

Introduction to the Welfare State

Social Protection

rszarf.ips.uw.edu.pl/welfare-state

Social Security and Social Assistance

Charter of Fundamental Rights of European Union
Article 34 **Social Security and Social Assistance**

1. The Union recognises and respects the entitlement to social security benefits and social services providing protection in cases such as maternity, illness, industrial accidents, dependency or old age, and in the case of loss of employment, in accordance with the rules laid down by Community law and national laws and practices.
2. Everyone residing and moving legally within the European Union is entitled to social security benefits and social advantages in accordance with Community law and national laws and practices.
3. In order to combat social exclusion and poverty, the Union recognises and respects the right to social and housing assistance so as to ensure a decent existence for all those who lack sufficient resources, in accordance with the rules laid down by Community law and national laws and practices.

Two slightly different ways of saying the same

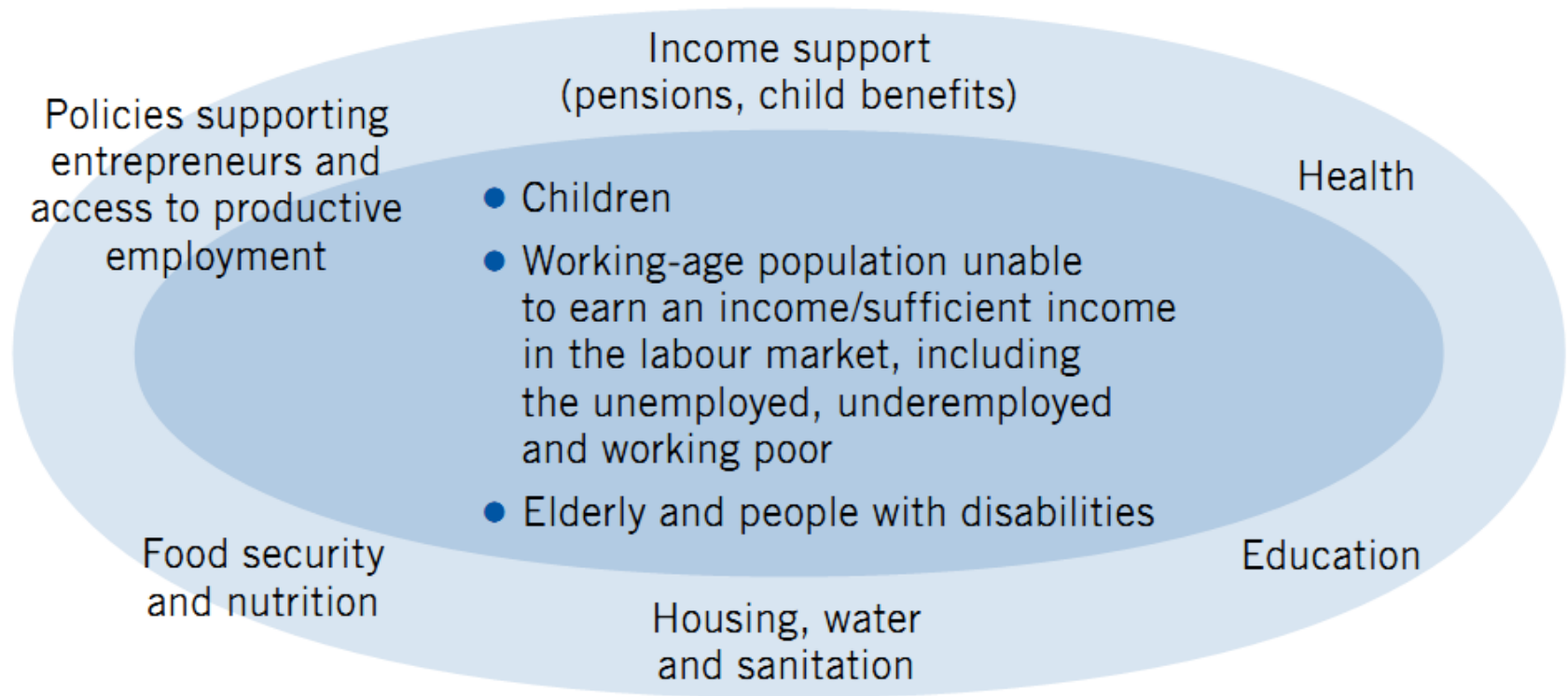
Social protection is **social security**
and social assistance

OR

Social security is **social insurance** and
social assistance

Social Protection Floor

Integrated social policies to protect and empower people across the life cycle



Three core functions of a social protection system

- **Protecting income and consumption** in the face of shocks such as disease, unemployment, or disability in old-age;
- **Combating poverty and deprivation** by ensuring access to a basic set of goods and services;
- **Improving individuals' earnings opportunities** by promoting investments in human capital, giving access to credit, and making labor markets (which are the main source of income for most people) work better.

Table 1 Risk, growth and poverty: what do we know, what do we need to know?

