

# Cash in the hand

**RIGHTS BASED SOCIAL PROTECTION AS A METHOD  
OF ERADICATING POVERTY AND HUNGER**



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COVER: Some of the clearest effects of cash support  
are higher school attendance and a reduction in  
child malnutrition, leading to better school results.  
The picture shows schoolchildren in Haiti.

PHOTO: Paul Jeffrey/ACT

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# Foreword

*Everything to eradicate hunger!* is currently a theme of the fundraising, education and awareness campaigns carried out in the Church of Sweden's international work. An important part of the efforts on hunger and food security is about agriculture, about supporting small-scale farmers, and the ecological sustainability of agriculture. However, hunger and poverty cannot be eradicated solely through support to farmers. This publication addresses another important method – using cash grants to increase the ability of disadvantaged people to buy food.

In this publication we seek to describe a silent revolution. In recent years social pensions, child benefits, public work programmes and other types of social protection schemes have been introduced in country after country in the developing world. The effects are tangible: reduced malnutrition, particularly among children, higher school attendance and reduced ill-health. Attention is increasingly being paid to social protection in the international development debate, while in Sweden, silence has prevailed so far on this issue.

This silence is strange since in Sweden, we are very familiar with these kinds of social transfer. They are part of the political system that helped to raise the Swedish population out of poverty and they are still an inalienable part of our welfare system.

Diaconia – service and care for our fellow human beings – has always been a central task of the church. When we discuss social protection it becomes very clear that in principle there is no difference between diaconia in Sweden and international development cooperation. There is a direct link between commitment to social protection in developing countries and the Church's Easter campaign against changes to Swedish sickness insurance in spring 2011. Speaking out in support of those denied sickness insurance in Sweden is fundamentally the same issue as speaking out globally about the fact that every human being has the right to a life with dignity.

This publication summarises an anthology produced by the Church of Sweden in co-operation with the Nordic Africa Institute. In the anthology twelve different authors share their different perspectives on social protection. A list of the authors and the chapters they wrote can be found at the back of this publication.

*Archbishop Anders Wejryd*



Brazil is one of the countries that have introduced a cash transfer scheme for families, BOLSA FAMILIA. There is much to indicate that systems like this should be seen as achieving long-term development. The picture shows schoolchildren in Brazil. Photo: Wikimedia

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There is strong evidence that cash transfers result in improved nutrition, particularly for children. The picture shows a mother and child in the village of Boi in Liberia. Photo: Magnus Aronson/IKON

# Introduction

In recent years, over 860 million poor people in developing countries have been covered by various types of social protection system, including child benefit and old age pensions. For the countries concerned and for the donors, investment in social protection means a paradigm shift. Food subsidies and other forms of “safety net” are being replaced by a reliable and predictable way of giving people money straight into their hands, making it possible for them to meet their own immediate needs themselves. This changed approach is sometimes referred to as a “silent revolution”.

## **Pensions and school lunches for increasing numbers of people**

Examples of social protection include the Mexican scheme *Oportunidades* and *Bolsa Familia in Brazil*, both involving cash transfers to poor households conditional upon children attending school. Child benefit in South Africa is another example. Eight African countries have pension schemes that cover the majority of the elderly, India has introduced a public work programme estimated to affect almost 45 million households per year, Kenya has invested in free school lunches in the country’s poorest provinces, and so on.

Many of these programmes have been introduced as emergency measures in conjunction with economic crises but have subsequently been made permanent. In the majority of cases, the initiative as well as the financing is domestic, with ODA playing only a marginal role. However, in recent years the question has arisen on the international development agenda. All the UN bodies, including the World Bank, for example, have agreed on a minimum package for social protection, *the Social Protection Floor*, which covers child benefit, old age pensions, public work programmes and basic healthcare.

## **Social protection on the agenda**

The African Union (AU) has set out a social policy framework with ambitions similar to the UN’s Social Protection Floor. The OECD Development Assistance Committee, OECD/DAC, has also agreed how aid is to support social protection, while the EU made social protection the theme of the European Report on Development in 2010 and the G20 has promised funding for social protection in developing countries.

So what does social protection mean? There is no generally accepted definition but all the definitions include social transfers, in other words publicly funded benefits in the form of money, free school meals or similar. These benefits may be conditional upon particular behaviour, such as work or children attending school, or be granted unconditionally. Social insurance, based on contributions from the people insured, is also part of the social protection concept.

# Reduced hunger, better health – and an economic investment

Thanks to a large number of studies, we are now fairly well aware of the impact social protection has on malnutrition and poverty. There are evaluations based on interviews, and statistical calculations of the impact on the standard of living of households. Comparisons have also been carried out between villages or households that receive benefits and control groups that do not. These studies have shown that benefits lead to reduced poverty, better nutritional standards and health, and more children attending school. Several studies have also found that the positive effects spread to people other than those actually receiving the money; for example, local production is stimulated when the poorest people are able to buy more.

