

**Sesión 5: Perspectivas
internacionales sobre la
protección social y desigualdad,
Sede de la CEPAL**

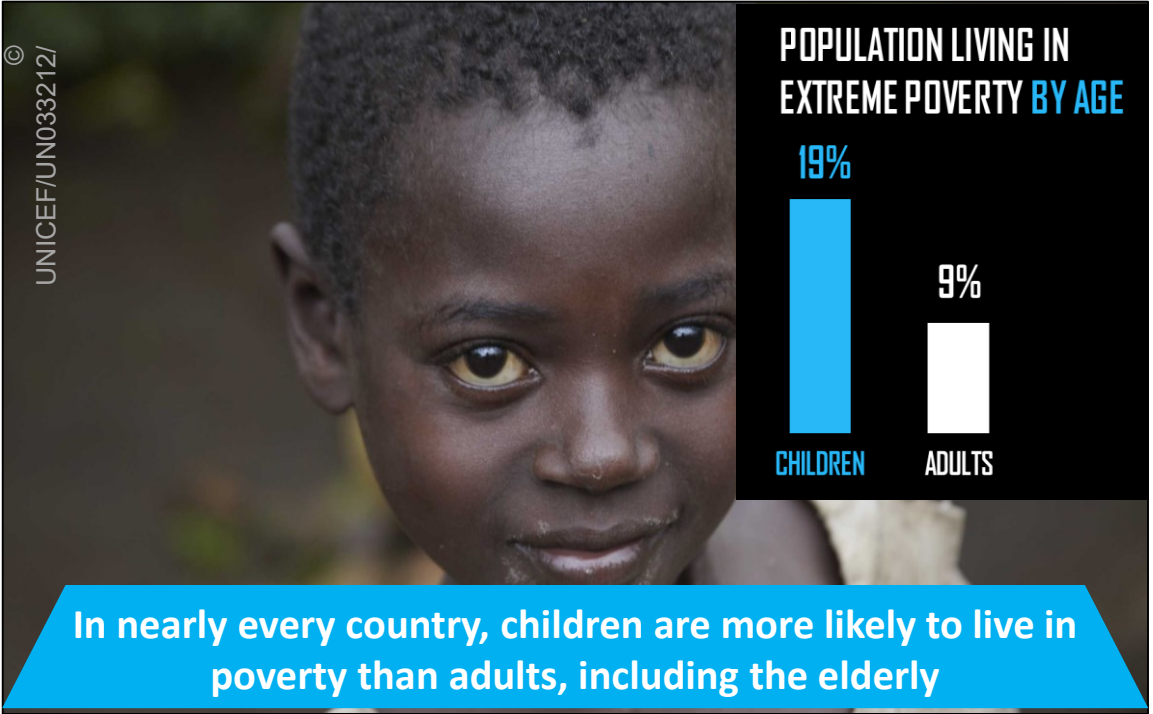
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The Promise of a Universal Child Grant: Examining the Case

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Why focus on children?