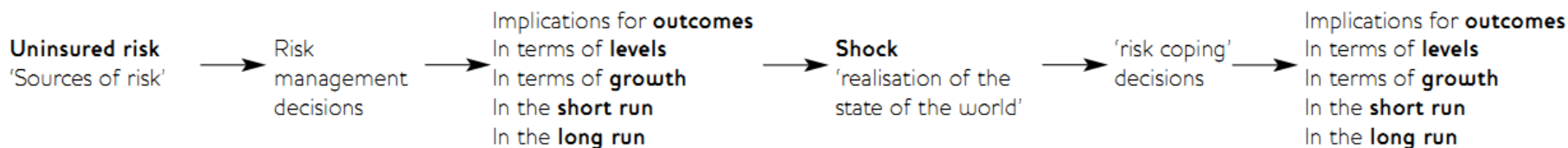
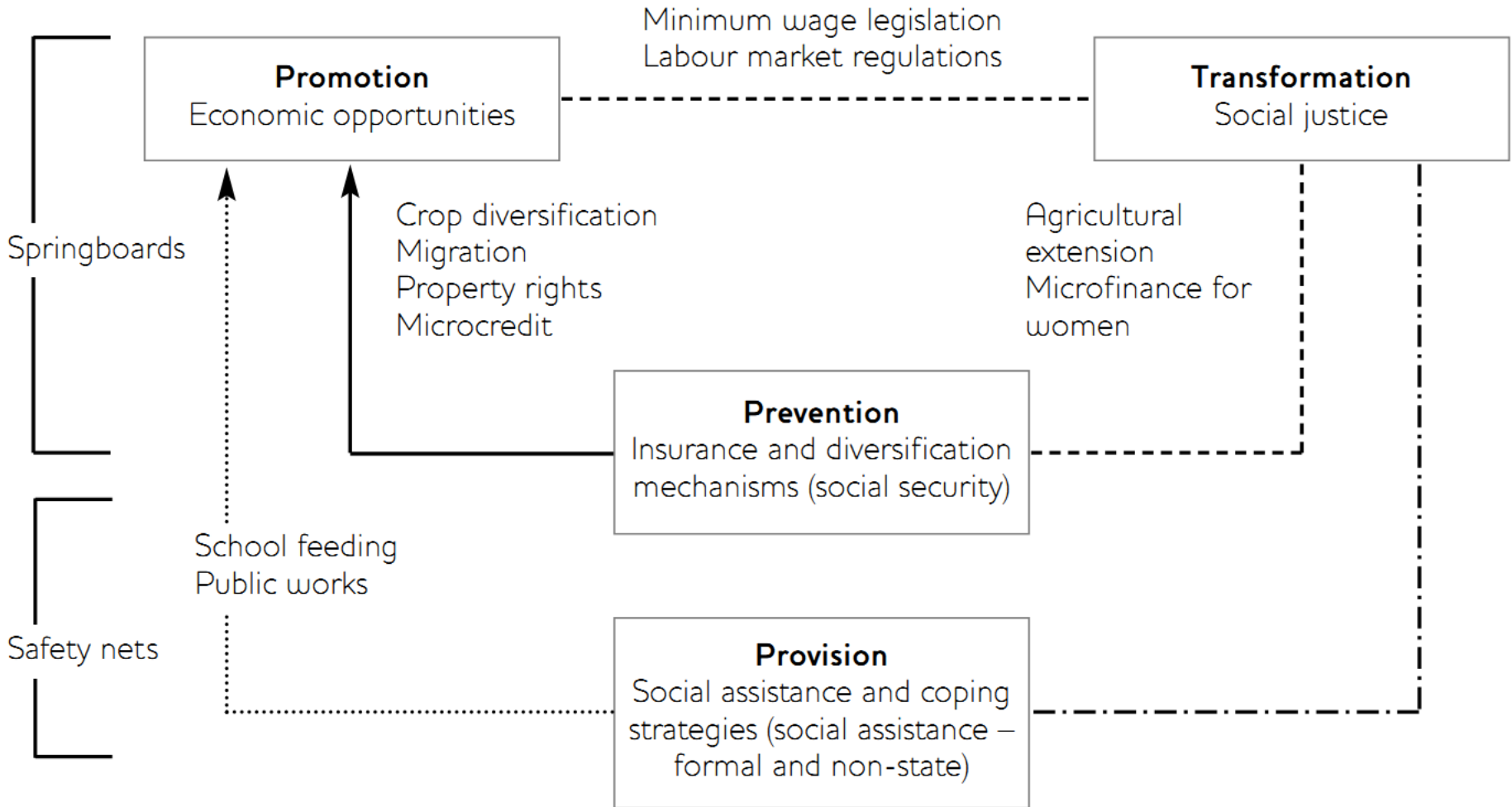