There are also several links to economic growth. Well-nourished children who complete their schooling are able to contribute more towards the country's development than malnourished and uneducated children. There is much to indicate that social transfers should be seen as an investment for the future that achieves long-term development, rather than merely as redistributed consumption.

## **Hungry people are averse to risk**

Another link to growth is that people whose most basic needs are met do not need to worry as much about minimising risk. This means that they are more willing to try out new cultivation methods or seize other chances in life. There is much to suggest that when it comes to poor people, the Swedish saying “hungry wolves hunt best” does not hold true – in fact, just the opposite is the case. These “hungry wolves”, or rather hungry people, are worse hunters because they have to put so much energy into their short-term survival.

But don't benefits make people lazy? No. According to the studies carried out, social transfers do not seem to have resulted in people working less – quite the reverse. The benefits are too low to give scope for laziness. And furthermore, it would be only a good thing if children, mothers with newborns and the elderly were able to work less. Other potential negative effects of social protection can be controlled by adapting the design of the system.

Social transfers are costly. Bolsa Familia, the social protection system in Brazil, covers 12 million households and is estimated to cost 0.5 percent of Brazil's GDP. South African cash transfers to children and the elderly cost roughly three percent of GDP and the small old age pensions in eight African countries cost approximately 1.5 percent of GDP.

In OECD countries, the cost of various social benefits is considerably higher, in the region of 15–20 percent of GDP, but this is balanced by considerably higher total public income. Calculations in some African low-income countries show that the minimum social protection floor that the UN wants to introduce would cost 3.5–4.5 percent of GDP. With current tax income and domestic financing alone, it is therefore not realistic to introduce the social protection floor immediately. However, it is possible to start on a small scale and gradually expand the programmes.

Although it is hard to substantiate empirically, there are strong theoretical grounds to believe that well-designed social protection can contribute towards social cohesion, trust and successfully functioning social institutions – and thereby towards development in general. Much indicates that social protection has a tendency to be self-reinforcing. It helps to strengthen institutions, values, expectations and assumptions about what is possible and so to make a mark on the political agenda.

### **How should social protection be designed?**

Because many people in the poorest countries lack a permanent income, systems based on charges are not sufficient. To reach the poorest people, parts of the systems, at least, must take the form of transfers, various types of benefits funded by taxes and possibly by international aid.

An important choice to be made in designing benefits is whether the benefits should be universal within a certain category, such as families with children, or whether they should be means-tested. Universal benefits have the advantage that they are easier and cheaper to administer and are therefore more transparent, with less risk of corruption. They do not risk having an undesirable effect on people's behaviour and are harder to abuse. The most important reason for means-tested systems is that they cost less. Using the same amount of resources, more can be done for the most disadvantaged of all, an approach that in certain circumstances can also be seen as more fair.

### **Civil society can act as a watchdog**

Another question is whether benefits should be conditional, e.g. where a family receives benefits only if the children attend school or are vaccinated. Such conditions naturally require that the schools or other services exist in the first place. Studies show that it is doubtful that conditions have any effect on the behaviour of the recipients. However, much indicates that at least in some contexts they can play an important political role in legitimising the programmes in the view of those groups in society that contribute towards but do not directly benefit from them.

Poor administrative capacity and long distances make it harder to introduce social protection in many poor countries. A commitment on the part of civil society,

which can both act as a watchdog towards the authorities and help to implement these systems, can make the state's role easier. New technology, such as mobile ATMs and mobile phone-based banking technology can help to resolve the practical difficulties.



Mobile phones open up opportunities that previously did not exist. The picture shows Tiringo Sisay from Ethiopia.  
Photo: Magnus Aronson/IKON

# An innovative approach in a Mexican assistance programme

*Progres*a – later renamed *Oportunidades* – in Mexico is an example of a social assistance programme that grew up entirely on the country's own initiative. *Progres*a was launched in 1997, a couple of years after a devastating economic crisis, and gradually replaced previous food subsidies that had only partly reached the poor, and other assistance systems that were vulnerable to political manipulation. The programme was initially self-financed but the Inter-American Development Bank and the World Bank subsequently backed its expansion.

## Statistical basis reduces nepotism

*Progres*a/*Oportunidades* represents innovation in several respects. Firstly, it is based on a multidimensional perspective of poverty where the assistance is linked to health checks and school attendance. Secondly, the programme focuses on the poor – previous support programmes involved a considerable amount of “leakage” to the non-poor. To avoid nepotism and arbitrariness, the beneficiaries are identified by means of a statistics-based system. Finally, the programme's legitimacy and efficiency is strengthened by independent domestic and international evaluation of its effects.

