Social protection

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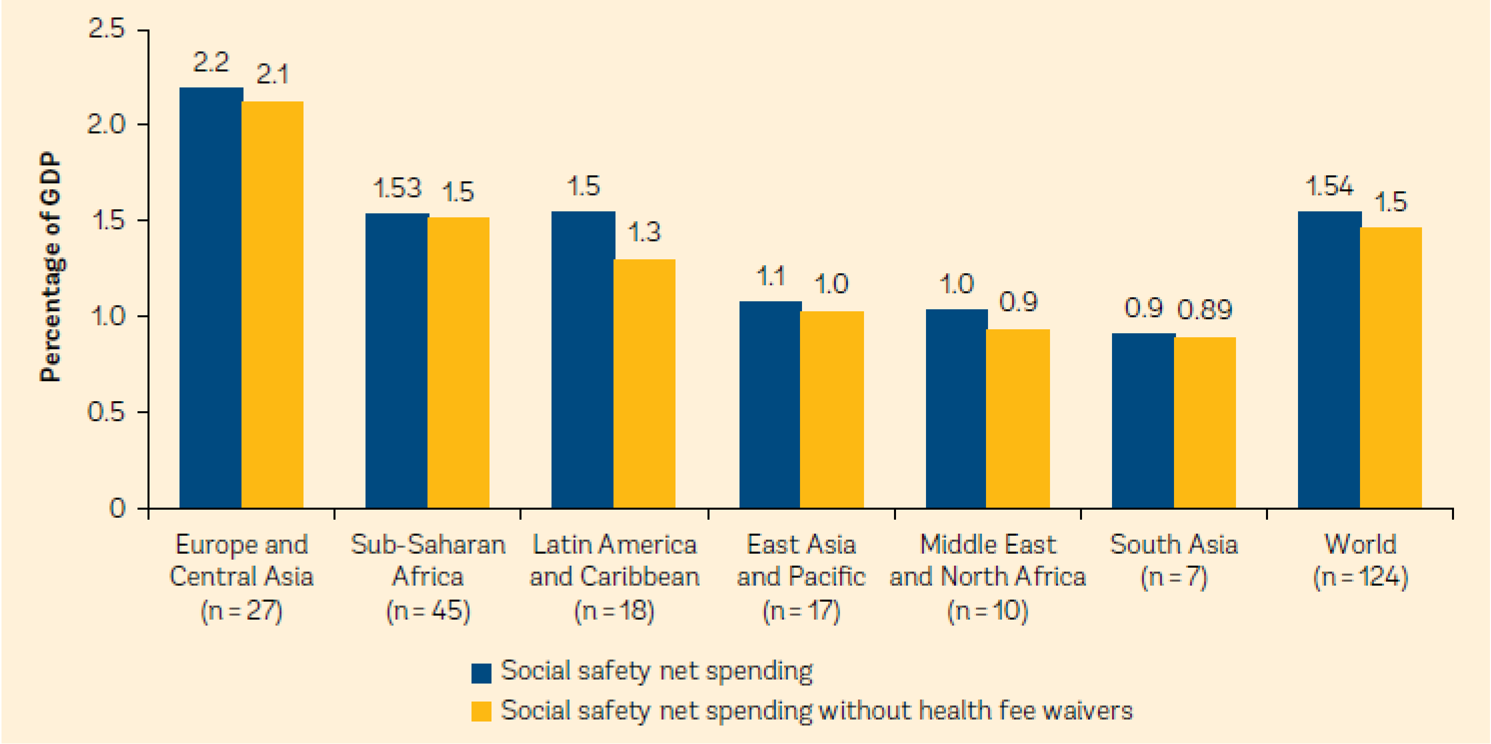
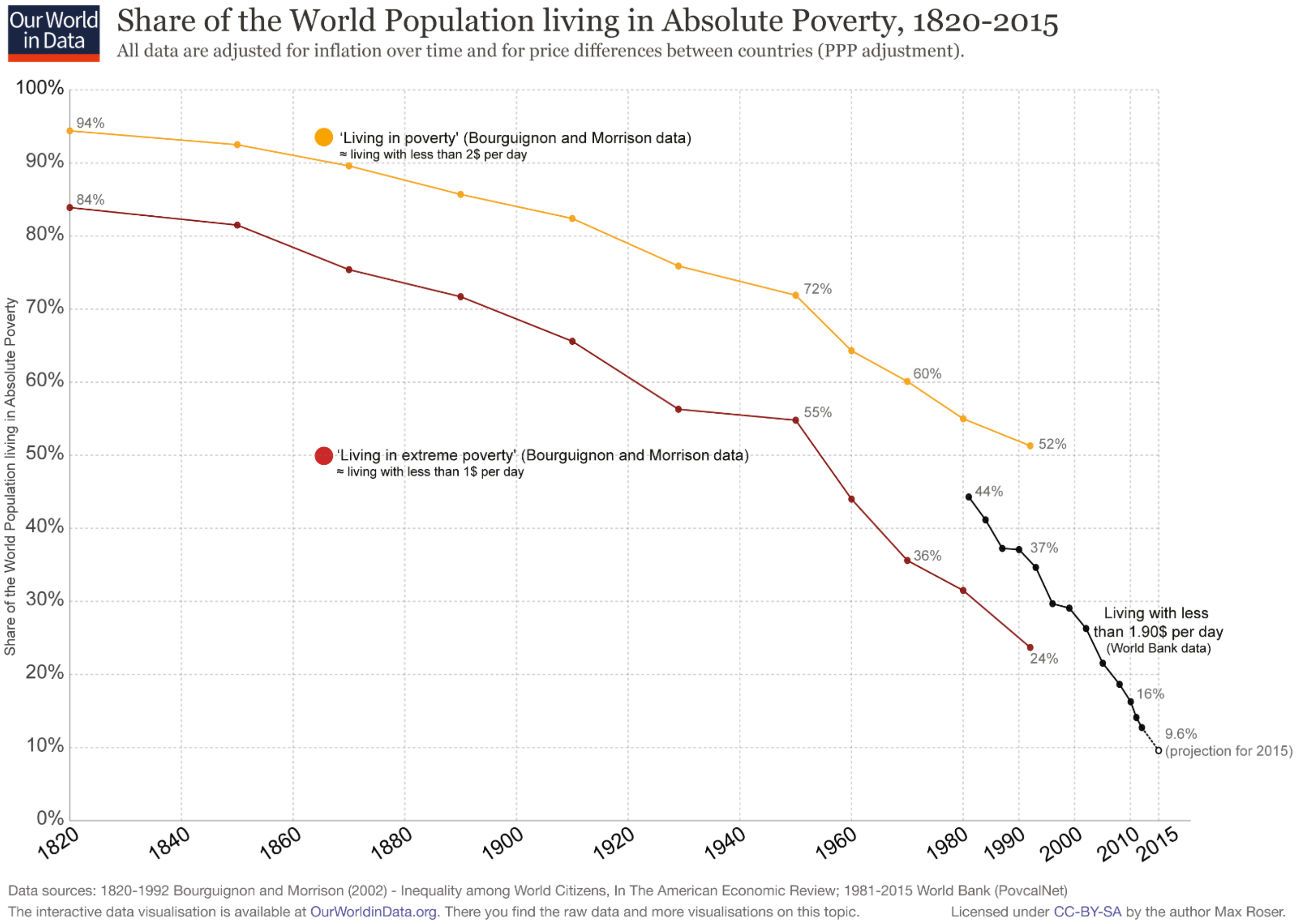
- Social protection (or "social assistance," "social safety nets") is a major element of public anti-poverty policy, worth 1.5% of GDP on average in developing and transition economies
- Providing effective social protection is a common aspiration – e.g. target 1.3 of Sustainable Development Goal 1 ("End poverty in all its forms everywhere") is to "implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable."
- The proposed Myanmar Sustainable Development Plan includes widening the safety net as an explicit objective (Strategy 4.3)