Extent of social protection for children worldwide

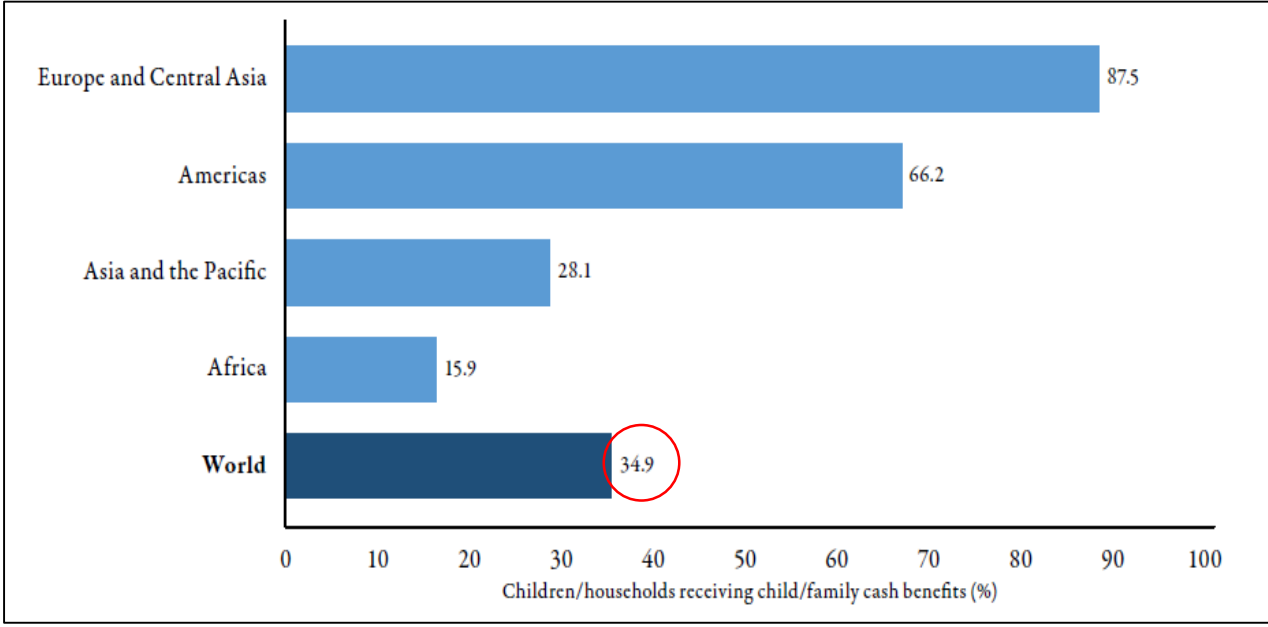


Figure 1. SDG indicator 1.3.1 on effective coverage for children and families: % of children and households receiving child and family benefits, by region, ILO (2018)

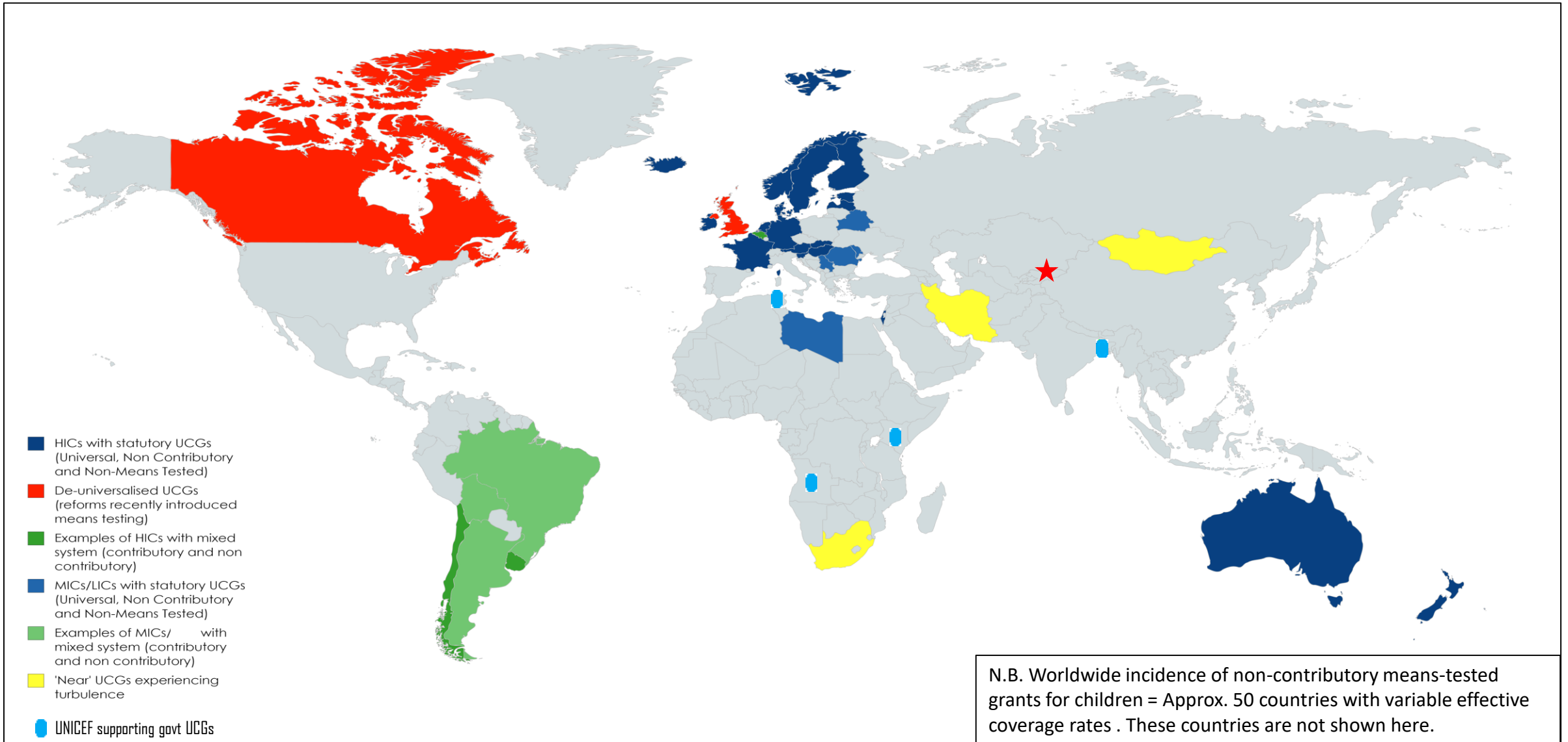
Exploring the potential of Universal Child Grants