In 1997 *Progres*a was introduced in a number of selected rural regions and covered approximately 300,000 families. The programme has since expanded gradually to also cover poor households in the towns, the elderly and other disadvantaged groups. In 2010 *Oportunidades* covered over 5.5 million households – roughly one in four Mexican families. The payments are made every two months and for several years so that the children are able to complete secondary school.

## More children start secondary school

Similar programmes have been introduced in several other Latin American countries. However, while *Oportunidades* corresponds to approximately 20 percent of the recipient households' income, several other assistance programmes are considerably smaller. *Oportunidades* costs approximately 0.3 percent of Mexico's GDP. *Bolsa Familia* in Brazil costs about 0.5 percent of GDP. Other medium-income countries such as Chile, Colombia and Uruguay also spend less than one percent of GDP on social assistance. For low-income countries such as Bolivia and Honduras, however, this assistance costs over two percent of GDP.

There is strong evidence to show that cash transfers lead to improved nutrition, especially for children, both in Mexico and in other countries in Latin America.



In Mexico the family allowance *Oportunidades* is granted on condition that parents take their children to health clinics. The programme covers approximately 5.5 million families. The picture shows a nurse weighing a baby. Photo: *Oportunidades*



The Brazilian cash transfer programme for families *Bolsa Familia* has quickly helped to reduce hunger and poverty in Brazil. The picture shows one of the approximately twelve million families who receive assistance through the programme. Photo: Ana Nascimento/MDS

Height for age provides information on the long term effects of improved nutrition, and evaluations have shown that children in families that have received assistance are taller than children in a control group. Increased use of health care check-ups has also been reported from Mexico and other countries. One study showed that children who received assistance suffered less ill-health.

Regarding education, the effects are particularly clear in rural areas, where studies have shown that the number of children entering secondary school increased by 85 percent, the drop-out rate fell and the proportion of children who completed secondary school increased by almost 25 percent. Evaluations have ascertained that there has been a drop in the number of people in poverty and that the gap between the poor and those above the poverty line has shrunk.

# The Basic Income Grant Pilot Project in Namibia

The world's first pilot project providing a universal *Basic Income Grant (BIG)* was run in the village of Otjivero in Namibia in 2008 and 2009. Over two years, everyone in the village received an unconditional cash grant of a hundred Namibian dollars (approximately USD 13) a month. The careful monitoring and evaluation of the project carried out showed spectacular results. For example, the proportion of malnourished children under the age of five fell from 42 percent to ten percent in the first year of the project.

## Poor despite gold and diamonds

Namibia is rich in natural resources such as gold and diamonds and, at only two million, the population is small. Despite this, poverty and malnutrition are widespread and the country has one of the highest rates of income inequality in the world. The democratically elected government has promised to improve living conditions but so far it has not succeeded in eradicating poverty, unemployment and inequality.

Namibian Tax Consortium was commissioned by the government to review the entire Namibian tax system and suggest changes. In 2002 it proposed the introduction of a universal basic income grant which has become known as BIG. The consortium considered that this would be the best way of tackling poverty and inequality. It therefore proposed a grant of a hundred Namibian dollars (about 10€) a month to everyone under the age of 60. From the age of 60 there is already an old age pension of 500 Namibian dollars a month. The consortium judged that Namibia was capable of financing an income grant of this size. However, the proposal was greeted with nothing but silence from the Namibian government.

A couple of years later, to support the idea and prevent it disappearing from memory, the BIG coalition was formed by a number of Namibian umbrella organisations: the Council of Churches, trade unions, HIV and AIDS organisations, youth organisations and others. The coalition ran an extensive lobbying campaign and produced detailed analyses showing that the grant would cost 2.2 to 3 percent of GDP. However, it failed to succeed in convincing the government. Critics claimed that the grant would lead to increased dependence and encourage laziness.

## From words to action in a disadvantaged village

At the end of 2006 the coalition therefore decided to move from words to actions and carried out a pilot project that would show the government how BIG could work. The project was financed by donations from individuals, congregations, and

national and international organisations. The financial support was so great that the BIG coalition was able to run the pilot project for two years and then continue to pay out a slightly lower “bridging allowance”.

The coalition chose the village of Otjivero, approximately 60 miles east of the capital Windhoek, partly due to the community’s extreme poverty, unemployment and lack of access to land. The village is surrounded by cattle and hunting farms, and conflicts with commercial farmers are common.

During the pilot project, from January 2008 to December 2009, all the inhabitants of Otjivero under the age of 60 received a hundred Namibian dollars a month. Unconditional grants were given to 930 inhabitants in total. Grants for children and young people under the age of 21 were paid out to a person designated as their “primary care-giver”, usually the mother.