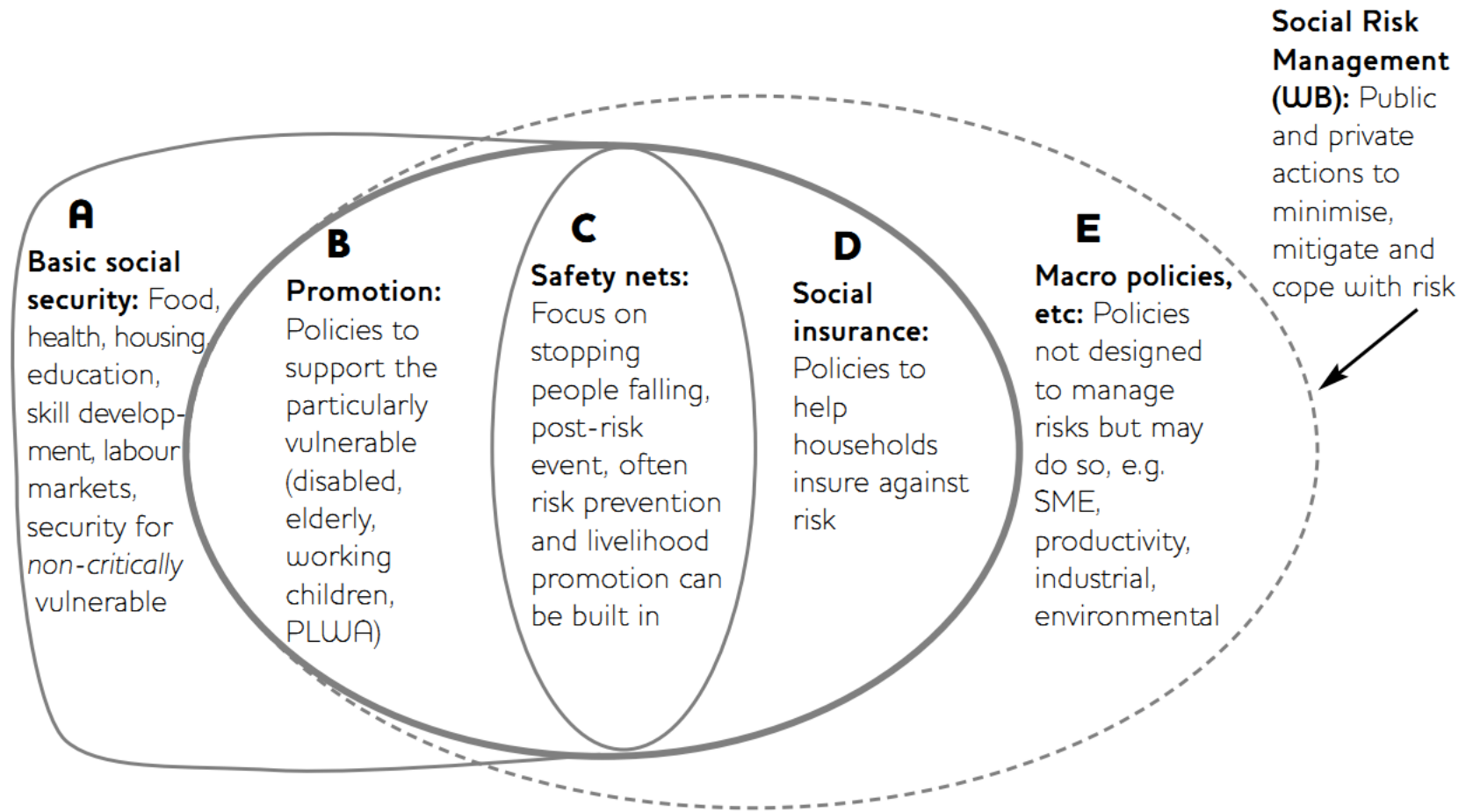
Table 2 Strategies and arrangements of social risk management – examples

Arrangement strategies	Informal	Market-based	Public
Risk reduction	Less risky production Migration Proper feeding and weaning practices Engaging in hygiene and other disease-preventing activities	In-service training Financial market literacy Company-based and market-driven labour standards	Good macro-economic policies Pre-service training Labour standards Child labour reduction AIDS and other disease prevention
Risk mitigation			
Portfolio	Multiple jobs Investment in human, physical and real assets Investment in social capital (rituals, reciprocal gift-giving)	Investment in multiple financial assets Microfinance (saving, credit and insurance)	Asset transfers Protection of poverty rights (especially for women) Support for extending financial markets to the poor
Insurance	Marriage/family Community arrangements Share tenancy Tied labour	Old-age annuities Disability, accident and other insurance (e.g. crop insurance)	Mandated/provided insurance for unemployment, old age, disability, sickness, etc.
Risk exchange	Extended family Labour contracts		
Risk coping			
	Selling of real assets Borrowing from neighbours Intra-community transfers/charity Sending children to work Seasonal/temporary migration	Selling of financial assets Borrowing from banks	Disaster relief Conditional or unconditional transfers Public works Subsidies