FIGURE 2.1 Average Global and Regional Spending on Social Safety Nets



Source: ASPIRE database.
Note: The number of countries in each region appears in parentheses. The difference in the regional average for Africa in this report as opposed to the Africa regional report (Beegle, Coudouel, and Monsalve, forthcoming) is that in the regional report, average social safety net spending (1.3 percent of GDP) does not include South Sudan as an outlier in terms of spending. The regional numbers presented in this figure are simple averages across countries. See appendix B for details. The conceptual treatment of health fee waivers is not straightforward because it depends on how countries arrange and report their provision of health care. Although in some cases the health fee waivers are reported under public health expenditures, in other cases they are counted under social protection expenditures. ASPIRE = Atlas of Social Protection: Indicators of Resilience and Equity.

Why? Policy rationales



- Poverty reduction in the long run has been overwhelmingly driven by economic growth
- Even in a fast-growing economy, many will be poor because (a) growth is unequal or involves "creative destruction," or because (b) they experience negative shocks – drought, unemployment, illness, etc.
- Social protection seeks to directly reduce this poverty. It may also contribute indirectly to growth through various channels, but this is a secondary objective.

Why? Political rationales

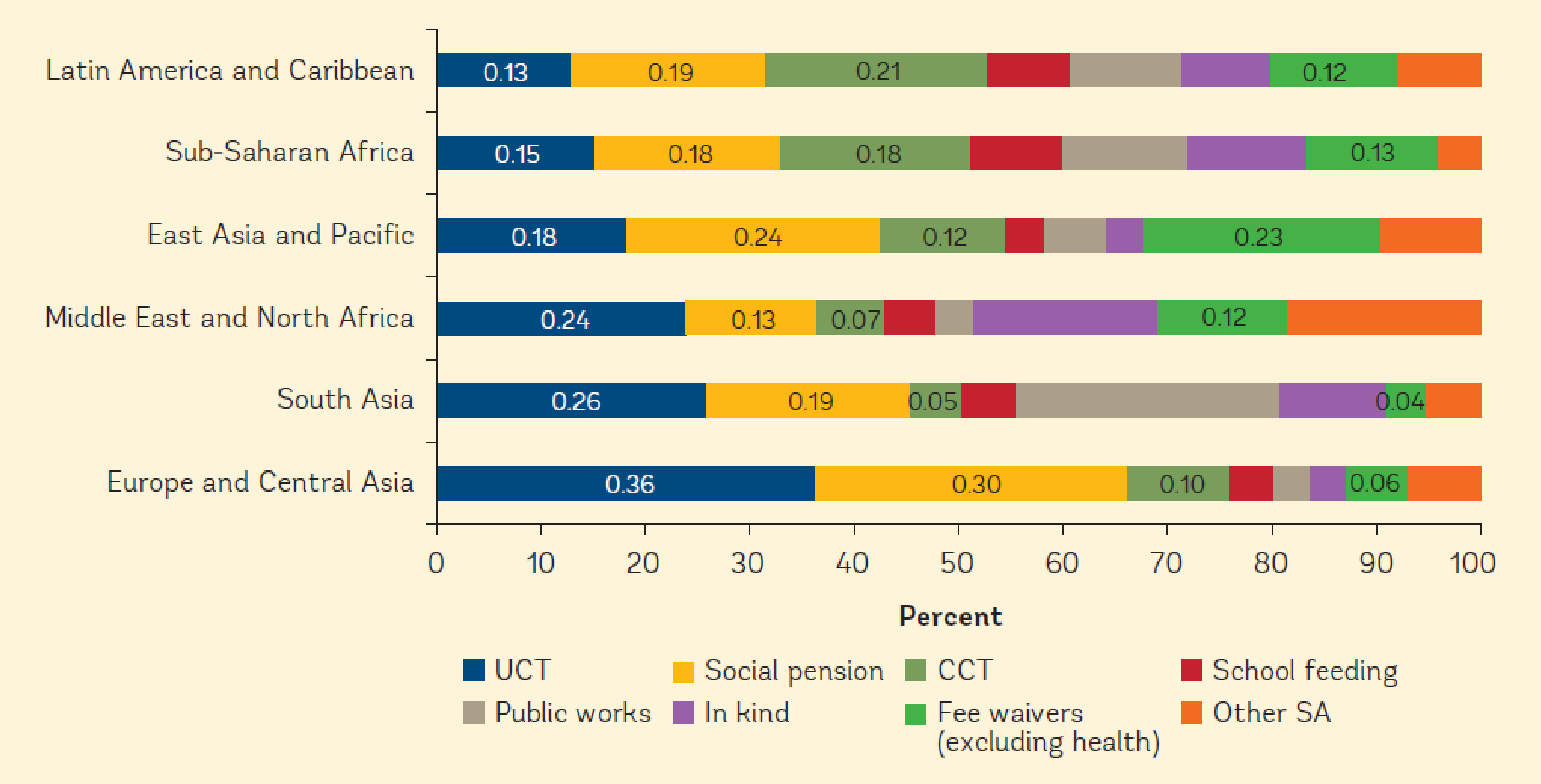
- Democratic institutions create pressure to reduce inequality (e.g. Meltzer & Richard 1982)
- Inequality may destabilize democratic institutions (though much debated; see e.g. Scheve & Stasavage 2017)
- Safety net programs have been shown to directly affect support for incumbent governments (e.g. Manacorda et al 2011)

Essential choices

1. What the benefits are (modality)
2. Who should get them (targeting)
3. How to make sure they do (implementation)

What to transfer?

FIGURE 2.14 Social Safety Net Spending across Regions, by Instrument



Cash transfers (conditional, unconditional, pensions, some public works) make up a majority of social protection spending, with the rest on school feeding, fee waivers, and some other in-kind (e.g. subsidized food)

What to transfer?