### **Three levels of poverty**

The project was carefully evaluated to provide a solid basis for an informed policy decision by Government. The work was carried out by Namibian research institutes and their field workers, and a team of international advisors. The evaluation work was based on a baseline survey carried out before the start of the project and comprised information from key informants, case studies of individuals, and information from the health clinic in the village and from the police and the school.

Poverty was analysed on the basis of the definition used by the Namibian government, which divides poverty into three categories: *food poverty* line (the most serious category, where people cannot afford sufficient food), *severely poor* and *poor*. Before the project started, 86 percent of the inhabitants of Otjivero were severely poor and 76 percent lived below the food poverty line. After a year, severe poverty had fallen to 68 percent and food poverty to 37 percent. Malnutrition among children under the age of five also fell considerably from 42 to 10 percent, as stated above, which was one of the most important results of the pilot project.

The number of visits to the village’s health clinic increased markedly because more inhabitants were able to pay the clinic fees of four Namibian dollars and were thus able to seek healthcare for problems they had previously ignored. The nurse at the clinic considered that the inhabitants at Otjivero were eating better, receiving better healthcare and experiencing a higher quality of life.

### **Unemployment fell considerably**

Income support meant that considerably more parents than before were able to pay school fees. The money enabled the school to buy necessary educational materials,



The School Principal's Ms R. Jeremia explains how BIG has had an impact on the education of children in Othivero. Nonattendance fell considerably and the children's performance improved due to improved nutrition. Photo: Dirk Haarman



Members of the BIG (Basic Income Grant) committee. Through two years of unconditional cash transfers the BIG pilot project dramatically reduced the proportion of malnourished children in the village of Otjivero in Namibia. Photo: Dirk Haarman

which improved the quality of education. Nonattendance fell considerably, by 42 percent, and the teachers noticed changes in the pupils' behaviour and performance due to improved nutrition and greater wellbeing.

Unemployment fell and employment increased, in the formal and the informal sectors. The unemployment rate fell from 60 percent to 45 percent. In other words, the income support led to people working more, not becoming more passive. Some started their own businesses, such as small shops, others were now able to afford to travel to the towns to look for work.

### **Community mobilisation**

The inhabitants of Otjivero elected a BIG committee to assist the local community and to accompany the project. The committee also discussed problems in the village, such as alcohol abuse. There was nothing to indicate that abuse increased during the project period. Instead there was much to show that the project not only led to an improvement in material conditions but also gave a sense of dignity and social responsibility.

Since the end of the project, the BIG coalition has continued to pay out a "bridging allowance" to the people of Otjivero. At the same time, it continues to put pressure on the government. Many politicians support the idea that BIG should be introduced across the entire country but the party in government is divided on the issue. Both the president and the prime minister oppose the idea and the president has explained that "we can't dish out money for free to people who do nothing".

In mid-2010 the leadership of the Federation of trade unions, one of the founding members of the BIG coalition, decided to leave the coalition. However, dissatisfaction among members and the general public brought the issue onto the agenda at the union congress, where the decision of the leadership was revoked. The results of popular support for BIG and the discussions and the power struggle within the government remain to be seen.

# The Africa Platform for Social Protection

Namibia is not the only African country where civil society is involved in promoting social protection. The *Africa Platform for Social Protection (APSP)*, founded in 2007, consists of 15 national platforms across the African continent. The overall aim of the platform is to promote the development of effective social protection.

This objective is best achieved if citizens and civil society are engaged in forming opinion, as well as designing, implementing and monitoring social protection. The platform seeks to strengthen the role of civil society in work on social protection.

## **The platform evaluates and forms opinion**

APSP organises training, seminars and workshops for organisations, researchers and other interested parties. It also carries out case studies to evaluate the social protection systems currently operating in the African countries and their effects on poverty.

The Social Policy Framework for Africa (SPF) was adopted by the African Union (AU) at the conference of ministers in charge of social development in Windhoek, Namibia, in 2008 – in other words, the same year that the pilot project in Otjivero started. The framework provides political backing for increased investments in social protection, basic social services and the furthering of human rights for all citizens. The ministers met again in Khartoum, Sudan, in 2010 and confirmed their undertakings in an additional declaration.

APSP acts as a link between the AU and civil society in individual countries. Although AU cannot force its policy on member states, the organisation has a reporting mechanism that exerts a certain amount of pressure on members. The platform can contribute towards this pressure by building up support for social protection among the populations of these countries, and by keeping up the pressure so that social policy is designed and implemented such that it really does benefit disadvantaged citizens.

