DEVELOPMENT PATHWAYS

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

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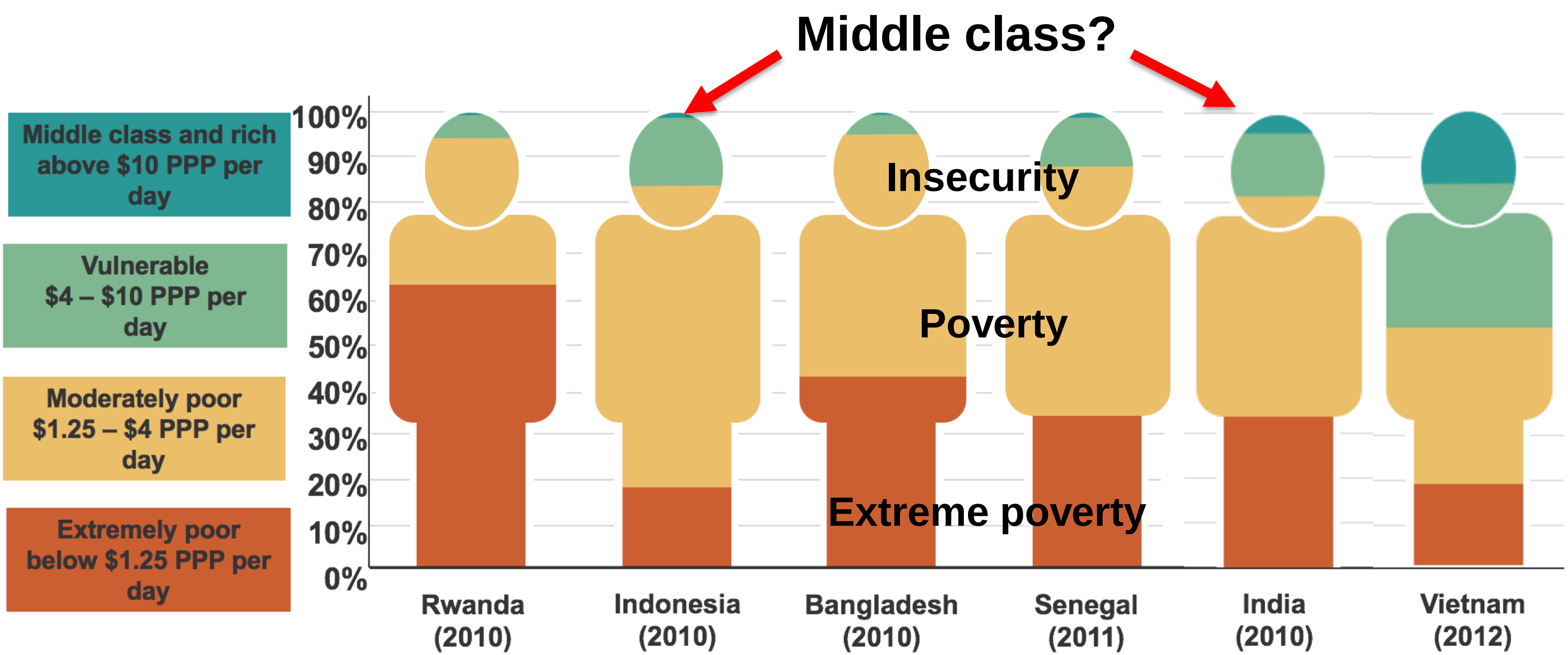
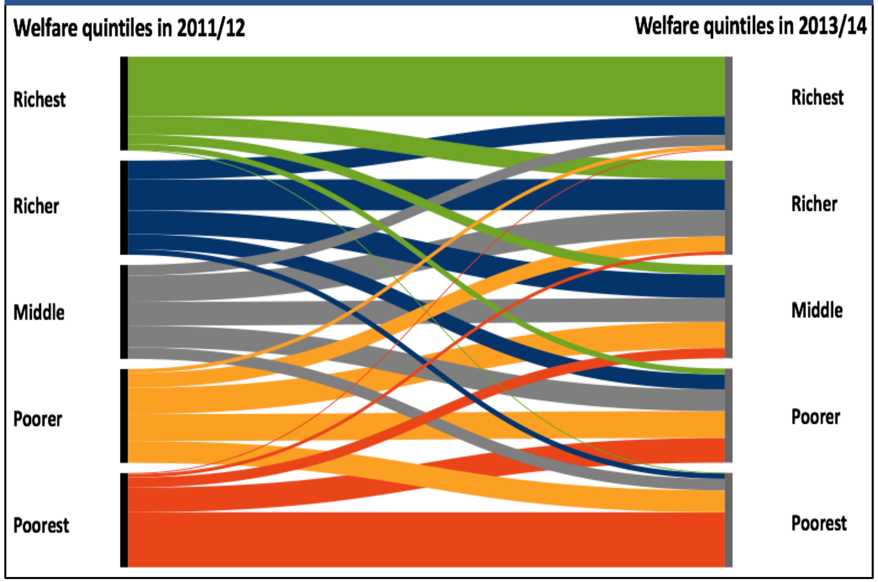
18th April 2018