A Conceptual Framework for Social Protection

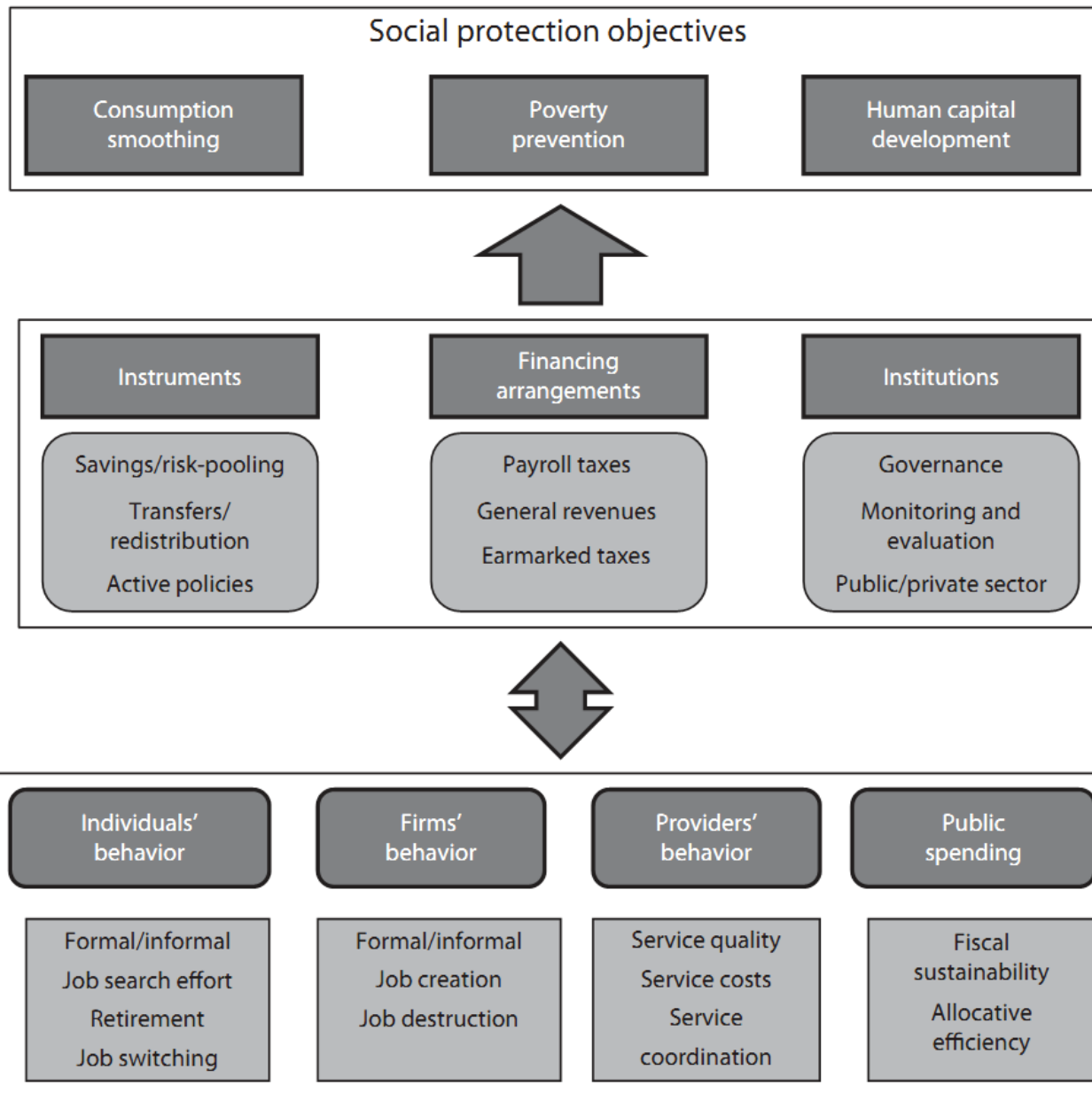


Different Actions Related to Risk and Vulnerability



- Social Protection = B + C + D (Contingent SS?)
- Basic Social Security = A; Extended SS = A + B + C + D
- Social Assistance = B + C; Social insurance = D; Safety nets = C
- Social Risk Management (WB) = B + C + D + E; 'Nordic SRM' A + B + C + D + E (springboard)

A Conceptual Framework for Social Protection

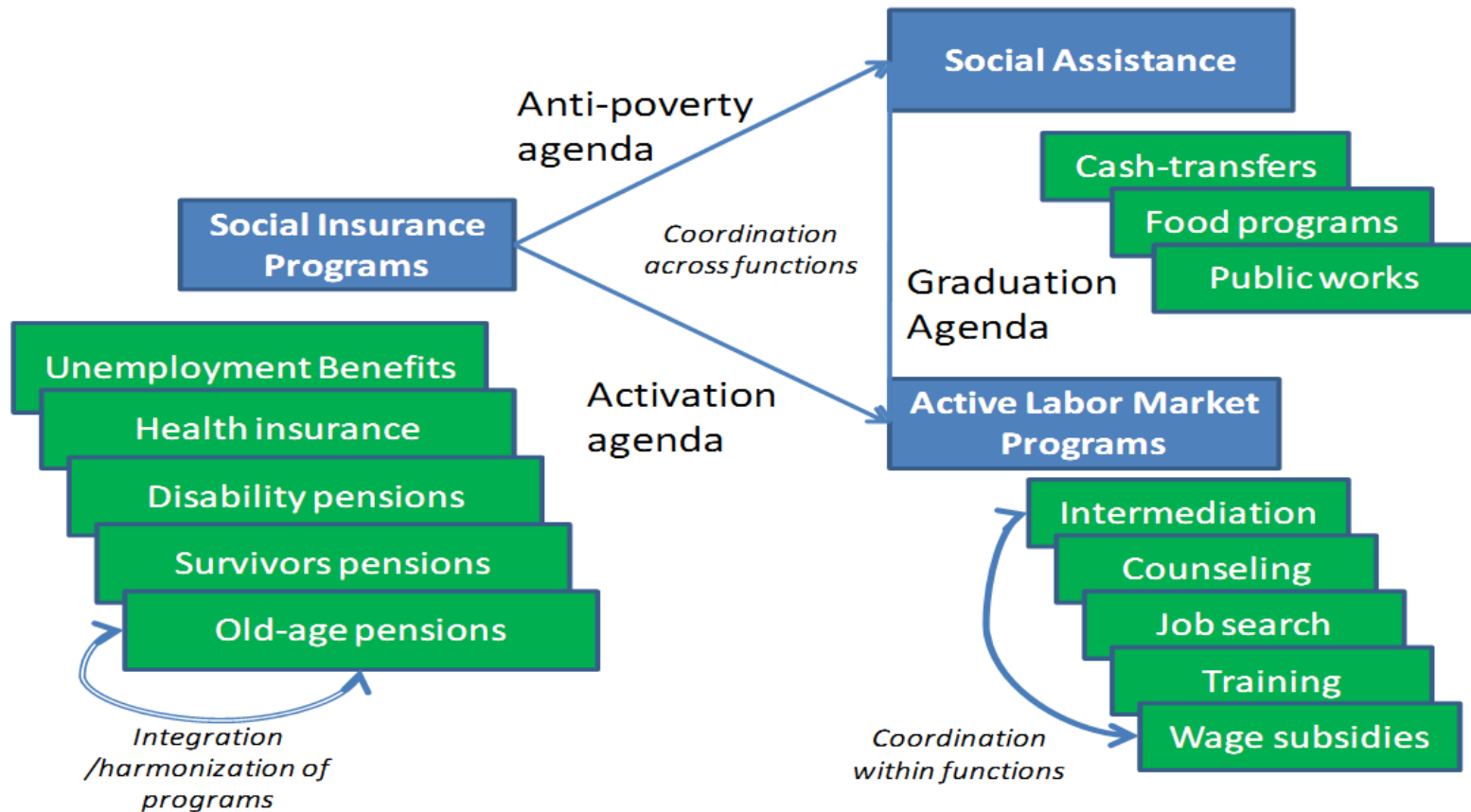


Linkages between Basic Types of Instruments and Risks/Shocks

Risk/Shock	Types of Instruments						
	Savings	Risk Pooling	Transfers to Beneficiaries or Providers	Human Capital Formation - Training	Wage Subsidies	Access to Services	Asset and Credit Provision
Early childhood malnutrition			X	X		X	
Unemployment	X		X	X	X	X	X
Disability	X	X	X	X	X	X	X
Death	X	X	X				
Old-age	X	X	X	X		X	X
Illness		X	X			X	
Poverty			X	X	X	X	X

Note: Transfers can be conditional or unconditional. Conditional transfers include payments for participation in public works. In a more general classification, they would also include wage subsidies, which are paid conditional on work. Access to services includes non-cash support such as counseling or intermediation or activities linked to improving access to health and education services.