# Promoting gender equality through social protection

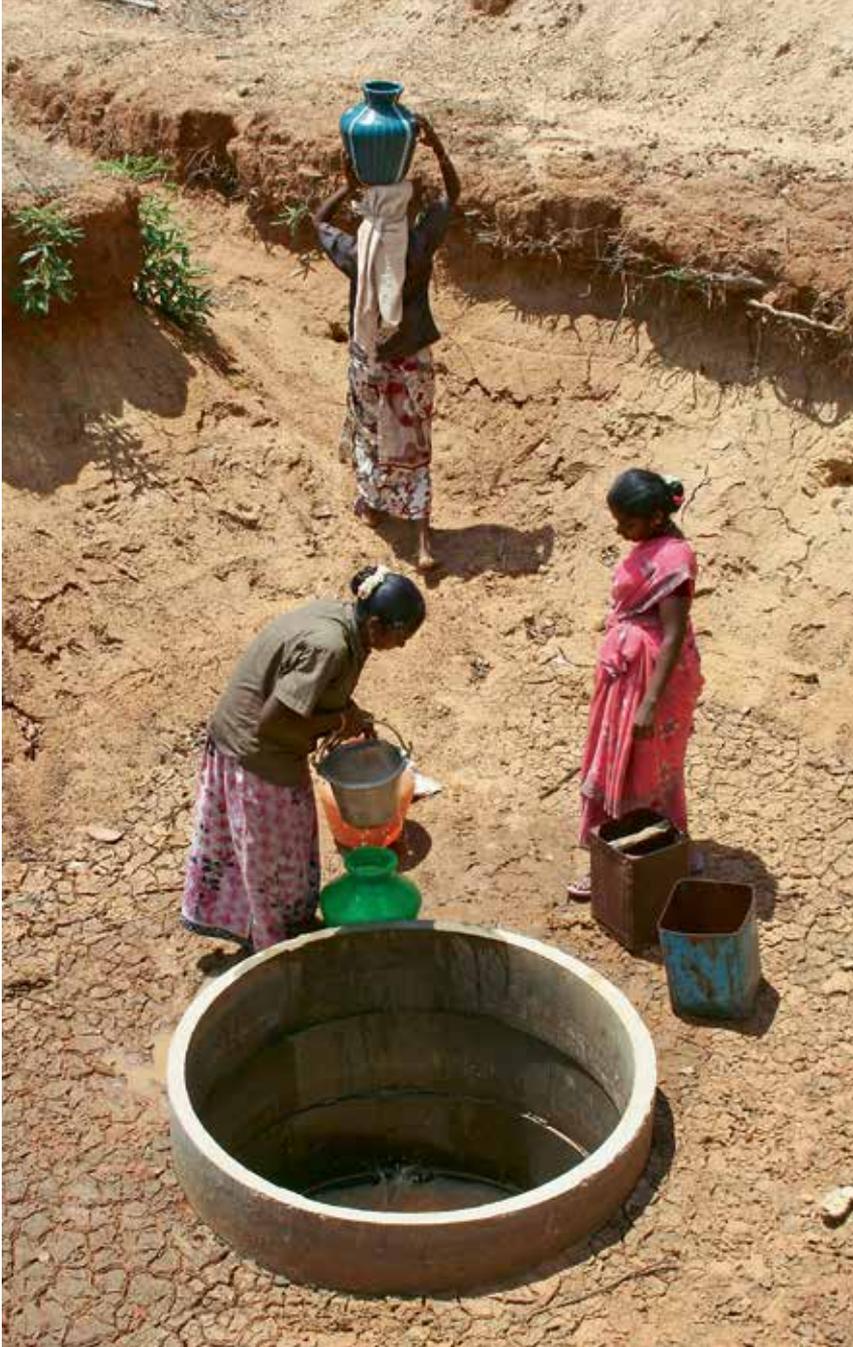
Women are disproportionately represented in low-wage, low-skilled and casual labour, and they are less likely to have control over income and assets. They have little decision-making power in the families, and less access to basic services such as health and education. Social protection that seeks to support the poorest and most vulnerable people has the potential to particularly benefit women and address some of these persistent inequalities. Whether it does so in practice is not necessarily a given, say researchers Rebecca Holmes and Nicola Jones. If social protection is not designed with gender in mind, an opportunity to change the situation of women in a more radical way may be missed. At best, this results in sub-optimal programme outcomes, at worst, it may result in reinforcing and exacerbating women's situations.

Until now, very limited attention has been paid to gender issues when designing and implementing social protection. Equality is often seen as a less important goal. A common assumption made is that transferring resources to women will automatically transform gender relations in the households and beyond. However, intra-household dynamics are complex and require supporting interventions beyond simply targeting women.

## **Social protection should tackle social inequality**

Indeed, in practice, many social protection programmes risk reinforcing the traditional roles and responsibilities of women. Holmes and Jones therefore argue that social protection should not only protect (provide relief), prevent (avert deprivation) and/or promote (enhance incomes and capabilities). It should also change – transform – people's lives in a more radical way. Social protection systems should tackle social inequality and the exclusion that is often the fundamental cause of people living in a state of poverty and vulnerability.

