



# Social protection and governance

By Barbara Rohregger

## Introduction

Besides its important social, economic and poverty-reducing functions and goals, social protection also has intrinsically political ones.

*“The political function of social protection systems is to ensure social equilibrium. Social protection systems strengthen social cohesion, enhance the legitimacy of the political system and can prevent social conflict. To be successful in this, social protection systems must be designed and implemented so that they particularly benefit poor and disadvantaged population groups.”<sup>1</sup>*

Social protection in this sense can be seen as part of a broad security concept, particularly in terms of what is generally described as internal security<sup>2</sup>: social protection programmes can contribute towards strengthening governance systems and enhancing state legitimacy, which in turn can positively affect democratisation and nation building processes. Democratisation and development are therefore no longer seen in terms of one being a prerequisite for or means of obtaining the other<sup>3</sup> but as necessary and parallel processes which must be simultaneously pursued so that they can reinforce each other. This is particularly applicable for so-called fragile states, such as Pakistan, the Democratic Republic of Congo or Somalia.<sup>4</sup>

Achieving the Millennium Development Goals (MDGs) is particularly important in this. In his report “In Larger Freedom: Towards Development, Security and Human Rights for All”, UN Secretary General Kofi Annan describes human security and human development as two sides of the same coin which positively influence each other and are needed to secure life for future generations.

## Human security as an expanded concept of security

Both dimensions are also reflected in the human security concept developed in 1994 by the United Nations Development Programme<sup>5</sup> which sees itself as supplementing a state-centred concept of security and shifts the focus of (in)security to aspects of individual risks.

Security accordingly goes beyond averting military dangers and includes e.g. the need of social groups and individuals for protection in political (i.e. armed conflict or war), ecological (such as environmental pollution or soil salination) or socio-economic terms which are poverty, disease, hunger or unemployment).

Closely associated with this idea are the concepts of *empowerment* and *protection*, representing complementary approaches (one bottom up, the other top down) which are intended to provide a framework for implementing a comprehensive human security concept. Empowerment is concerned with developing the ability of individuals and local communities to protect themselves, providing support for the activation of self-help potential. Protection relates to all norms, processes and institutions designed to protect the individual. This can be human rights, or the specific rights to access to social services, particularly health, education or water but also concepts such as good governance (ibid.).

Development cooperation should identify and eliminate complex structural causes of these risks and promote mechanisms for nonviolent conflict transformation. The aim in this should be to address the roots of conflicts, with the goal of reducing poverty and inequality, e.g. by establishing social protection systems, and by promoting democratisation and good governance. Equalising opportunities in life and establishing social justice in society are a means towards ensuring social cohesion, and with it political and economic stability.

<sup>1</sup> BMZ 2009: 8

<sup>2</sup> Pierson 2004; UNDP 1994

<sup>3</sup> see e.g. Mkwanadire 2006

<sup>4</sup> Christiansen et al. 2005

<sup>5</sup> UNDP 1994

In this connection, particular emphasis is given to the rights-based approach to social protection. By guaranteeing equal and fair access to social protection measures to all citizens class, the right to social protection is intrinsically political. To the extent that this applies equally to everybody, it also addresses the need for redistributing economic resources between different social groups and across the life-cycle. As redistribution touches upon diverging interests, it contains conflictive potential. However, it also bares the opportunity that associated values, such as solidarity, equality and fairness, also become general societal values which can positively affect nation building processes by helping them to create political consensus and social cohesion.

While the political (security) function and importance of social protection for development and democratisation are clearly emphasised in the development policy debate, there is little concrete experience with and discussion about the actual causal connections between social protection and democratisation processes. This also applies to the questions how such effects can be achieved, what conditions are required for this, and what role development cooperation can play in this.

### **Governance and social protection: the political, institutional and socioeconomic context**

If we consider the different experiences of countries, including European social welfare states, we arrive at a highly nuanced picture in regard to the importance of welfare state measures for democratisation and nation building processes.<sup>6</sup> This is even more true for developing countries, where the establishment of welfare state structures after the Second World War and the experience with a decade of social transfers do not allow to draw any clear conclusions about the causal connections between social protection and democratisation. There is simply too much difference in the historical, socioeconomic and political framework conditions, as well as the social protection systems implemented.<sup>7</sup> Even so, there are individual aspects which seem to play an important role in establishing functional social protection systems as well as stabilising and strengthening democratisation processes.