Levels of Integration/Coordination within an SP&L System



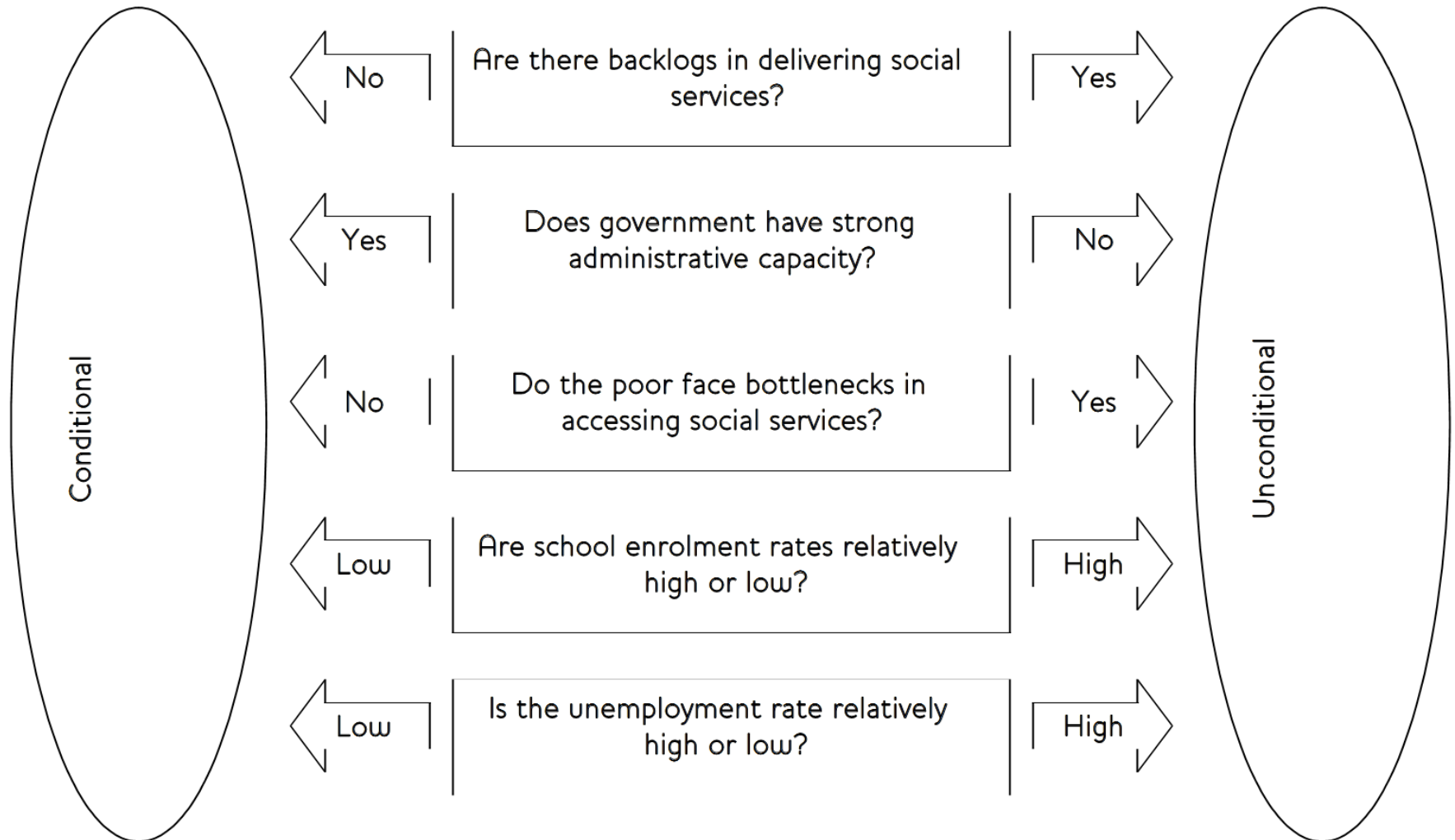
Types of Cash Transfers

Type of cash transfers	Objectives and beneficiaries
Conditional cash transfers	Regular income transfers to poor households conditional on particular actions and/or changes in behaviour to enhance education and health outcomes
Unconditional cash transfers	Regular income transfers without behavioural conditions to help improve households' income and thus meet basic needs
Cash for work	Cash payments in exchange for labour in public works projects, with the aim of increasing household income and often also reducing seasonal or temporary vulnerability
Child benefits/ grants	Cash grants for households with children to meet their basic nutrition, health and education needs – these may be for all children or a targeted subset (e.g., children under 5 or children in families below the poverty line)
Disability grants	Cash grants for people with disabilities to support access to services and basic needs; particularly relevant for those that cannot work and/or generate income
Pensions	Regular income assistance to the elderly to help meet their subsistence needs – these may be contributory, non-contributory and funded by government revenue, or some combination