Existing UCGs *typically* comprise:

- Tax-financed
- Non-contributory (mixed system?)
- No means-test
- Unconditional
- Cash (or tax) transfer
- Paid regularly (monthly) to the primary caregiver
- Aged 0-18 (up to 21/24)
- Children who are citizens/legal residents

- UNICEF asking if **universal child grants** (UCGs) could be an important **practical policy proposal** to ensure all children realise potential.
- **Why focus on cash?**
- **Benefits of investing in children.**
- UCGs could complement UNICEF's practical approach to **progressive realisation** (e.g. age 0-3 for ECD) + **aspiration of universal coverage of social protection.**
- UNICEF plans to **examine the case** for UCGs.

Worldwide incidence of UCGs and 'near' UCGs (selective examples)



Renewed interest in universalism

Figure 3. Relevance of UBI for a UCG? Many parallels (i.e., normatively and characteristically)

	Rights based	Universal	Individualised payment (recipient different to beneficiary)	Citizen or legal resident	No means-test	Payment modality (cash)	Non-contributory	Work history/work seeking behaviour irrelevant	Unconditional / obligation free	Non-withdrawable/ non-sanction able
UBI proposal	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
UCGs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

- SP Floor and Universal Social Protection
- Upsurge of interest in Universal Basic Income proposal + interest of World Bank and IMF
- BUT: Retrenchment + public support for SP wains + ‘Deuniversalisation’

Examining the case for a UCG – Pivotal considerations

1. Human rights - The right to social protection
2. Reaching most vulnerable children and avoiding exclusion errors
3. Administrative efficiency and usability
4. Dignity and shame
5. Social cohesion
6. Political economy
7. Affordability and financing
8. Waste and misuse

Missing considerations?

The Case for UCG...

1. Human Rights - The right to social protection + universality

- Children have the *right social security (social protection)*
- Universality consistent with human rights.

2. Reaching the most vulnerable children and avoiding exclusion errors

The exclusion risk is lower with universal approaches:

- **Preventive function:** Targeting misses poverty fluctuations – universal approaches ensure near or newly poor are included
- **Practical advantage:** Risk of exclusion in poor countries that have limited capacity for targeting and redistribution



3. Administrative efficiency (cost and simplicity) and usability

Admin costs

- Universal schemes average administration cost = **2.5%** & targeted programme an average cost of **11%** (ILO).

Usability

- Other costs?
- Universal programmes easier to understand for the layperson

But

- Is the administrative efficiency of universal approaches overstated (i.e. *nominal* UCGs vs *substantive*)?

Figure 4. Abbreviated tables from 2018 ILO study of admin costs of universal vs targeted schemes