# The poor: a fictional construct

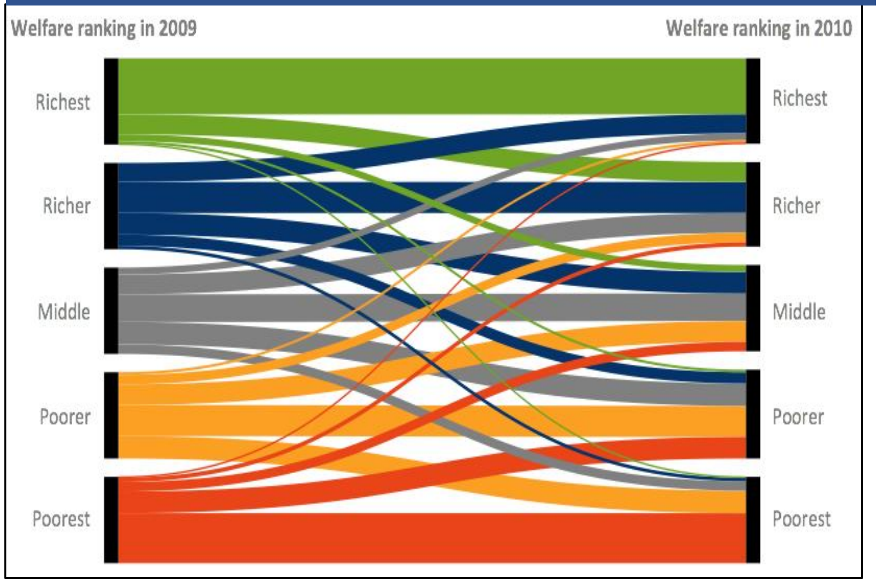


# Consumption and incomes are highly volatile

**Consumption dynamics in Uganda (2 years)**




**Consumption dynamics in Indonesia (1 year)**



# Old fashioned poor relief approach or inclusive lifecycle social protection

# The "missing middle" in the IMF and World Bank's approach to social protection

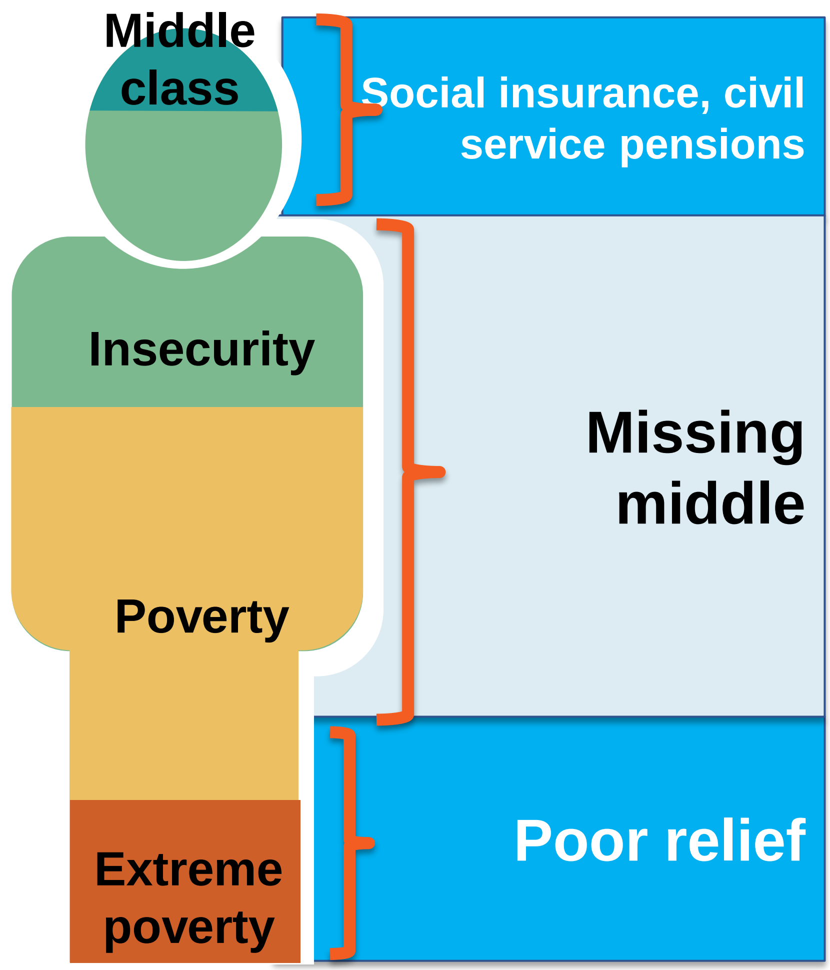
Many countries offer:

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

However:

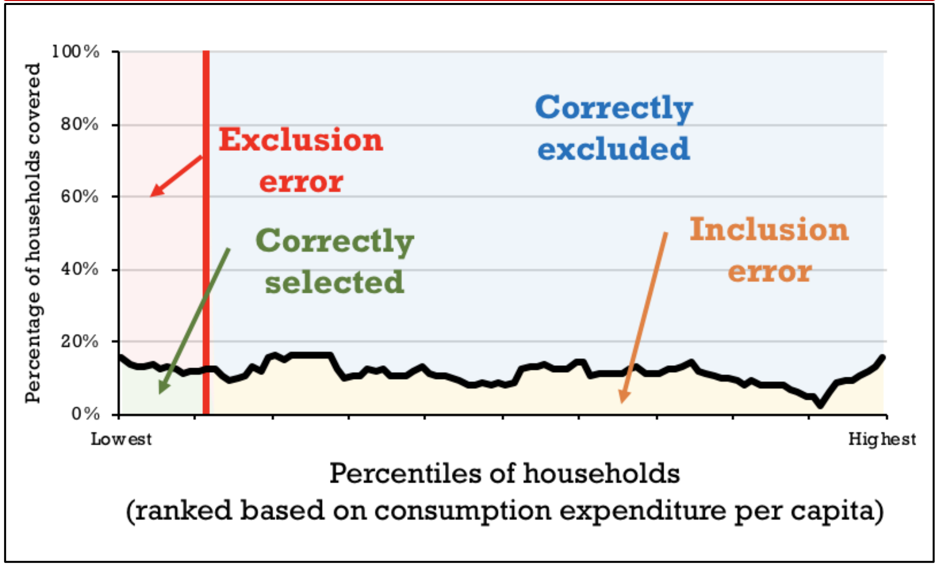
- Those in the middle are excluded from social protection
- Yet, many live in poverty and insecurity
- And, are more powerful politically