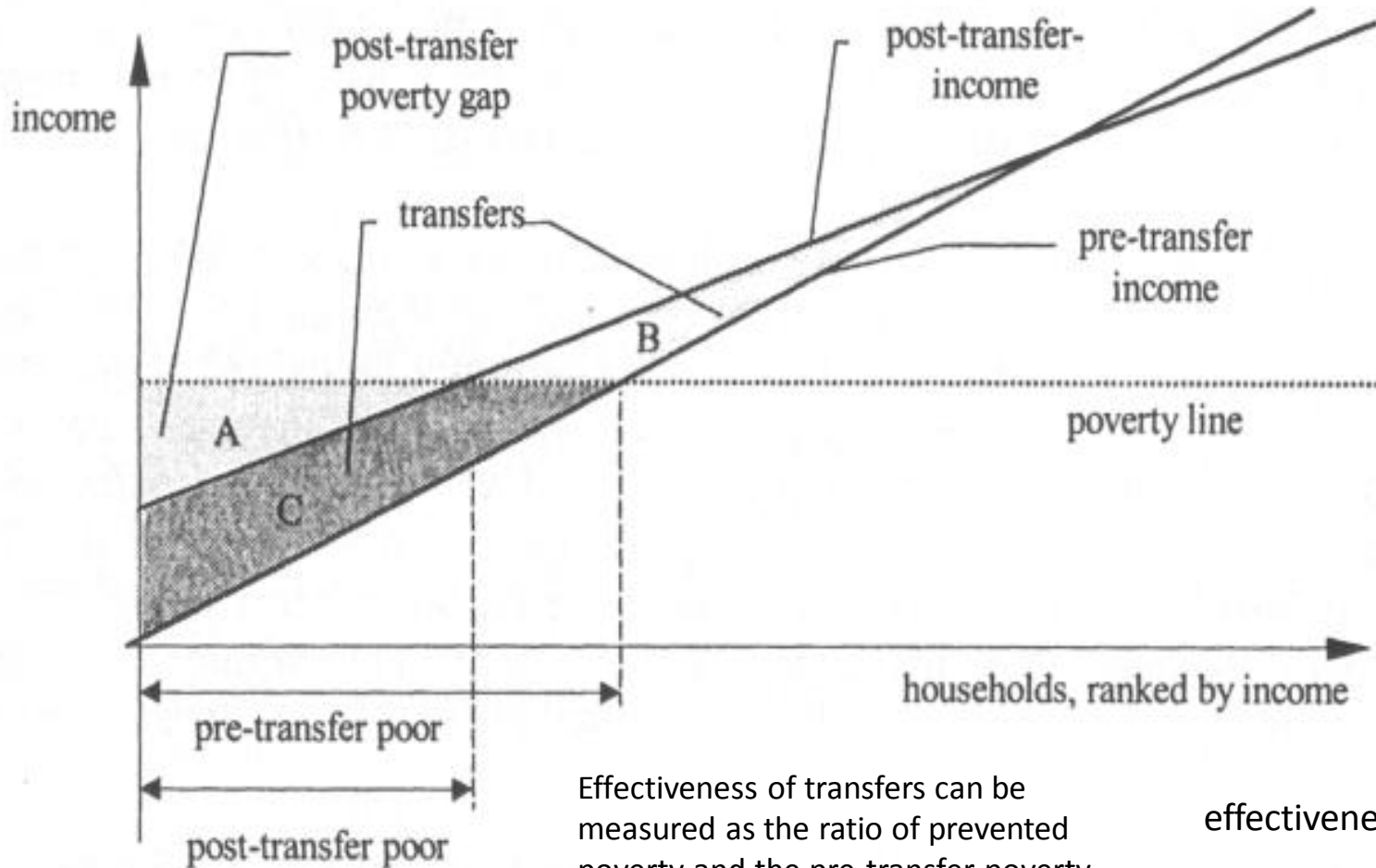
In-kind vs Cash Transfers

Area/Issue	In-kind transfers	Cash transfers
<i>Types/ examples</i>	<ul style="list-style-type: none"> - School feeding programmes; provision of nutritional supplements 	<ul style="list-style-type: none"> - Birth grants; universal child allowances; conditional cash transfers; maternal and parental benefits; housing allowances; unemployment benefits
<i>Impacts on childhood poverty and vulnerability</i>	<ul style="list-style-type: none"> - Decrease vulnerabilities to health-related deprivations such as malnutrition and preventable diseases 	<ul style="list-style-type: none"> - Increase family's monetary income; raise consumption levels and patterns - Promote accumulation of human capital - Bargaining power of household members – mainly women – may be increased
<i>Advantages</i>	<ul style="list-style-type: none"> - Guarantee the consumption/ use of key goods and services (e.g., nutrition supplements) 	<ul style="list-style-type: none"> - Beneficiaries are free to use transfers to meet their priorities - Likely to have positive effects on local economies - Cash transfers are likely to have lower transport and logistics costs
<i>Disadvantages</i>	<ul style="list-style-type: none"> - May introduce distortions in economy - Impose a specific kind of consumption on the poor 	<ul style="list-style-type: none"> - Impact may be undermined if money is not managed efficiently by families or due to inflation - Targeting may be a challenges in some settings and circumstances

Criteria for choosing between conditional and unconditional transfers



How Minimum Income Works?