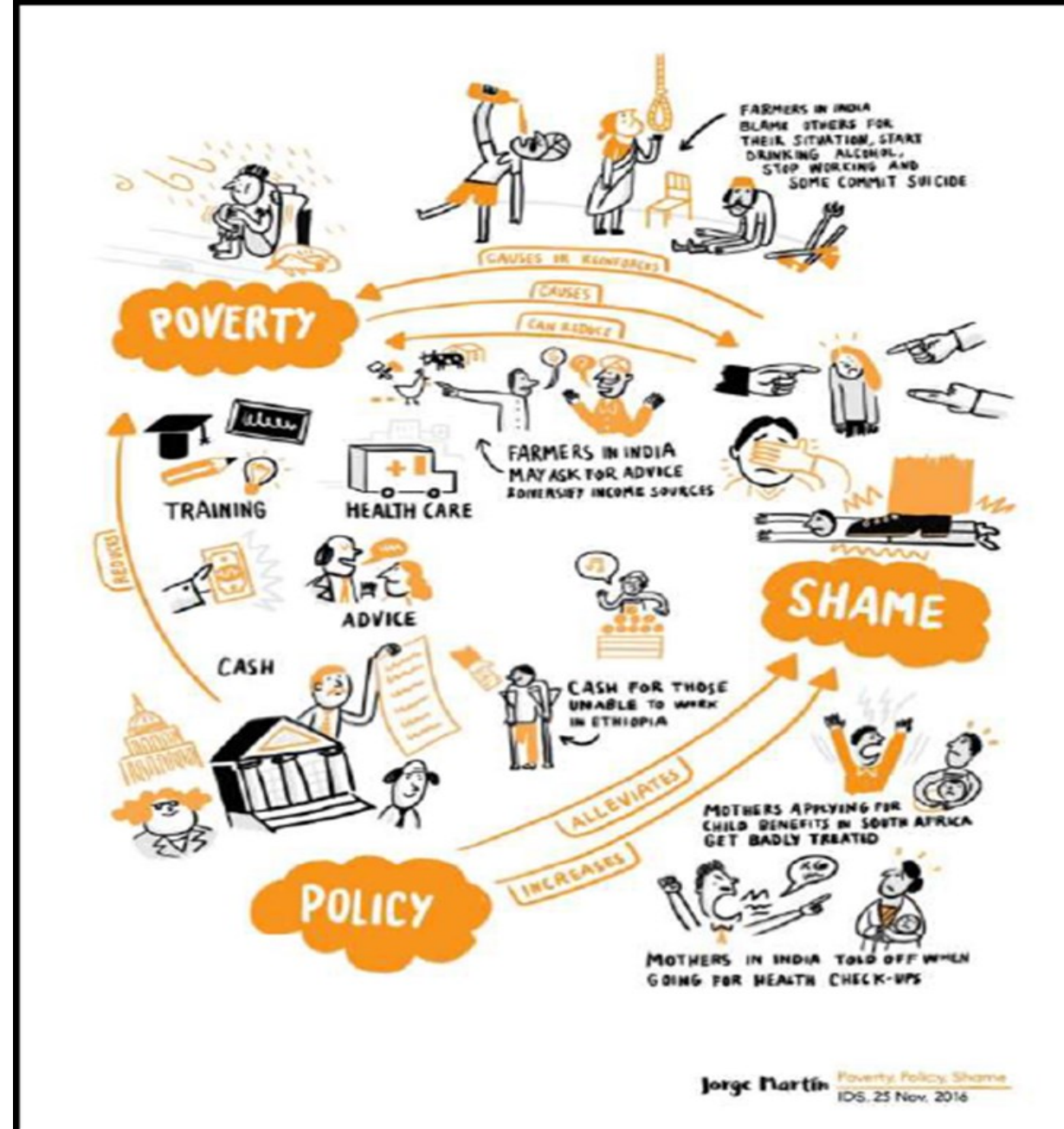
Country/ territory	Scheme type	Programme name	Administration costs (percentage of total benefits)	Inception year	Data year
Botswana	Social Pension	Old-Age Pension	4.5 ¹	1996	1999
Cabo Verde	Social Pension	National Centre of Social Pensions (CNPS)	1.4 ²	2006 ³	n/a
Kosovo	Social Pension	Old-Age "Basic Pension"	1.5 ¹	2002	2006
Mauritius	Social Pension	Basic Retirement Pension	2.5 ¹	1976	1999
Namibia	Social Pension	Old-Age Pension	4.4 ¹	1949 ⁴	1999
New Zealand	Social Pension	Old-Age Pension (Superannuation)	0.5 ¹	1898	2005/6
Average			2.5		
Malawi	Cash Transfer	Social Cash Transfer	15.0 ¹	2006	
Mexico	Cash Transfer	Tortivaales	12.0 ³	1990	1992
Mexico	Conditional Cash Transfer	PROGRESA / Oportunidades	6.0 ²	1997	2003
Morocco	Public Works	Promotione Nationale	6.0 ²		1990
Pakistan	Conditional Cash Transfer	Pakistan Child Support Program	8.0 ¹	2006	
Peru	Public Works	A Trabajar Urbano	23.0 ²	2002-2003	2003
Peru	Conditional Cash Transfer	Juntos	12.0 ¹	2005	
Romania	Cash Transfer	Guaranteed Minimum Income Program	9.8 ²	2002	2003
Rwanda	Public Works - Cash Transfer - Access to Finance	Vision 2020 Umurenge Program	8.0 ¹	2008	2010
South Africa	Social Pension	Older Persons Grant	5.2 ⁵	1997	2014
Yemen	Cash Transfer	Social Welfare Fund	8.5 ²		2001
Yemen	Public Works	Second Public Works Programs	3.7 ²		2003
Zambia	Cash Transfer	Kazungula SCT (Rural)	20.0 ¹	2003	2008
Zambia	Cash Transfer	Chipata SCT (Urban)	10.0 ¹	2003	2006
Average			11.0		