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

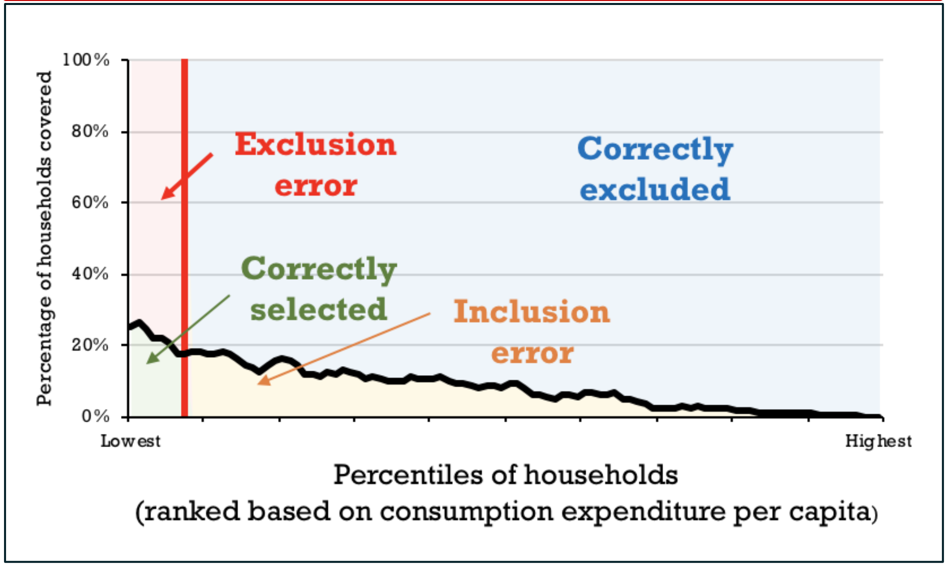


# Poverty targeting usually excludes the majority of intended beneficiaries

## Ethiopia (PSNP)




## Pakistan (BISP)

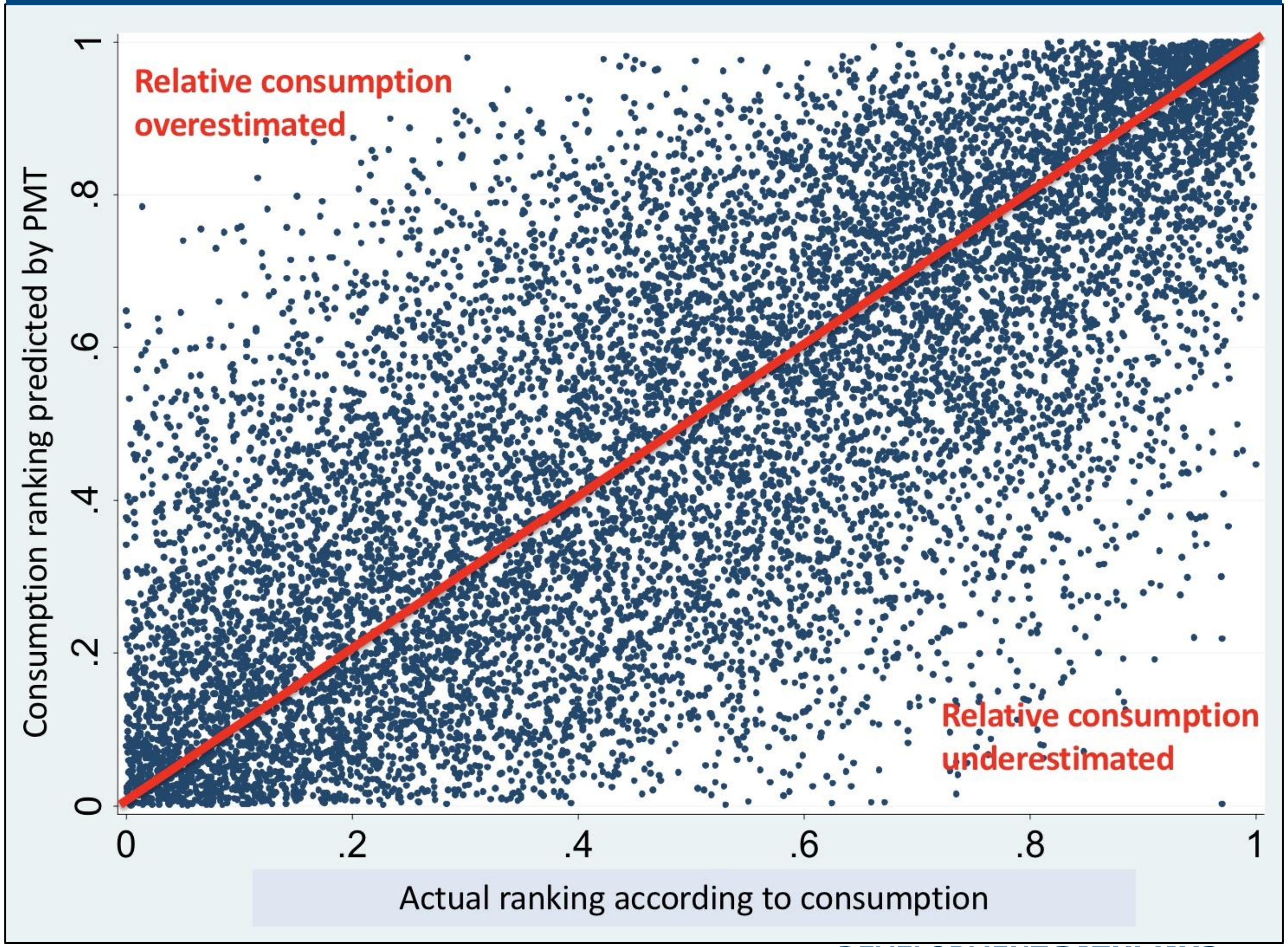


# World Bank's promotion of Anti-Social Registries using proxy means tests

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

Instead, it looks like targeting by helicopter drop

## Proxy means test in Bangladesh



# Mongolia: using threats to target the universal Child Money scheme

| IMF/World Bank claims | Reality |
| --- | --- |