W. Beckerman
from C. Behrendt,
*At the Margins of
the Welfare State*,
Ashgate, Aldershot,
2002

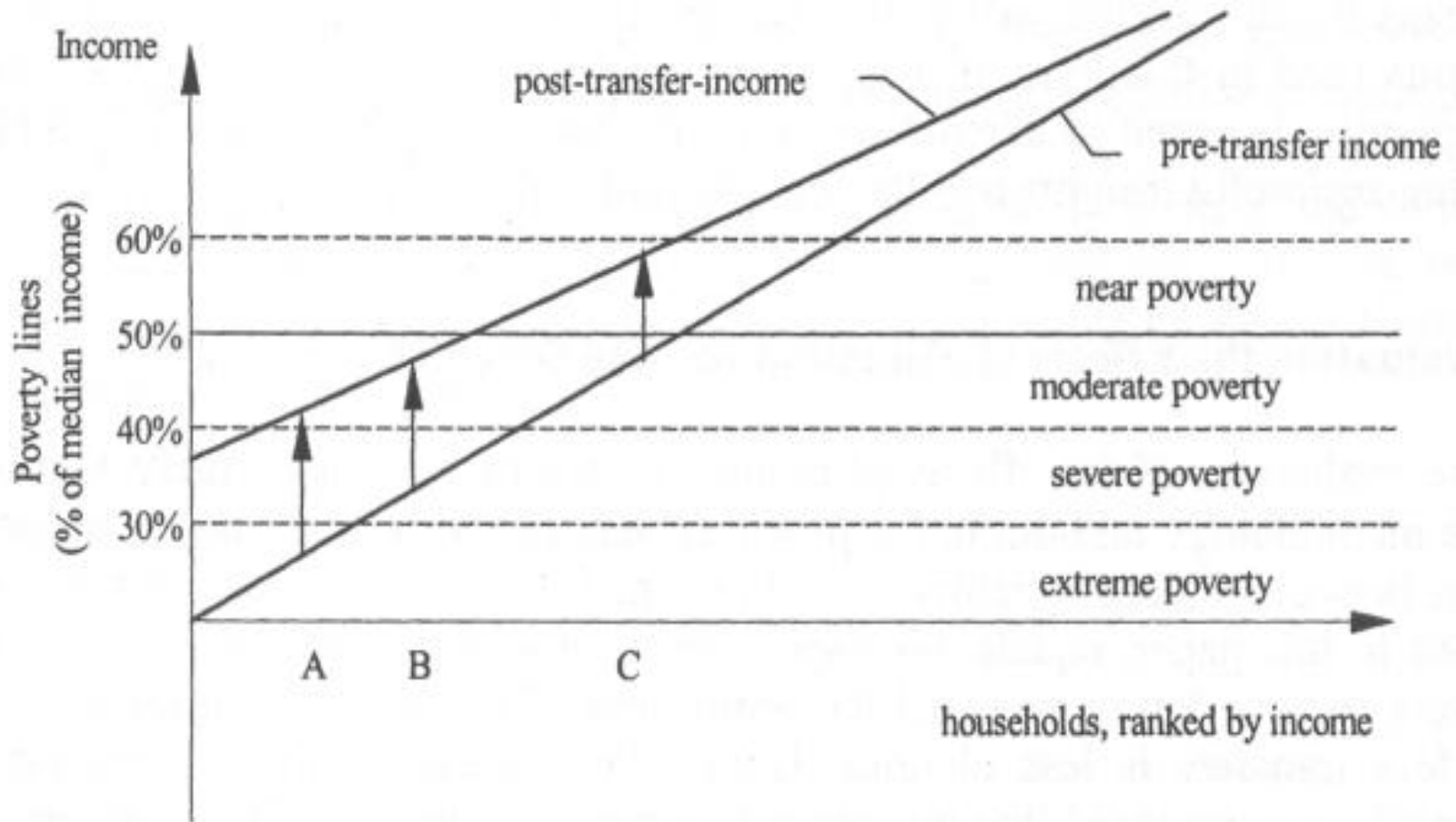
Effectiveness of transfers can be measured as the ratio of prevented poverty and the pre-transfer poverty

$$\text{effectiveness} = \frac{C}{(A + C)}$$

Efficiency of transfers can be measured as the ratio of transfers that actually help to lift the poor out of poverty as a proportion of the total resources spent

$$\text{efficiency} = \frac{C}{(B + C)}$$

How minimum income works?