Social inequalities – such as gender inequality – strongly influence poverty. To date, social protection has been dominated by a focus on addressing economic risks and vulnerabilities. Examples of social vulnerability are women's time poverty, the fact that in many cases decision-making power on loans and other issues that affect the entire family is concentrated in the husband's hands, and women's vulnerability to violence at home, at school and in society. Social inequalities are interlinked with economic risks and vulnerabilities. For instance, women rarely own land, often work in the informal sector and eat less when food is scarce.



In India and Ethiopia, public works programmes are designed to promote women's participation in the labour force, offer equal wages, and (in Ethiopia) offer alternative cash-transfers for pregnant women. Women often have to carry out "light work", such as carrying stones and fetching water. Why this is considered "light" is unclear. Social protection can increase gender equality if it is designed and implemented in a gender-sensitive manner. The picture is from India. Photo: Leif Gustavsson/IKON

Although gender inequality has rarely influenced the design of social protection, a number of social protection programmes are emerging with innovative design and implementation features. They are starting to demonstrate the potential for transforming gender relations beyond women's traditional roles, challenging the prevailing unequal distribution of labour in the home and women's low status.

Several of the programmes that Rebecca Holmes and Nicola Jones studied do take into account social risks. One is the Mexican programme for subsidised childcare that aims to increase the number of women in the paid work force, and another is Challenging the Frontiers of Poverty Reduction (CFPR) in Bangladesh, which promotes women's financial and social self-determination in the home and in society. Ethiopia's Productive Safety Net Programme – a public works scheme - offers cash or food support instead of work during and after pregnancy. Bangladesh's CFPR and the *Juntos* conditional cash transfer programme in Peru combine cash assistance with economic and social objectives, such as reducing gender-based violence and early marriage. *Juntos* also requires that all births are registered. This particularly benefits female-headed households that have found it difficult to gain access to public services and programmes due to a lack of identity papers. Some programmes also try to encourage women's participation in community meetings and programme governance.

### **Limited financial control**

One positive aspect of the public work programmes in Ethiopia and India is that women make up approximately 40 percent of the workforce. But still women are negatively affected by gender-blind design and implementation issues, including assumptions on what types of work are suitable for men and women, often resulting in fewer work opportunities and less pay for women. For example, women are considered able to carry out "light work", such as carrying stones and fetching water, but why this work is deemed as "light" is unclear. In many cases bank accounts are not opened in women's name, leading to women remaining financially dependent on men; and crèche facilities are not operational, leading to increased domestic responsibilities for women.

In sum, the different case studies show that where programmes address the social and economic risks that men and women face, such as promoting financial independence, promoting community sensitization around violence, rights, and early marriage, and providing opportunities for education and developing women's skills, progress can be seen towards achieving a broader transformation of gender relations.

# Social protection strengthens human rights

Like many other donors, Sweden has declared that development cooperation is to be characterised by a rights-based approach. Such an approach is based on the entitlement of all human beings to claim their human rights and have them met. The fact that people have rights also means that there are duty bearers who have an obligation to fulfil these rights. This obligation is primarily borne by the state, but all actors that affect people's rights – including the Church of Sweden in its development cooperation – have obligations.

Working from a rights-based perspective means that people's problems are defined and the causes of the problems are analysed on the basis of human rights. In analysing root causes, power structures are examined, discrimination is combated, and power imbalances are challenged, including power imbalances between men and women. Participation, empowerment and non-discrimination are also central concepts in this work.

## **Accountability**

In order for a rights-based approach to be effective, it must also be possible to demand accountability. It must be possible to seek and obtain redress where the state has failed to comply with human rights standards, laws and policies. Measures for accountability must be accessible, transparent and effective. All actors whose actions have an impact on the enjoyment or non-enjoyment of rights-holders rights are duty-bearers. This means that organizations themselves are duty-bearers which are required to ensure accountability in their own actions while implementing projects or programmes in terms of the processes undertaken and the standards and values adhered to.

Social protection can help to fulfil a number of human rights, such as the right to food, to health and to education. It is also in itself a human right laid down in the UN's Universal Declaration of Human Rights and in the UN Covenant on Economic, Social and Cultural Rights. The UN's International Labour Organisation (ILO) has addressed social protection in a number of documents and conventions, and in 2009 all UN bodies, including the World Bank, agreed to work towards the Social Protection Floor.

The UN committee on economic, social and cultural rights established in its general comment no. 19 on the right to social security that the state must offer basic minimum protection for everyone. Social protection may never be discriminatory and special attention must be paid to particularly vulnerable groups.



Social protection can help to fulfil the right to health. Pictured are Tadelech Shegute and Tadelech Kebede, village health workers in Ethiopia. Photo: Magnus Aronson/IKON

If a state cannot provide the established minimum level for risks and contingencies within its maximum available resources the state should carry out a wide process of consultation to select a core group of social risks and contingencies to ensure the right of access to social security systems. The state should also seek help internationally through development cooperation.