4. Dignity and shame

- Shame squanders human potential and is harmful to mental wellbeing and social relations.
- Targeting can be stigmatising and therefore shaming - compounding and perpetuating poverty by discouraging take up rights.
- Universal approach represents better way to 'shame-proof' SP.
- Is targeting inherently stigmatising?

Key Qs

- Is a UCG be better placed to reduce shame/stigma compared to targeted approaches
- -Promote benefit take-up and contribute to better quality services and benefits?



5. Social cohesion + 6. Political Economy

Would a UCG make a modest contribution to social cohesion?

- Nordics: **most cohesive societies & most equal** – universalistic SP (incl UCG)
- SP maintains cohesion during shocks - **SP countercyclical automatic stabiliser**
- Targeting creates intracommunity tension

Political economy considerations regarding USP & UCGs:

- Creates a **structural coalition** of interests between different income groups.
- Targeting entails **inherent conflict between least well-off & richer groups.**
- Targeted programmes politically weak? Secure broad-based buy in?
- **Kick-start virtuous circle:** trust in social state.
- **Shock-responsive measure?**

Figure 5. Gini coefficient reduced significantly by progressivity of taxes & social transfers – **SP tool for inequality reduction**

Direct taxes & STs contribute to a reduction in income inequality:	Direct taxes and STs + contributory pensions contribute to a reduction in income inequality:
<ul style="list-style-type: none">• 0.03 percentage points drop in sample of 30 developing countries	<ul style="list-style-type: none">• 0.09 pps drop among 22 developing countries
<ul style="list-style-type: none">• 0.07 pps in the US	<ul style="list-style-type: none">• 0.11 pps in US.
<ul style="list-style-type: none">• 0.09 pps in EU-28	<ul style="list-style-type: none">• 0.21 pps in EU-28

Source: WB, World Development Report 2019.

7. Affordability and financing

Figure 6. ILO's 2017 costing simulations of different types of UCGs in 57 Low Income Countries

Coverage	GDP costs
UCG for children 0–5 years, with benefit for each child set at 25% of national poverty line.	1.4% of GDP
A universal benefit for all orphans 0–15, estimated at 100% of national poverty line	Would add 0.04 pps of GDP to the cost

Source: *Universal Social Protection Floors: Costing Estimates and Affordability in 57 Lower Income Countries ESS – Working Paper No. 58* Social Protection Department. ILO, 2017

Key questions?

- How will it be financed in fiscally constrained environments on a sustainable basis?
- Would other programmes have to be cut?
- Does universalism better secure financial resources (PE reasons)?
- If financing is secured, what if resources are spread so thinly the impact is negligible?
- The costs of not doing it (investment case)?

8. Waste and misuse

- Won't transfers be wasted and misused and lead to increased fertility, dependency, and idleness?
- Robust evidence does not support these concerns (FAO-UNICEF 2015, ODI 2016).
- Important to address these recurrent concerns in a context where Govts are more focussed on poverty/vulnerability

SOCIAL INCLUSION SUMMARIES January 2017

Addressing the Myths: Do social protection programs lead to misuse and dependency?


KEY MESSAGES

- A common misunderstanding is that cash transfers are misused and lead beneficiaries to become dependent on "handouts".
- The vast majority of studies, from a range of contexts, point to the contrary indicating that transfers do not discourage work and that they are typically put to productive use.
- Evidence shows that transfers are not spent on alcohol and tobacco. In some cases the transfers actually reduce the spending on these goods.
- Evidence consistently demonstrates that rather than encourage dependency, transfers improve labour market participation and create opportunities for beneficiaries to become more self-sufficient by increasing productive investments.

THE CLAIM: CASH TRANSFERS ARE MISUSED AND FOSTER DEPENDENCY

Currently, one billion people in developing countries participate in at least one social assistance program that provides support to low income individuals and households.¹ These programmes are proven to have positive impacts on a range of outcomes from reducing food insecurity, poverty and vulnerability to specific child related outcomes such as schooling, health and nutrition among many others.

