

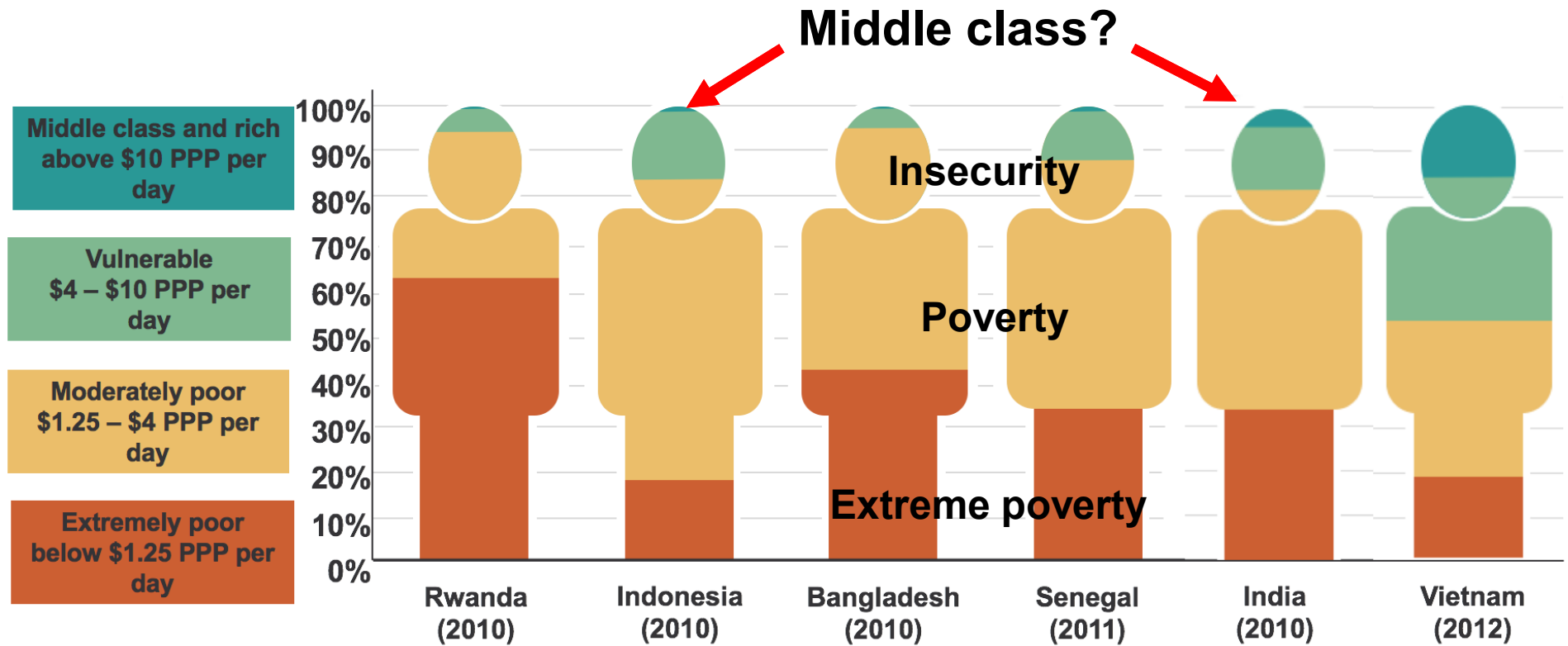
DEVELOPMENT PATHWAYS

**Inclusive lifecycle social protection: why is it
opposed by the World Bank and IMF?**

Stephen Kidd

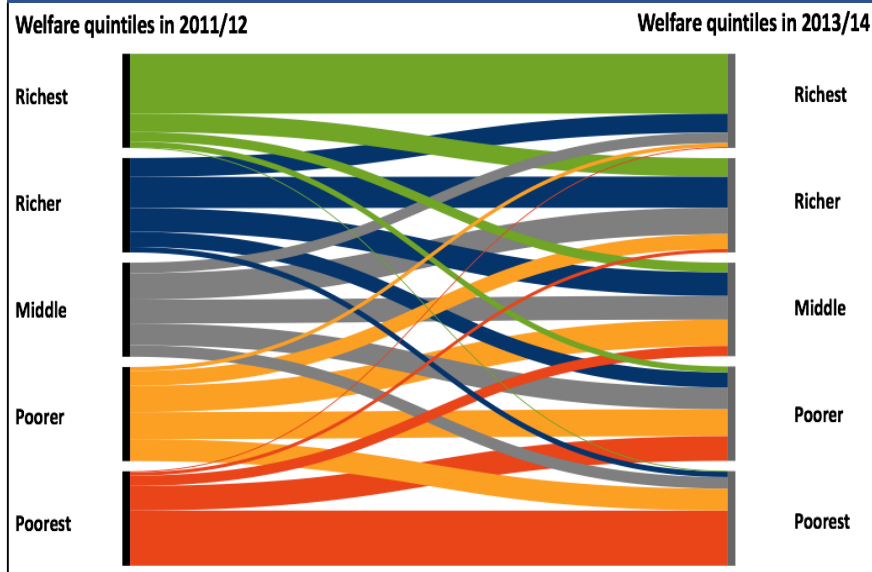
18th April 2018

The poor: a fictional construct

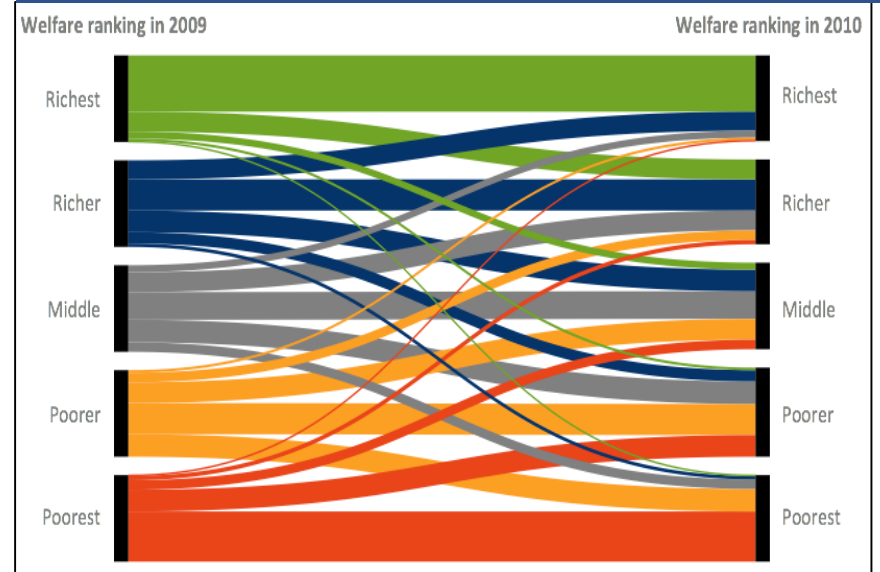


Consumption and incomes are highly volatile