### **Rules should be simple**

From a rights-based perspective, it is important that systems for social security and transfers are not discriminatory and that they are transparent. The rules and eligibility criteria should be so simply designed that people themselves know whether they are entitled to assistance. From a rights-based approach, means-tested assistance is associated with particular risks because people who should receive support

risk being excluded. The rights-based approach also indicates that assistance should not be made conditional upon behaviour.



For the majority of Swedes, social protection plays an important role in several phases of life. There is widespread political agreement on the fundamental features of the welfare model. Photo: Magnus Aronson/IKON

# The history of welfare in Sweden

In Sweden the modern welfare state grew up in the interface between the former agricultural society and the new industrial society. Sweden's major transformation took off in the mid-1800s. This was the period of the breakthrough of industrialism and freedom of trade, and the modernisation of society and the state, particularly through communications, from railways to newspapers, bringing the country closer together.

In the second half of the nineteenth century poverty was widespread, infant mortality high and the average life expectancy was only around 50. About a million of Sweden's population of four to five million emigrated to North America. At the same time new forms of cooperation grew up at local level, such as voluntary mutual societies to cover sickness and funeral expenses, which were the predecessors of Sweden's social security funds. These societies created links between neighbours and friends and provided protection against risk, particularly when many people no longer had any arable land, fishing rights or a master to fall back on.

## **Calls for reform**

A movement to reform the poor relief system began to grow up across Sweden at the turn of the last century. This movement demanded far-reaching reform, but it would not be until 1957 that the Riksdag (Swedish Parliament) removed the concept of poor relief from Swedish legislation. It was also not until 1944 that recipients of poor relief became full citizens and were granted the right to vote.

The welfare model that emerged was founded on two pillars: the primacy of work principle and the social protection system. The primacy of work principle means that every citizen must be a wage earner and thereby a taxpayer during the part of their lives in which they are capable of working. The social protection system gives everyone the right to basic financial security whether or not they are able to contribute themselves.

The social protection system has two parts. The first is the social insurance systems and other general systems that provide financial security for the vast majority of the population in the phases of their lives when they are unable to support themselves. Payments from sickness insurance, unemployment insurance, parental insurance and pensions are linked to previous working income, funded through taxes and social charges and administered (with the exception of unemployment insurance) at national level. Other payments are not linked to previous income but still financed and administered at national level, such as child allowance, guaranteed



The office of the Blomkronan mutual society covering sickness and funeral expenses in Stockholm, 1918.  
Photo: Arbetarrörelsens arkiv och bibliotek (the archives and library of the labour movement) (ARAB 2741.001)

pensions and certain unemployment benefits. The second, and considerably smaller, part is means-tested financial support to people who are not covered by the general system. This income support – previously called social assistance and even earlier poor relief – is administered and financed by the municipalities.

The new society that emerged in the 1800s was characterised by new popular movements: producer and consumer cooperation, trade unions and parties, free churches, non-formal adult education (folk high schools and study circles) and the temperance movement. The importance of the trade unions in the rise of social protection systems can hardly be underestimated. The unions also came to be linked at an early stage with the social democratic party, which put the party in an exceptionally strong position in Swedish politics.

However, it was the liberals who first initiated reforms. As early as the 1880s the liberals in the Riksdag advocated factory inspections and accident protection to increase the safety of the workers. A number of inquiries led to the gradual introduction of reforms, for example in 1901 it became compulsory for employers to insure their employees against accidents and injuries. A new body, the National Social Insurance Institution (Riksförsäkringsanstalten) was established in the same year and took over the running of the insurance system. 1934 saw the introduction of state support for the unemployment funds run by the unions.

### **The world's first universal old age pension**

In 1913 the Riksdag passed a largely unanimous decision to introduce a universal



Days assigned to fathers in the parental insurance system are one of the most recent additions to Sweden's social protection system. Photo: Magnus Aronson/IKON

old age pension. In the following year all Swedes over the age of 67 received a monthly pension payment. This saw Sweden become the first country in the world to introduce a pension system that was not dependent on contributions paid in. In 1948 a more generous pension system was introduced. The next step was the introduction of a general supplementary pension that meant that everyone in employment received an income-related pension.

State sickness insurance grew out of the voluntary mutual society movement in which people banded together to cover sickness and funeral expenses, and was introduced in 1955, after having undergone several rounds of inquiry and consultation.

Child allowance was introduced in 1948 and was paid for all children up to the age of 16. Parental insurance came in in 1974 and in the 1990s, the “dad month”, payable only if taken by the father, was introduced as a way of encouraging men to take more parental leave.