However, despite the proliferation of these programs across the world, they are often criticized on the grounds that they lead to participants becoming dependent on the programmes without providing incentives to work or finding work. An associated assumption is that if poor people are given social assistance – particularly cash transfers – they will 'waste' it on demerititious goods.



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While in any large programme there may be individual cases leading to anecdotal examples to support these concerns, it's important to view them in light of the overall empirical evidence of the programmes. This policy brief draws on existing evidence to analyse these concerns about social assistance and its propensity to induce dependency and misuse.

THE ARGUMENTS UNDERPINNING DEPENDENCY AND MISUSE

Discussion of dependency can reveal different concerns.² One strand relates to changes in behaviour that people might make either to qualify or remain eligible for a programme. Specifically this suggests that people who receive regular free transfers will be discouraged from working, especially if the value of the transfer is close to or above the income that the recipient could expect to earn from paid employment.³

Another related point is the idea that transfers create a dependency syndrome or mentality in which people start to expect continued assistance, which in turn undermines their self-reliance and motivation, thereby breeding laziness.⁴

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Please join us for our ***International
Conference on Universal Child Grants*** –
6-8th February 2019, at the ILO in
Geneva

Thank you

523. The cost of enhancing social assistance to provide a guaranteed minimum would also vary by context and design choices made. Being the option that would attain the highest coverage and have the highest cost, a UBI could illustrate the upper-bound of a social assistance package. In this regard, a “basic” social assistance package that would cost 9.6 percent of GDP in low income countries, 5.1 percent in lower middle-income countries, and 3.5 in upper-middle income settings. These estimates use a UBI set at the average poverty gap level, aimed at just adults. A more ambitious package, exemplified by a universal **basic income** that reaches everyone including children, would cost 9 and 5.2 percent of GDP in lower and upper middle-income countries, respectively; in the poorest countries, the cost of such a package would be in the double-digits.⁵¹⁷


















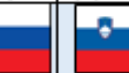


















Table 7.1. Estimated costs of selected elements of a renewed social contract (% of GDP)

Income Group	Human Capital Package		Social Assistance Package (as exemplified by UBI)	
	<i>Basic</i>	<i>More Comprehensive</i>	<i>Basic</i>	<i>More Comprehensive</i>
Low Income Countries	3.2	10.6	9.6	19.3
Lower Middle-Income Countries	1.1	2.3	5.1	9
Upper Middle-Income Countries	0.8	3.0	3.5	5.2

Source: Authors, based on preliminary results (for Human Capital Package, see Zheng and Sabarwal 2018).

Note: The basic human capital package includes (1) supporting early childhood development, including prenatal healthcare, immunizations, micronutrients, parental support, high registration, and at least 1 year of quality preschool for every child; (2)

Worldwide incidence of UCGs

20 high income countries with statutory universal, non-contributory (non-means tested) UCGs often with 100% effective coverage									
									
Australia (100%)	Austria (100%)	Denmark (100%)	Estonia (100%)	Finland (100%)	France (100%)	Germany (100%)	Hungary (100%)	Iceland (?)	Ireland (100%)
									
Israel (?)	Latvia (100%)	Lichtenstein (?)	Luxembourg (?)	Netherlands (100%)	N. Zealand (?)	Norway (100%)	Slovakia (100%)	Slovenia (79.4%)	Sweden (100%)
HICs with mixed system combining contributory and (means-tested) non-contributory benefit						*2 notable HICs have recently 'deuniversalised' their UCGs by introducing reforms to means-test their child benefit.			
			*Approx. 6 other HICs also have a mixed system but coverage is unknow.						
Belgium 100%	Chile (93.1%)	Uruguay (66.2%)				Canada -2016 reform (?)	UK - 2013 reform (?)		
MICs and LICs with statutory universal, non-contributory (non-means tested) UCGs					Worldwide incidence of non-contributory means-tested grants for children				
					*Approx. 50 countries. *Effective coverage rates vary.				
Belarus (?)	Libya (?)	Moldova (?)	Romania (100%)	Serbia (?)					
MICs/LICs with mixed system combining contributory and (means-tested) non-contributory benefit					Significant 'near' UCGs (i.e. oriented to achieving universal coverage but experiencing turbulence)				
			*Approx. 5 other MICs/LICs also have a mixed system but with low/varying coverage.						
Argentina (84.6%)	Brazil (96.8%)	Bolivia (65%)			Iran (almost universal - +73 million)	Mongolia (80%)	S. Africa (75%)		