Alleviation of income poverty by social transfers

Conditions of effectiveness of minimum income

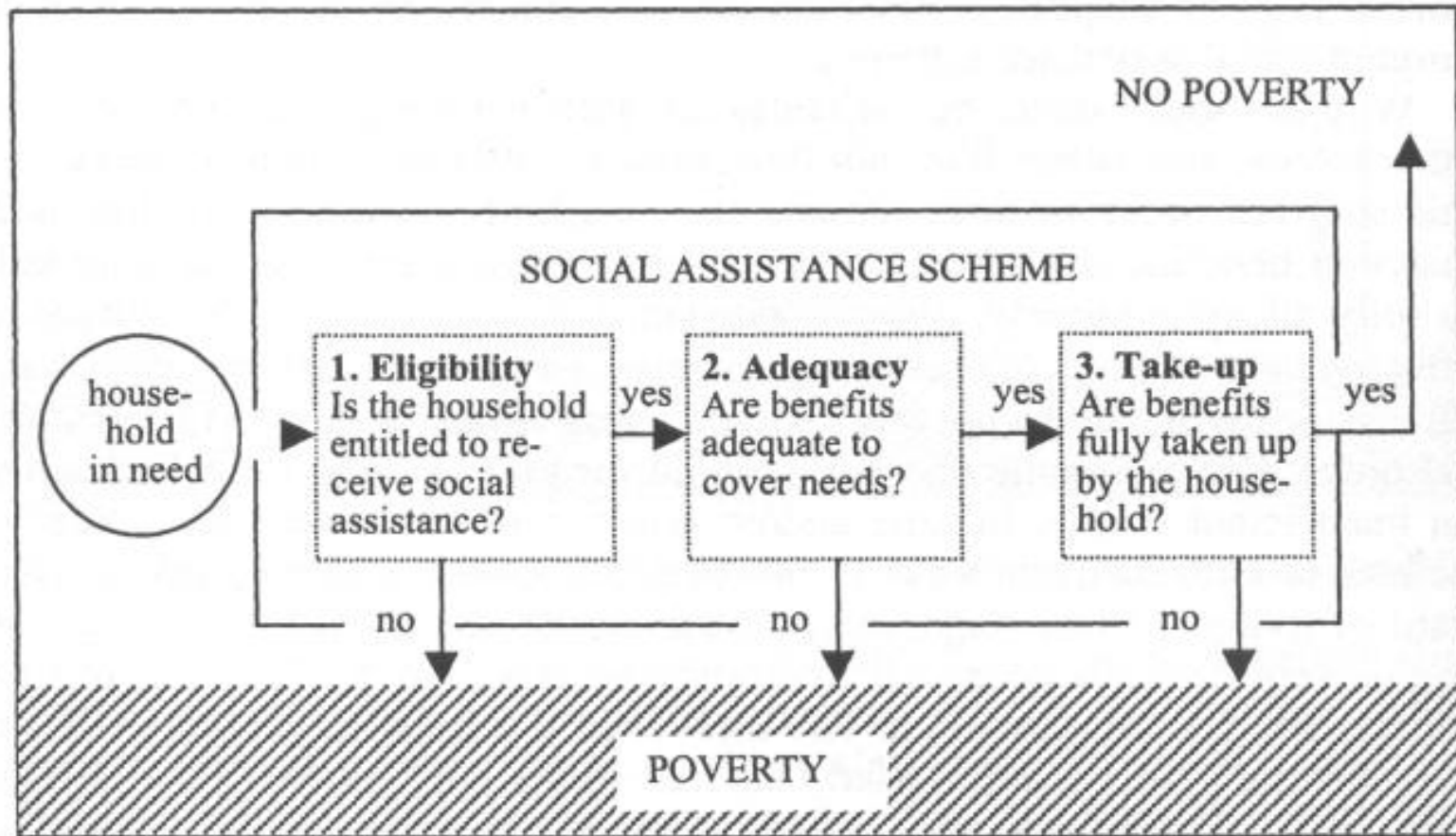
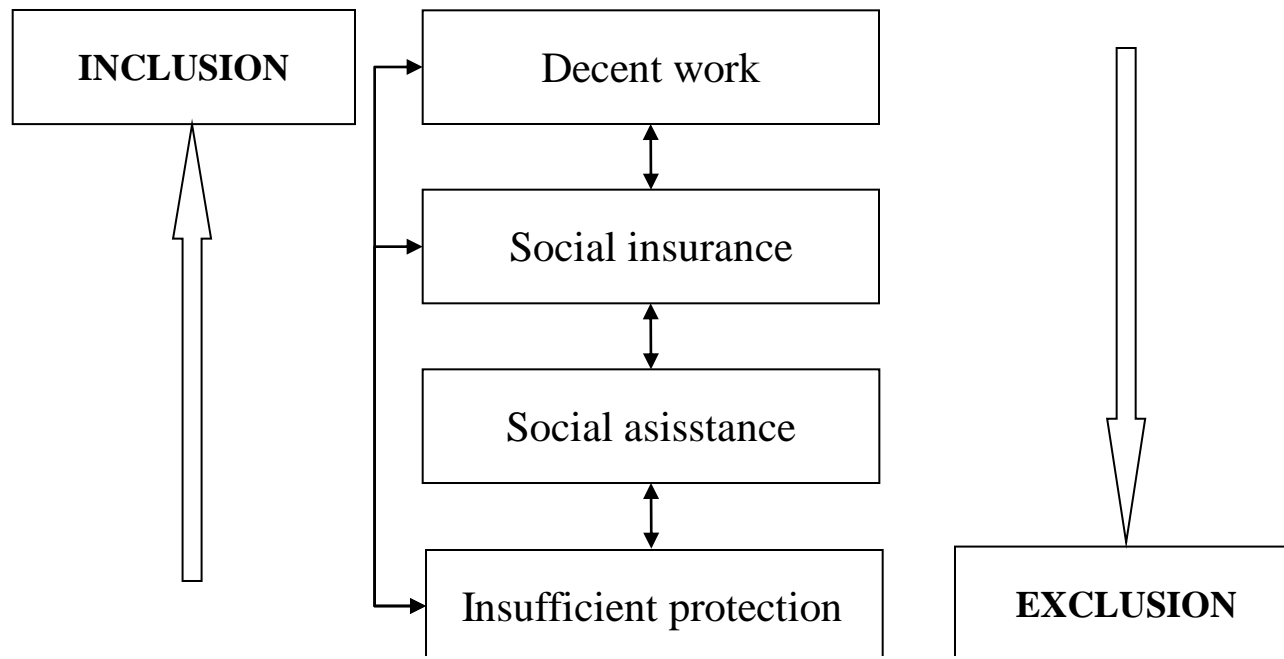


Figure 3.3 Social assistance schemes and an effective alleviation of poverty: A simplified model

Work, social protection and inclusion/exclusion



Non take-up: I am poor and I have right to benefit but I don't claim it

Non coverage: I am poor and I claimed benefit but it was refused to me

Third possibility: I am poor, I claimed benefit and got it but I am still poor

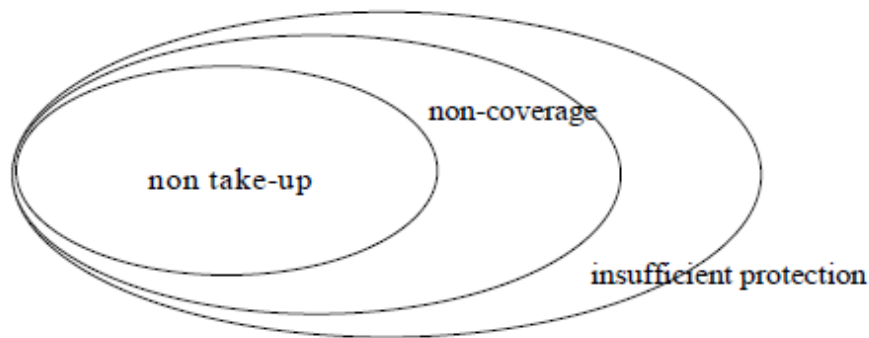


Figure 1. Insufficient protection, non-coverage and non take-up