Cash transfers are the default for social protection for several reasons

- They give beneficiaries maximum flexibility to use benefit in the way(s) that work best for them (and are used in widely varying ways).
- They have a strong evidence base, with a wide range of positive impacts and little evidence of harmful effects (e.g. on substance abuse or dependency)
- They are seen as a way to stimulate the growth of payments infrastructure and financial inclusion (though unclear whether true)

There remain several good arguments for using in-kind transfers in some cases

- They may improve self-targeting (e.g. health care fee waivers tend to target the sick)
- They may provide insurance (e.g. transfers of rice provide a hedge against general inflation or rice price volatility)
- They may sell better to paternalistic stakeholders (e.g. Electronic Benefit Transfer in the US), though this is often achieved by putting conditions on receipt of cash transfers (e.g. CCTs in South America)

How to target?

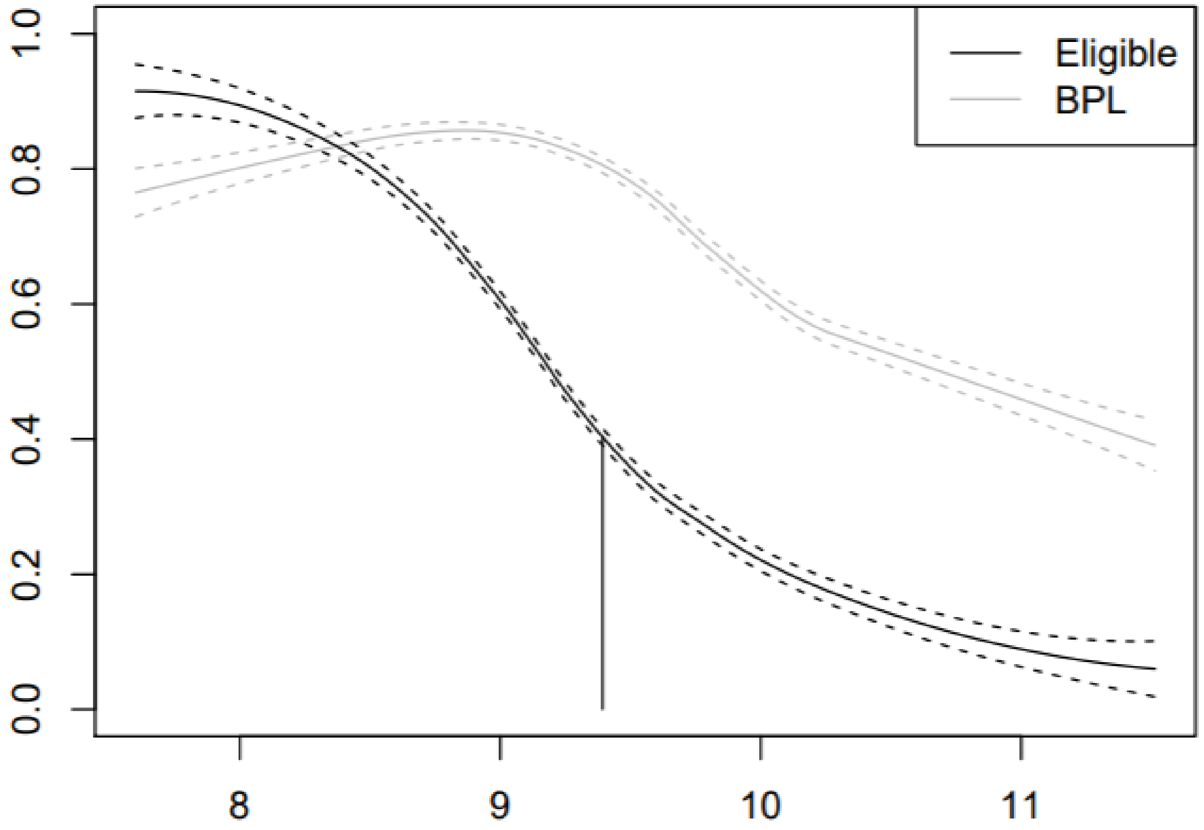
What kinds of people? The historically focus has been on finding the most deprived, but arguably should also consider for whom impacts are greatest

What unit of eligibility? Historically has usually been the household with some exceptions (e.g. pensions), but perhaps should be the individual (e.g. Brown et al)

What process? Two dominant approaches

- (Proxy) means test (PMT), including simple proxies such as age or geography. In particular, Myanmar's upcoming living standards measurement survey is an opportunity to identify simple variables that predict measures of poverty (especially those also collected in the 2014 Census).
- Self-selection through "ordeal" – e.g. employment guarantee scheme, conditional cash transfers. These may have desirable "adaptive" features that build in responsiveness to shocks e.g. drought, but impose costs on the recipients and may exclude the less able.
- (Others - Political or bureaucratic discretion, community-based targeting (CBT))

The hard work of implementation



Giving things away at scale is hard. As an example consider India's Public Distribution System, which simply aims to distribute subsidized grain to low-income households.