#### **Political consensus**

As social policy measures always involve basic questions of solidarity and redistribution of wealth in society, they can evoke sharp disagreement. Many developing countries therefore followed a policy in developing their social protection systems by closely including key leading bureaucratic groups, such as the police, military and civil servants. This created an important legitimisation factor for the ruling political elite. The practice of prioritising these groups was also

meant to ensure and legitimize the further expansion of the welfare state to other social groups. Particularly including the lower strata of the population who were not yet integrated into the formal economy proved difficult: including them into social protection means to employ effective necessary redistributive measures, such as social cash transfers, funded out of general taxation. This implies the need for tax-payers buy-in into such measures and is hard to come by. Thus, in many developing countries, social protection has remained a privilege of public servants: Due to the domination of the informal sector, which employs many of the people in developing countries, only a few private sector employees have so far been included in the state systems of social protection.

Despite the low coverage rate, the question of redistribution remains a central one where the introduction of social protection measures in developing countries is concerned. It can only happen if the great majority of the population, namely the employees in the informal sector, who are mostly poor, are included in social protection systems. However, political decision makers are highly aware that this would involve a massive redistribution of the national income which can also lead to a shift in power relationships in a country.

Experiences from other countries shows that this need not necessarily be a bad thing. Social transfers can also contribute towards creating a strong political consensus between rich and poor. In the Democratic Republic of Congo, for example, a social transfer programme established as part of a reintegration programme for soldiers was warmly welcomed by even the poorest population groups in local communities, despite the extensive poverty there.

Social policy measures are an effective instrument of political consensus and majority building. The use of social transfer programmes to please clientilistic interests or gain majorities in elections is a familiar practice, and not limited to developing countries. Again, this need not always be a bad thing, particularly in terms of development policy, as long as care is taken that an inclusive social protection system is being developed in the long term, rather than merely serving short term interests of individual groups.

Universal social protection systems which are accessible to all groups in a particular category or region are frequently adduced as examples that would automatically generate greater political legitimisation and consensus. The Scandinavian nations are often cited as a positive example in this connection. The very early introduction of universal systems there is regarded as an important contribution to the nation building process.<sup>8</sup> Universal approaches would also be more suitable for circumventing the widespread systems of pa-

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<sup>6</sup> Kuehnle & Hort 2004; Pierson 2004; de Swan 1988; Midgley 1996

<sup>7</sup> Midgley 1996

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<sup>8</sup> Kuehnle & Hort 2004

tronage in developing countries, as they would offer an alternative to this traditional form of redistribution policy.<sup>9</sup>

By contrast, approaches involving intensive targeting would have much greater difficulty achieving political and social consensus, among other reasons because they are often associated with negative prejudices against the (mostly poor) target groups. Rather than suppressing patronage and clientilism, targeting processes would actually strengthen them in many cases (e.g. through community targeting). However, conditionalities which tie the receipt of social transfers to meeting specific conditions (mostly health or educational interventions) seem to increase social approval of social transfers to particularly poor population groups. They seem to send a message to the taxpaying middle and upper class that the support which they are indirectly financing is not for “free”, but that those in need must do something to qualify for it.

However, this aspect cannot be considered in isolation. Experience shows that sustainable financing of social transfers and effective and efficient delivery of these are equally important contributions to create political legitimacy. In many countries there is in fact a mix of universal and targeted social transfer programmes in place. It is therefore essential to look at the specific country context and its various dimensions when considering and analysing the advantages and disadvantages of universal and targeted approaches.

### **Effective administrative structures**

A certain level of administrative structures and bureaucratic capacity is needed for the broadly based introduction of social protection. However, institutions concerned need not necessarily have experience in implementing social programmes, nor need they follow the “traditional” welfarist institutional forms of implementation and processing. Experience shows that it is possible to implement simple social policy measures like social transfers effectively, even with weak governance structures. The novelty of these programmes in many countries makes it possible to adopt innovative institutional solutions to implementing them (e.g. by incorporating civil society institutions, cooperatives or savings associations as delivery channels), including new technologies (e.g. electronic payment systems) which might fit much better to specific conditions.<sup>10</sup>

However, to anchor social policy measures sustainably in national legislation, programmes and guidelines, it remains of utmost importance to have comprehensive institutional structures in place. One important task for development cooperation must therefore be to strengthen these structures through capacity development. This could be, for instance, capacity building for the implementing structures at national, regional and local level in terms of the im-

provement of technical know-how and organisational development, or the identification of alternative delivery channels and the strengthening of decentralisation processes. Handling social transfer programmes through centralised administrative structures does not necessarily guarantee more equal or fairer access to them. This is particularly true in developing countries, where the majority of people live and work in the informal sector. Their specific social and economic circumstances and needs require not only special forms of social protection but also alternative ways of implementing these, e.g. by handling them through decentralised governmental structures or through informal institutions such as traditional local authorities, NGOs, faith-based organisations or religious institutions.