Consumption dynamics in Uganda (2 years)



Consumption dynamics in Indonesia (1 year)



Old fashioned poor relief approach or inclusive lifecycle social protection

Childhood

Working Age

Old Age



Poor Relief

The “missing middle” in the IMF and World Bank’s approach to social protection

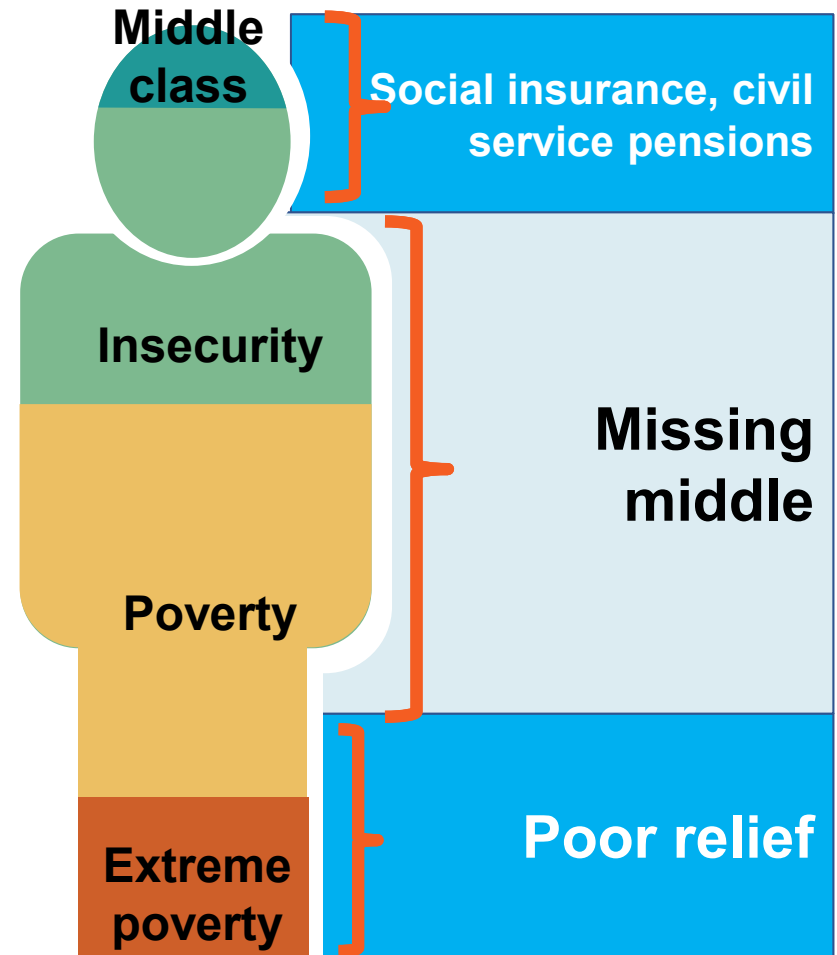
Many countries offer:

- Social insurance and civil service pensions for those in the formal sector
- Social assistance for “the poor”

However:

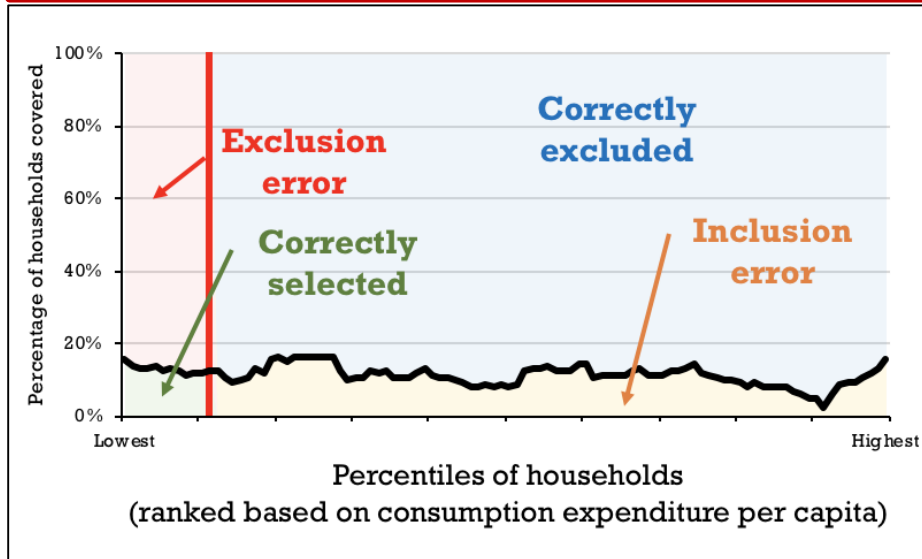
- Those in the middle are excluded from social protection
- Yet, many live in poverty and insecurity
- And, are more powerful politically

There are major political challenges if countries continue to exclude the missing middle

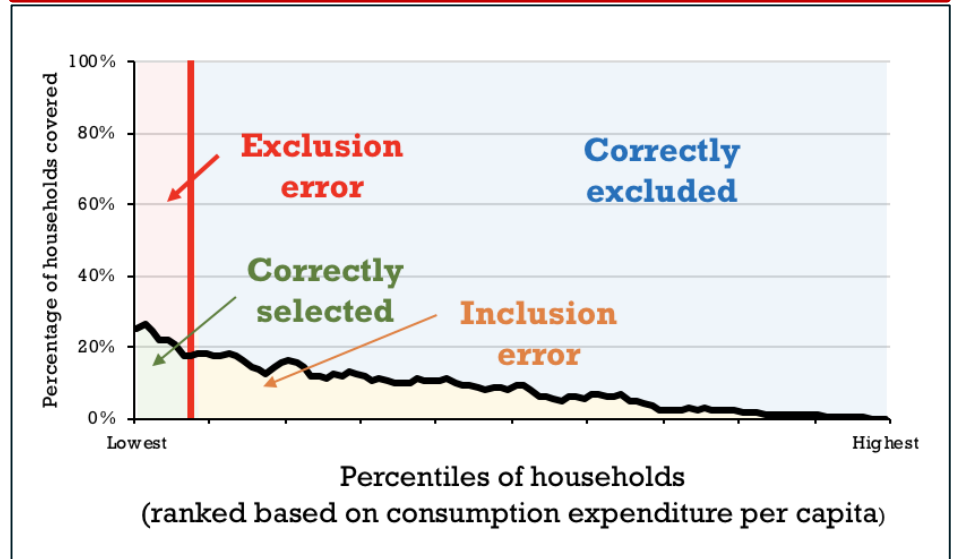


Poverty targeting usually excludes the majority of intended beneficiaries

Ethiopia (PSNP)