| 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 | Universal Child Money reached 99% of all children, including those living in poverty |
| Mongolia has 'an improved ability to target' | Let's be serious! It's a proxy means test. |
| 'The main targeted program, food stamps, had already been shown by the ADB to have a significant impact on food security.' | Food stamps reach only 2% of population. Transfer for children is ¼ 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

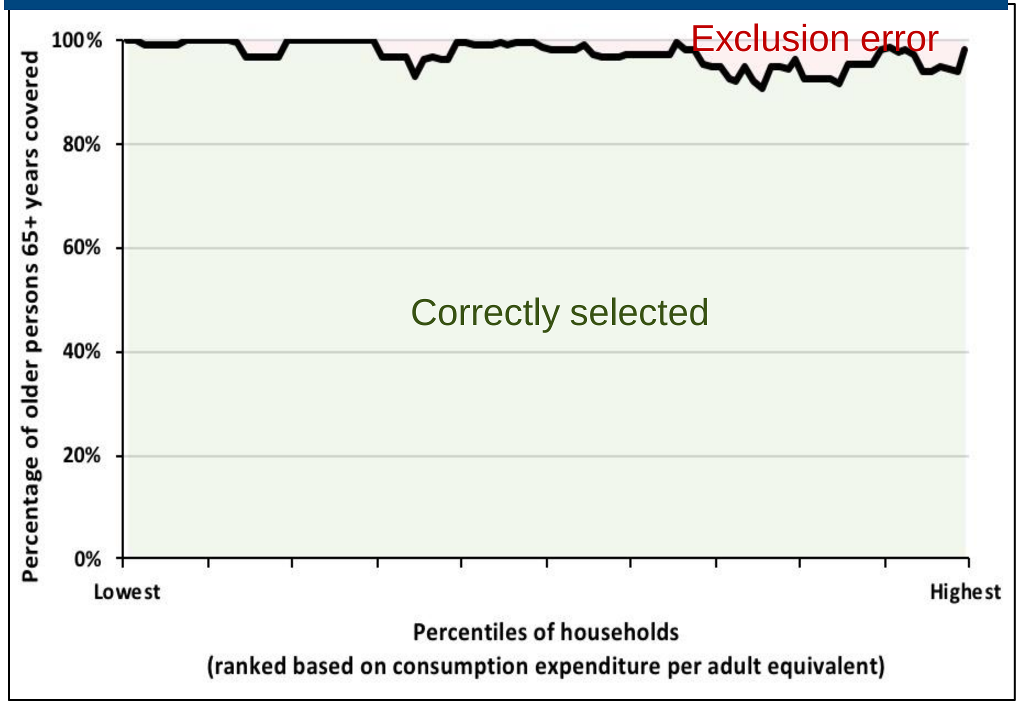
Universal pension reduces national poverty gap by 87% and reaches all older persons