- Targeting breaks – e.g. in Karnataka, 48% of households were misclassified and 75% paid bribes (Niehaus et al 2013)
- Distribution breaks – e.g. in Jharkhand, 31% of transfers were skimmed off by intermediaries (Muralidharan, Niehaus, Sukhtankar 2018)

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The hard work of implementation

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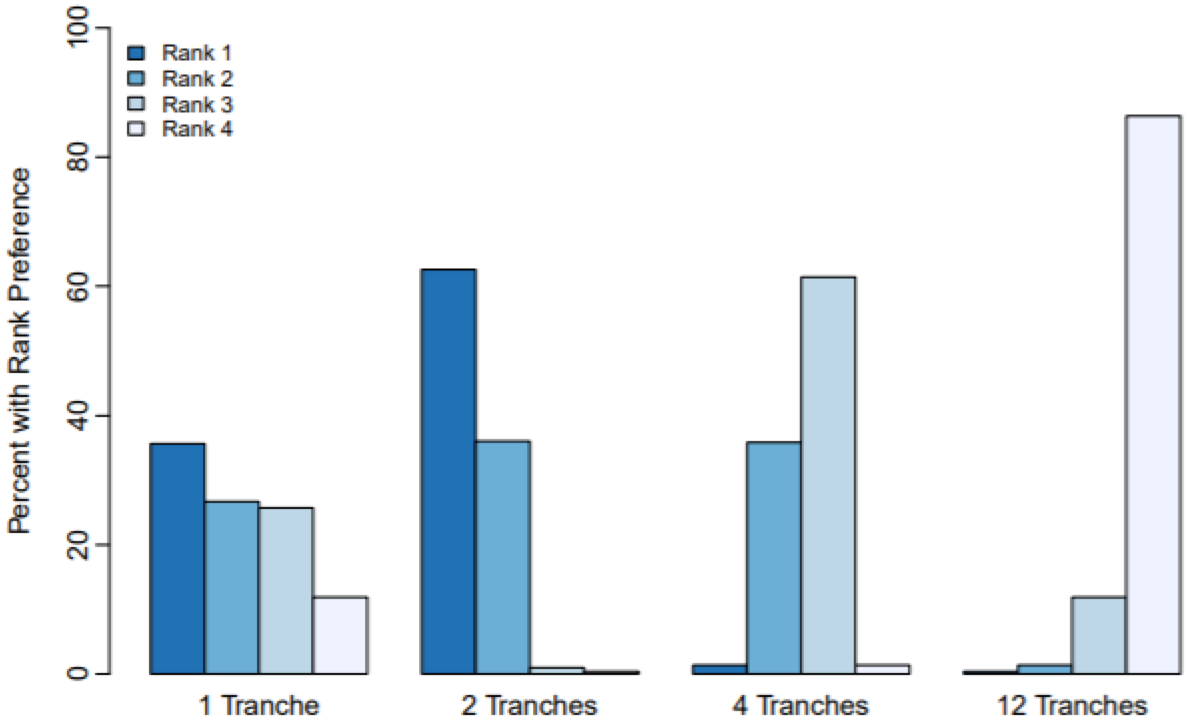
It is hard to know what will work without testing. As an example, consider introducing biometric authentication for individuals collecting their benefits:

- Cut leakage by 41% in Andhra Pradesh (Muralidharan, Niehaus, Sukhtankar 2016)
- Had no effect on leakage in Jharkhand (Muralidharan, Niehaus, Sukhtankar 2018)

Some guiding principles

Keep it simple. Plans look better on paper than they play out on the ground. Executing well on something simple (e.g. an unconditional child support grant to all moms in the first 1000 days – MSDP Action 4.3.1) would be a major achievement and lay groundwork for more complex, finely-targeted policies in the future.



Measure last-mile performance regularly and independently. Create a mechanism independent from the implementing agenc(ies) to proactively gather feedback from beneficiaries on what's working and what isn't – e.g. monthly calls to a representative sample.

Iterate on design using feedback from recipients to improve efficacy and support. E.g. at GiveDirectly we have found that recipients often ranked lumpier tranching of transfers, which enabled asset accumulation, as more attractive to them