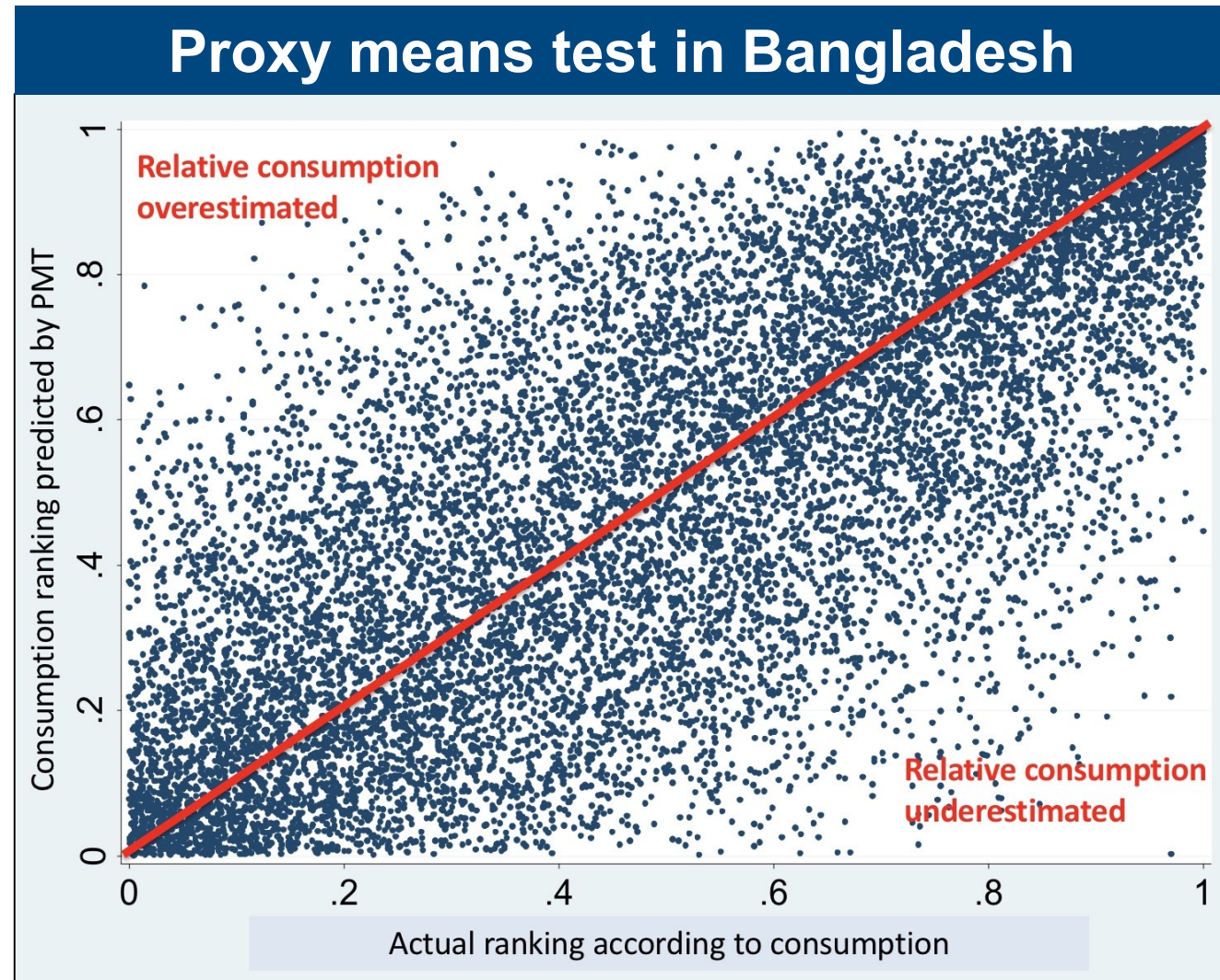
Pakistan (BISP)



World Bank's promotion of **Anti-Social** Registries using proxy means tests

If PMT were an accurate targeting methodology, all households would be aligned along the red line

Instead, it looks like targeting by helicopter drop



Mongolia: using threats to target the universal Child Money scheme

IMF/World Bank claims

Mongolia: Universal Child Money scheme is: 'not well-targeted and not effective in protecting the poor.' And, it will be better-targeted when given to 60% of children

Mongolia has 'an improved ability to target'

'The main targeted program, food stamps, had already been shown by the ADB to have a significant impact on food security.'

