. This universal child benefit can be achieved **gradually and over a period of time**, especially given the fiscal and budgetary constraints during the post-COVID-19 recovery period.
- A **universal child benefit is an excellent investment for the country**. Scaling the social protection system would have important impacts on a range of indicators related to child poverty, inequality, and well-being:



- The child poverty headcount rate would fall by about seven percent with the introduction of a universal child benefit.
- Income inequality, as measured by the Gini coefficient, would also decrease by eight percent.
- The universal child benefit could contribute to improving education indicators, with a significant increase in the share of young children attending early childhood education (10 per cent) and attendance rates for primary (4.5 per cent) and secondary (12.5 per cent) schooling.
- It will contribute to a reduction in the prevalence of childhood stunting by 1.5 per cent.
- For adolescent girls, the introduction of a universal child benefit could decrease the likelihood of teenage pregnancy and early childbearing by over 4 per cent.
- Social support for children should recognize the additional vulnerability of children with the integration of an additional “equal opportunities benefit” for such children with disabilities, into the broader child benefit programme.

Provision of support to children should be a priority of any government, because those children represent the future of the country. And support to children with disabilities should be absolutely guaranteed, and a primary obligation of any government that is a signatory to the Convention on the Rights of Persons with Disabilities.



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