### **Sustainable financing, economic growth**

Social protection has long been seen not merely as a result of economic growth but as an important prerequisite for sustainable poverty reduction and economic growth in the sense of demand-oriented economic policy. This is particularly apparent in times of crisis where social protection systems can prevent social polarisation and counter a slump in mass consumption. Social services can also help prevent a relapse into poverty.

However, this requires sustainable funding for social protection benefits. For this, a certain degree of economic growth, together with an efficient tax system and – where necessary – temporary assistance from donors is needed. This requires a systemic approach to social protection which also covers the broader determinants of social protection, such as health and education policy. In addition, it requires coordination and coherence with other areas of policy, particularly economic and fiscal policy, in order to ensure sustainable financing options for social protection in the long term, e.g. through anti-cyclical budget policy.

### **International conditioning**

If we consider the evolution of social protection in developing countries, we see not only the respective colonial influences but also the major influence of international organisations. This applies not only to the establishment of social protection systems themselves, but also to their form. The International Labour Organisation (ILO) in particular has pushed since the 1930s to expand social security and social protection systems in developing countries on the lines of western welfare states. Through a series of conventions, the ILO also established a target corridor for developing countries with annual reports on their stepwise progress, which was intended to lead sooner or later to fully developed welfare states.<sup>11</sup>

For the World Bank and International Monetary Fund, social protection was for a long time a negligible consideration. At best it was perceived as an instrument supporting

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<sup>9</sup> REBA 2008

<sup>10</sup> Pierson 2004

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<sup>11</sup> e.g. Mouton 1975

and accelerating the economic growth process by ensuring a steady increase in qualified and healthy labour. It was only the massive rise in poverty in the course of the far-reaching macroeconomic reforms of the 1990s under the Washington Consensus that made social development and social protection a central issue for the international financial institutions. The different organisations and institutions have different agendas which have a lasting influence on political processes and decisions in the developing countries, for example on the choice of different programme approaches (targeted versus universal approaches). Besides international donors and development policy partners, NGOs and knowledge networks of international experts also play an important role in this.

The great influence of international organisations and institutions on the development and implementation of social protection systems in developing countries over the past decade must certainly be regarded as positive. Even so, it is still important to work with partner countries on formulating context-specific solutions which take into account the social, economic, cultural and (sic!) political framework conditions and the financial and human resources of a country, without imposing ready-made solutions. This is the only way to establish sustainable social protection mechanisms, which, if being based on efficient and effective governance structures, can also have a positive impact on democratisation processes.

### **Challenges in strengthening social protection systems**

In the light of this experience, what are the resulting challenges for development policy actors and key questions for implementing such systems?

#### **Administrative structures**

In many countries, existing administrative structures are not efficient and effective. Experience from countries with developed welfare states shows that NGOs and non-state social protection systems have played and continue to play an important role in establishing social protection structures. These may be religious institutions, friendly societies or cooperatives. Many developing countries also have these forms of organisation, although to a smaller extent. At the same time, family and community networks play an important role in redistributing social and economic resources. The development of public social protection mechanisms must pay greater attention to these realities and adapt programmes to them, for example by incorporating these structures as delivery arms for social transfer programmes. In this sense, these schemes could complement existing traditional welfare state mechanisms in the formal sector, such as social health insurance or pension systems.

#### **Legal and political framework conditions**

Many social transfer programmes that have been implemented so far in developing countries start as pilot projects. Their extension to the national level or beyond the initial target group is planned, but often fails in implementation because of problems with financing and administration. This is exacerbated by the large number of different stakeholders involved in the provision of social protection (state and non-state actors). Against this background, national framework conditions – possibly embedded in legislation – which include clear structures for planning, implementing and financing social protection programmes are of specific importance in order to strengthen the sustainability of various interventions and guarantee their integration into a comprehensive system. These framework conditions could also make an important contribution towards setting quality standards and controls for the various mechanisms and services offered.