Reality

Universal Child Money reached 99% of all children, including those living in poverty

Let's be serious! It's a proxy means test.

Food stamps reach only 2% of population. Transfer for children is $\frac{1}{4}$ the size of the Child Money transfer

Opposition to universal pensions

World Bank recommendations

World Bank recently recommended that **Namibia** should target its universal pension

World Bank stated: '**Lesotho** cannot afford to waste money [on its universal pension] by providing transfers to people who do not need them' and 'Many of the elderly live in non-poor households where they are adequately catered for by relatives'

Reality

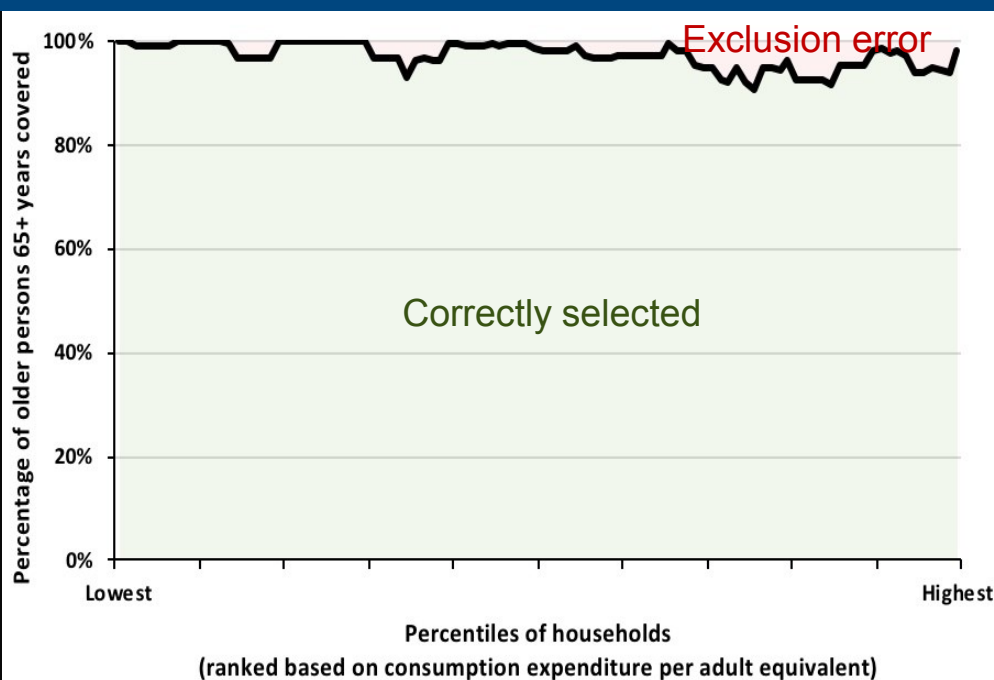
Universal pension reduces national poverty gap by 87% and reaches all older persons

World Bank's 2018 State of Social Safety Nets shows that 95% of older people in Lesotho are in the poorest 20% of the population

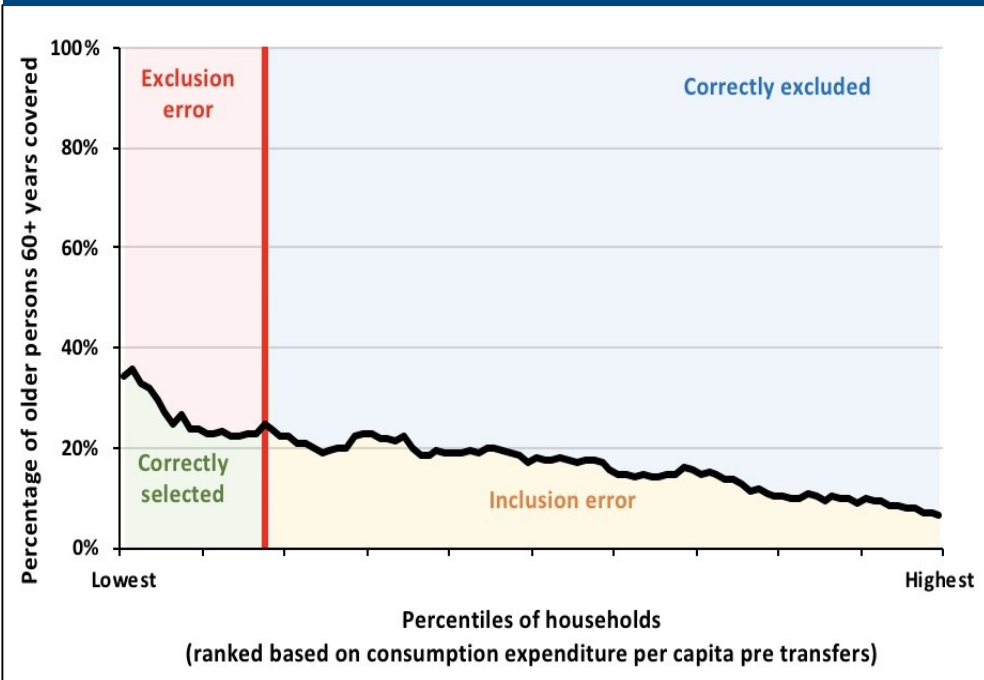
Efficacy of types of pension in reaching the poorest