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

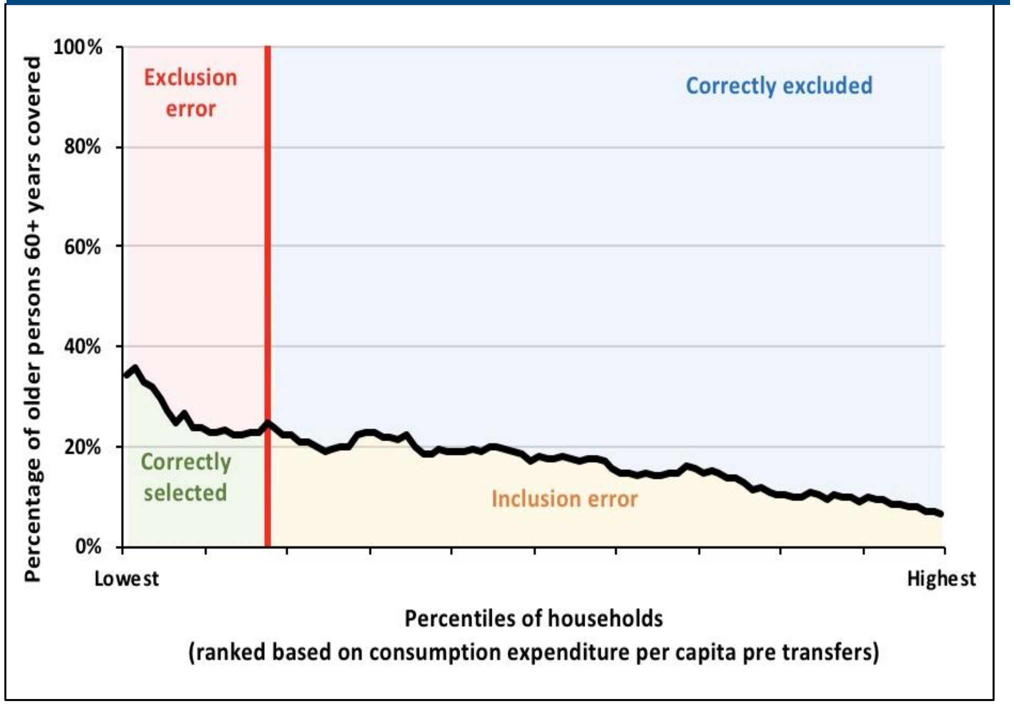
# Efficacy of types of pension in reaching the poorest