#### **Lack of data and monitoring systems**

A major obstacle to establishing broadly-based national programmes and efficient social protection legislation is the fact that in most developing countries there is very little data on the number and situation of potential beneficiaries. This makes it difficult to develop and expand social protection programmes and also hampers their administration.

The identification of potential beneficiaries in a country also has an important political function: to give people access to social protection programmes, they must be able to register. This requires that they are informed of their rights and have the necessary documentation for registration, e.g. a birth certificate. In this respect, social protection programmes make an important contribution towards democratisation. They promote the transparency of state action by developing information campaigns on social programmes, and contribute towards the registration of all population groups, benefiting the large number of vulnerable groups which are undocumented and therefore unnoticed by policy makers. Accurate data can also help monitor the effects of social transfer programmes better. This in turn provides objective arguments for policy decision making processes (*evidence-based policy making*).

#### **Globalisation and the international financial crisis**

Social protection is generally considered an important factor contributing to national security and stability (internal security). In this situation, the globalisation process is seen as a destabilising factor and obstacle to the further development and expansion of national social protection systems. Particularly for developing countries, the need to open national markets in order to remain competitive and achieve growth seems to run counter to the development of social protection systems.



However, this is only partly true, as the current international economic and financial crisis shows. The countries with inclusive social protection systems seem better able to cope with the consequences of the crisis, such as mass unemployment and massive outflows of immigrants, and to recover faster from the crisis. Social transfers prevent a slide into poverty, and at the same time enable people to return to productive activity faster. Social protection systems therefore provide effective protection against the negative effects of globalisation. This seems particularly important for the economic and political stability in developing and low-income countries.

### **Sustainability of international support**

Over the past decade, social protection as a development policy priority in achieving the MDGs has had a strong effect on international cooperation and debate. The implementation of many projects and programmes has had far-reaching positive effects in terms of reducing poverty and improving growth, and also on aspects of governance, e.g. by establishing more efficient administrative structures and social protection legislation. Strong technical, financial and political support to national governments by international partner organisations made this possible. The current international economic and financial crisis seems not to have impacted the importance of this issue, which has acquired even higher priority in view of the mass layoffs, particularly in the export-oriented economies of the developing and emerging nations, and the resulting return of migrant workers to the countries of origin. Social protection measures aim to help ease anticipated social tensions due to the economic crisis and to open new prospects. In fact, the crisis is seen as a particular opportunity for convincing national governments of the importance and positive effects of such measures. However, implementation is still largely an open issue. A look at the historical development of European welfare states shows that social policy measures are generally not expanded in times of economic recession, and in fact are more likely to be cut back, although this is exactly when people need them most. In this situation it remains to be seen how sustainable international cooperation will be in the near future.

### **Conclusions for development cooperation actors**

- There has been a significant change in the past two decades in the understanding and role of social protection in development. Regarded for a long time as a result of economic growth, social protection is now seen as an important component of sustainable economic growth and development, contributing to sustainable poverty reduction and long term growth. This economic stabilising effect is supplemented by the democratic dimension of social protection. As a social stabiliser, it helps secure social peace and support democratisation processes. These two are not independent, but closely interrelated, and must be considered together.
- To do justice to both dimensions, both exogenous and endogenous factors must be taken into account in implementing social protection systems. The development of appropriate solutions which take account of the specific national context and allow achieving the greatest possible effects of social protection programmes in terms of reducing poverty is therefore a matter of central importance, e.g. by creating scalable efficient implementing structures. This is the only way to develop sustainable social protection mechanisms which through the establishment of efficient and effective governance structures can also contribute to democratisation and nation building processes.
- Political framework conditions and possible effects on governance processes must be given greater scope in consultation and analysis for social policy interventions, and be a fixed element in feasibility studies. A purely technical debate which ignores the specific realities can lead to solutions which lack sustainability in the long term.
- To strengthen governance systems and democratisation processes in the long term by establishing social protection systems, sustainable support is needed from international development partners. This applies particularly to technical know-how and – where necessary – financial assistance. Specifically, where social protection systems are to be extended to the national level, long-term advisory services are needed at the various political and administrative levels (local, regional, national) to formulate sustainable solutions together with the partners, e.g. for capacity development measures, developing monitoring systems or establishing the legislative framework. The negative impacts of the current world economic crisis show how important it is just now to maintain this support, in order to secure and support economic growth and democratisation processes in the long term.



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The paper is intended to contribute to the debate and offers an overview of the current international discourse and more profound insights into current practice.

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