2018 State of Social Safety Nets Report claims: *‘Despite the challenges of implementing an old-age social pension system targeted exclusively at the elderly poor, the policy has been found to reduce national poverty at almost twice the rate of a universal approach.’*

Georgia’s universal pension

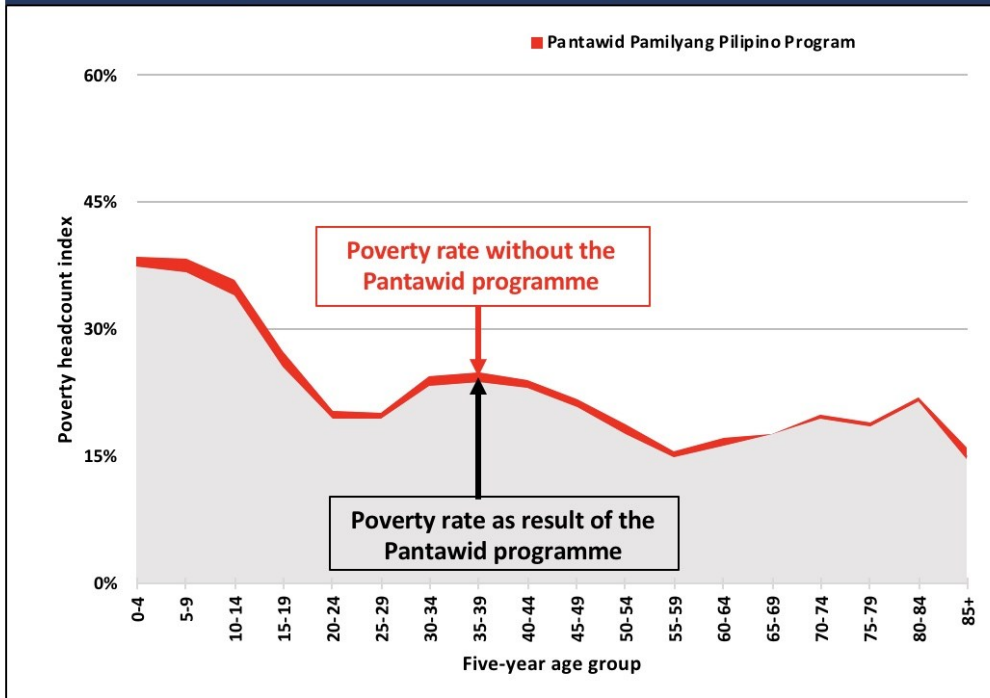


India's targeted pension

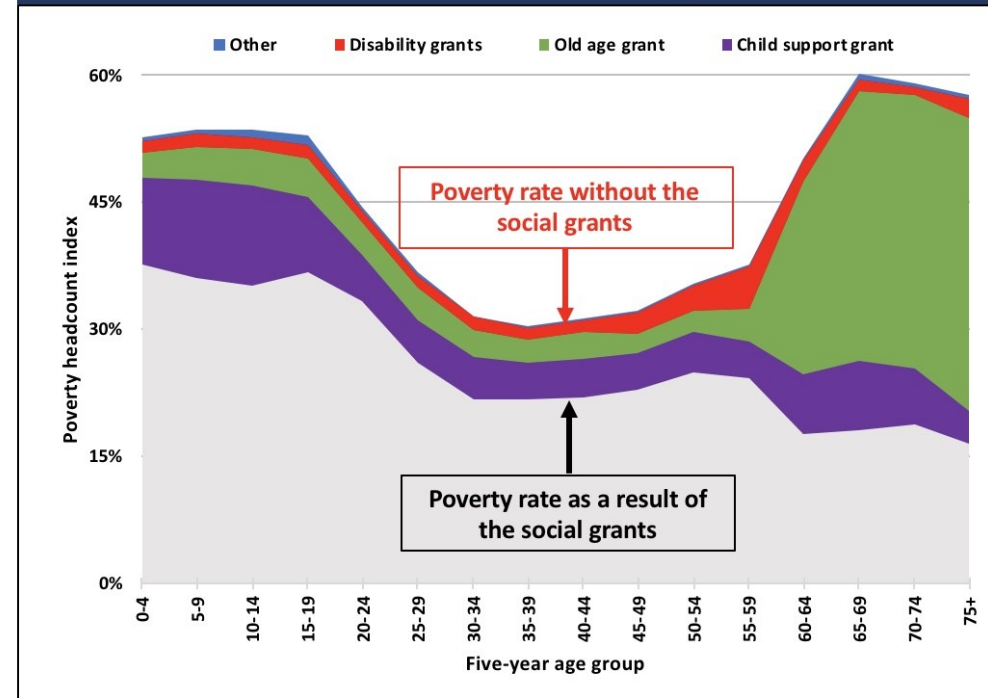


Higher levels of investment deliver higher impacts

Philippines Pantawid costing 0.38% of GDP



South Africa's Social Grants costing 3.4% of GDP



So, what type of social protection will countries adopt?