**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

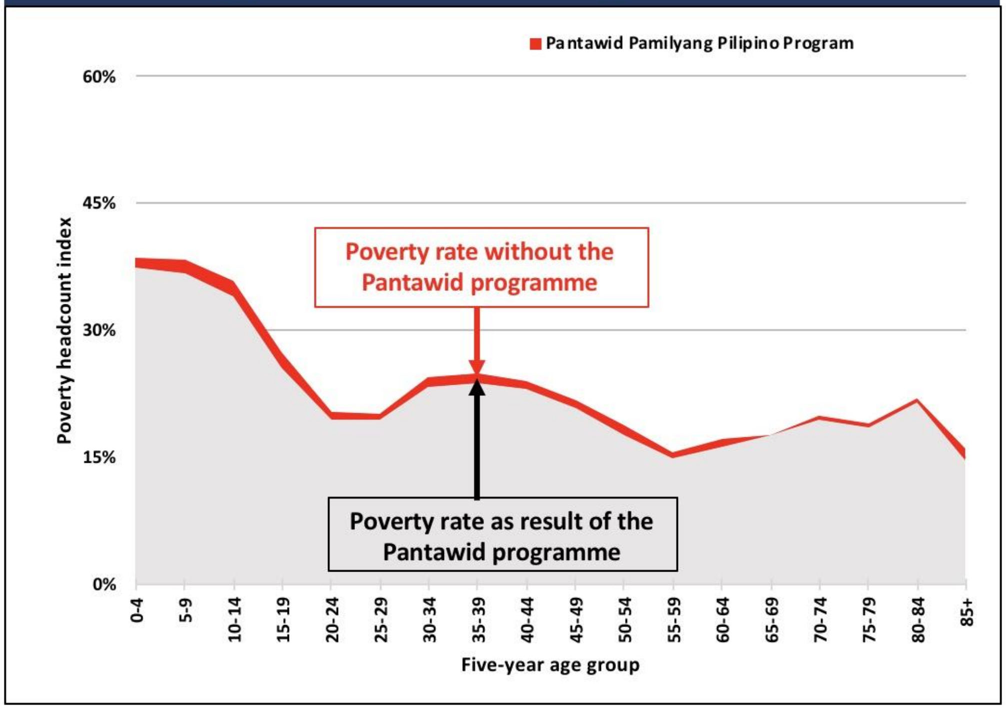



## India's targeted pension

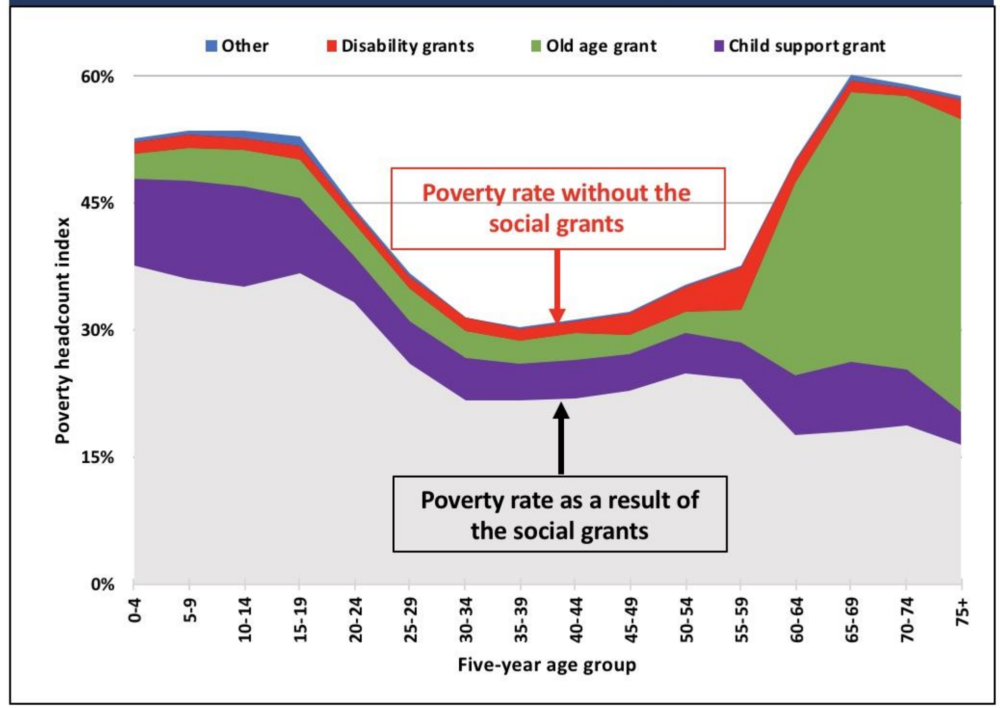


# Higher levels of investment deliver higher impacts

## 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 | ★★★★★ |
| Coverage | ★★★★★ |
| Administration | ★★★★★ |
| Transparency | ★★★★★ |

- Child Benefits
- Disability Benefits
- Pensions
- Unemployment Benefits

### Second-hand Lada Poor Relief

CLEARANCE

| | |
|---|---|
| Reaching the poorest | ★ |
| Coverage | ★ |
| Administration | ★ |
| Transparency | ★ |

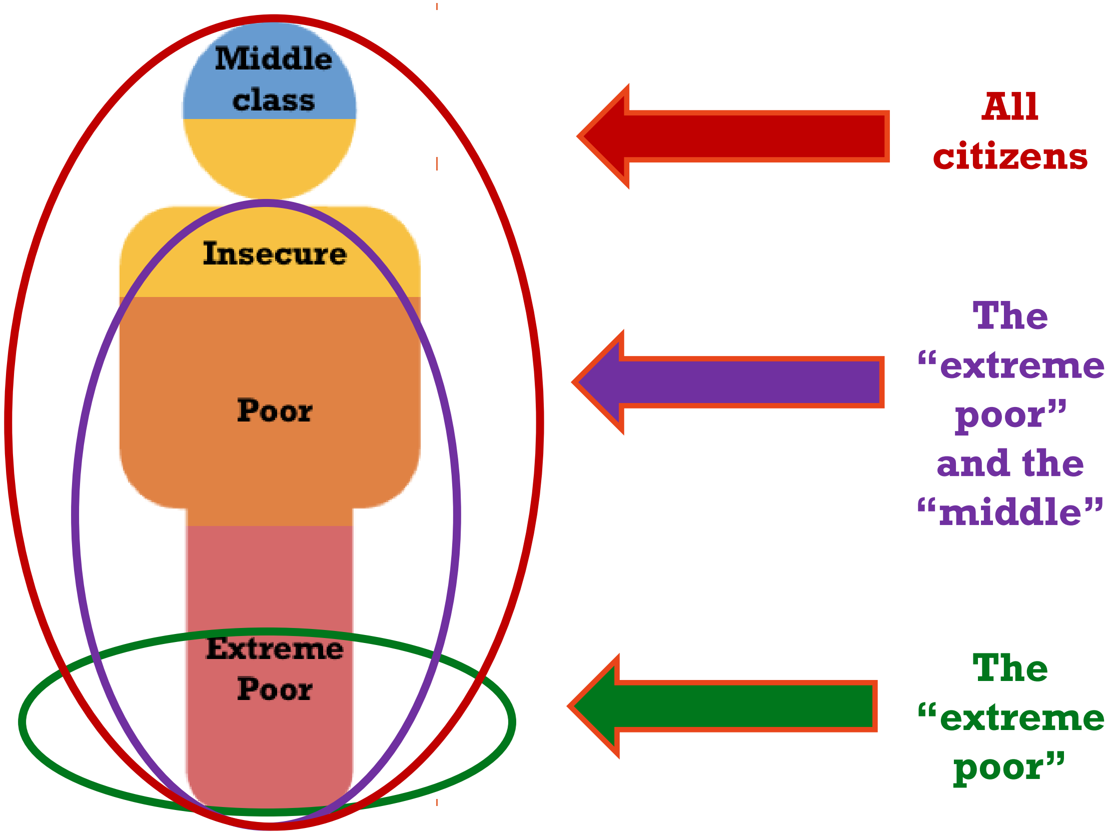
- CCT
- PMT
- Workfare
- Anti-Social Registry