CURRENT DEALS!!!

Rolls Royce Inclusive Social Protection

PROMO



Reaching the poorest



Child Benefits

Coverage



Disability Benefits

Administration



Pensions

Transparency



Unemployment Benefits

Second-hand Lada Poor Relief

CLEARANCE



Reaching the poorest



CCT

Coverage



PMT

Administration



Workfare

Transparency



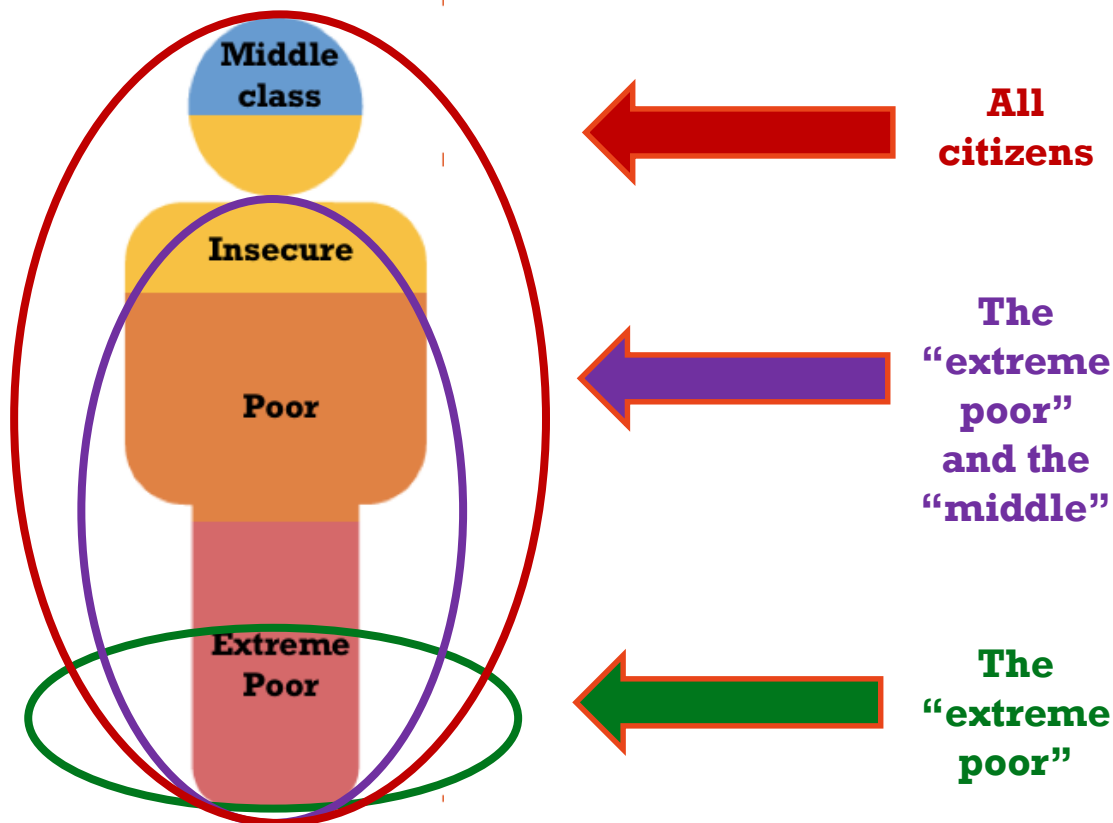
Anti-Social Registry

Higher budgets and transfer values in inclusive SP due to building alliances

The higher the coverage of a scheme, the broader the alliance across the recipients.

So, if a scheme includes only the 'poor,' the beneficiaries are weak politically

If the beneficiaries include a broader group, they become more powerful, which leads to more investment and higher quality schemes



Conclusion: why the support for poor relief?

The World Bank itself has admitted: “The historical ... evidence suggests that the forces pushing for better targeting are more regularly motivated by cutting entitlement bills and ensuring financial sustainability than by helping the poor.”

Ideology?

**Is the neoliberal
Washington
Consensus alive
and well?**

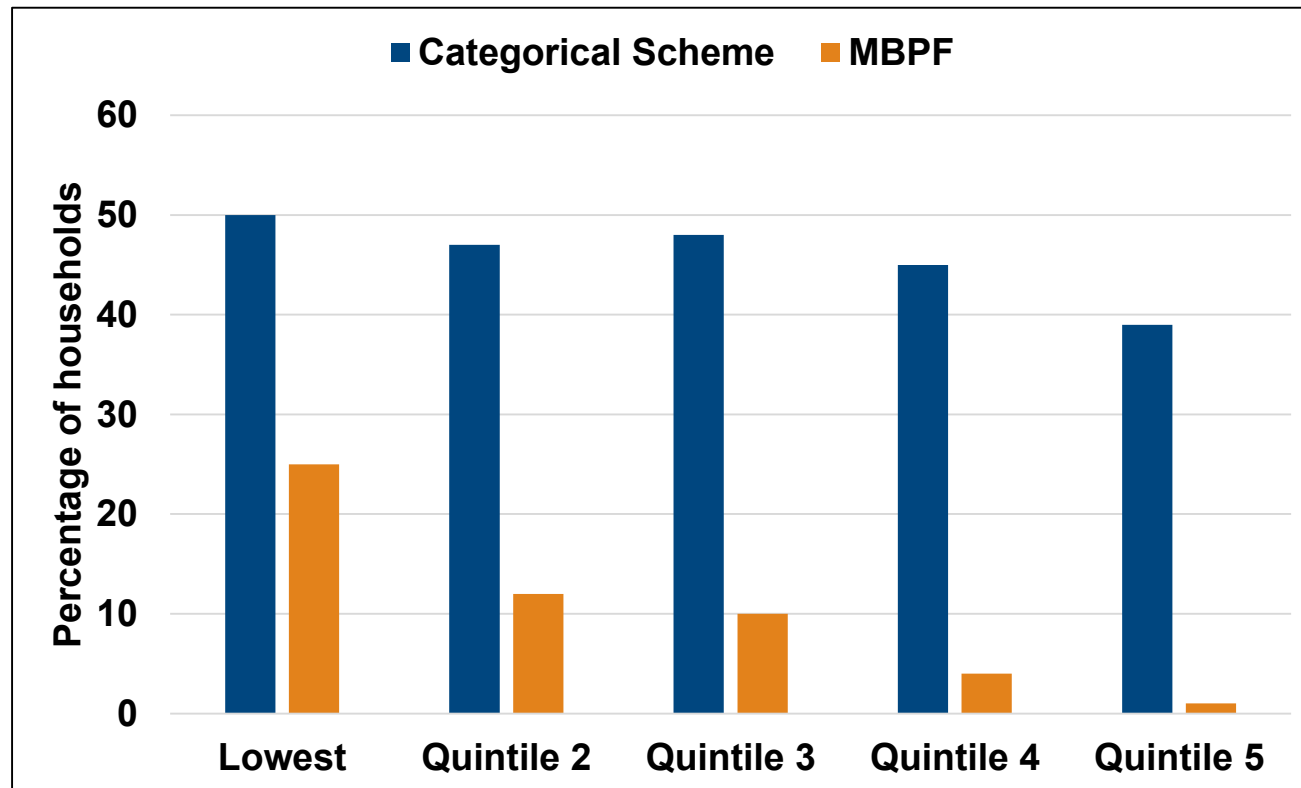
or

Naivety?

**Do WB ‘experts’
really believe
that ‘targeting
the poor’ is good
for the poor?**

But, how do we explain this?

Using this diagram, the World Bank argues that Kyrgyzstan's Monthly Benefit for Poor Families (MBPF) scheme is 'considerably more pro-poor' than the categorical scheme





Thank you