# 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?**

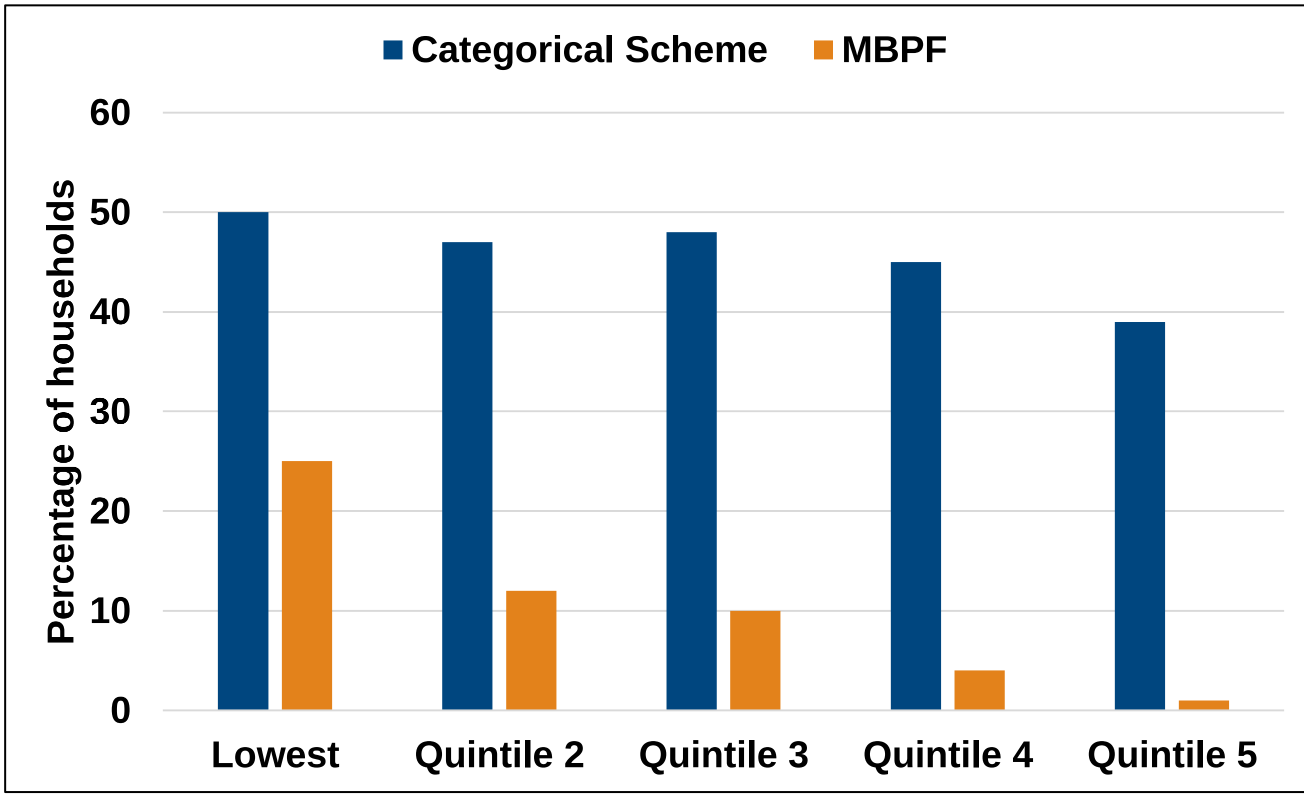
**or**

**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