In the 1990s Sweden suffered the worst economic crisis since the 1930s. This led to the level of the majority of social insurance payments being lowered and the rules being made more stringent. The pension system was changed and future payments were linked more clearly to previous contributions. In the 2000s the rules for unemployment insurance were also tightened up, and conditions for large groups of people became worse. At the same time, municipal welfare has been restructured in a move towards greater competition between public and private providers of social services.

# Sweden as seen through others' eyes

Although the cracks in the welfare system currently dominate the debate in Sweden, the Nordic social welfare model is still seen as an example to strive for globally. Author and pundit Joseph Hanlon asserts that Sweden's successful development strategy in the previous century serves as a good guideline in designing aid for poor countries today. In his view, Sweden realised that social protection was not charity or unproductive expenditure but a necessary investment that enabled rapid industrialisation.

## **Elementary schools gave Sweden a boost**

Chilean-born professor J Samuel Valenzuela has compared his country's history with that of Sweden. He finds that the countries were similar in the early 1900s but that the differences then increased, with Chile falling behind in its development. One crucial difference was that the birth rate fell quickly in Sweden, while in Chile it did not drop to two children per woman until the 1960s. Sweden introduced a state pension and state sickness insurance, which meant that people no longer needed to have a large number of children to be sure of being supported in their declining years. Chile, on the other hand, gained a large but poor and poorly educated workforce, and the economy was based on simpler production. In Sweden the labour force was not as large but, thanks to compulsory elementary schools, it was well educated. This made it possible for companies to focus on more advanced production, which saw wages rise.

Aid and development policy has undergone major changes in the past three decades, from investments in the productive sectors to a great faith in the market's mechanisms for creating development. However, at the end of the 1990s the pendulum partly swung back the other way; state investments in infrastructure were emphasised while social expenditure was still kept down. Many countries in the south, however, point out that there is no strict dividing line between economic development and social investments. Child benefit and pensions do not supersede private investment but rather are investments to develop the private sector.

Current studies on social transfers show that the money is mainly used to cover expenses for the family, primarily food, clothes and education. The children develop into healthier and better educated adults with a reduced risk of poverty themselves.

**Social assistance challenges aid**

The countries in the south also assert that transfers promote growth, says Hanlon. They thus challenge the prevailing aid paradigm in four respects. Firstly, people are poor because they lack money, not because they are feckless. Secondly, it is better to give money directly to the poor than to give it to the rich and hope that resources will trickle down to the poor. Thirdly, low demand – not a lack of supply – is the biggest problem in poor countries and stimulating the consumption of poor people is therefore a good thing. Finally, the government plays a central role in stimulating the economy.

However, what has been the most difficult for sceptics to accept is that cash transfers encourage employment. The key factor seems to be risk. Poor families are less willing to take risks and have to act with caution so as not to lose the limited resources they have. Research shows, for example, that in both Brazil and South Africa, households that receive cash grants participate in the labour market to a greater extent than those that do not.

Hanlon urges Sweden to remember its history and to learn from it. Sweden should support the development of social protection in developing countries via development aid. It should also participate in the international debate on social protection and share its history and experiences. The country could, for example, spearhead a global campaign for worldwide child benefits and social pensions.

# Lack of interest on the part of donors

Sweden and other industrialised countries have built up extensive social protection systems. This can be seen as an acknowledgement that the theory that economic development that primarily benefits the better off will then “trickle down” to the poorest does not work, at least not to the full. Growth alone does not go far enough; distribution of growth is also needed.

The social protection that is now emerging in developing countries is showing many positive results, and the same conclusion can be drawn from Sweden’s own history in this area. Nevertheless, Sweden and other donors have not to any appreciable extent advocated or supported this development of transfer systems. According to the OECD/DAC’s reporting system, in 2008 only 1.6 percent of aid was classified as support for social transfers and social insurance. For Swedish development cooperation, the figure was even lower at 0.3%, the majority of which concerned initiatives in Europe.

What is the reason for this lack of interest? There is no obvious answer. However, it may perhaps be the case that the resistance of public donors has primarily rested on economic arguments, while the lack of interest from civil society organisations is instead ideological in nature.

## **Assumption that assistance will hamper growth**

Economic research has often assumed that social transfers in developing countries will hamper growth. It is thought that people who receive grants will work and save less, dragging economic development down. It has also been advocated that the limited resources of developing countries should be put towards productive investments that will provide growth rather than short-term increases in welfare. However, more recent economic research shows that social transfers can contribute towards economic growth, particularly pro-poor and inclusive growth that involves and benefits the poor. People’s capacity to work increases when they are not hungry, when they can afford healthcare, can send their children to school and dare to take certain risks. Social transfers can also help to create demand in local markets – people can simply afford to buy more goods and services, which makes it easier to start companies.

The fact that civil society development organisations have not shown any great interest in social transfers can partly be explained by the way in which many organisations – including the Church of Sweden – have long emphasised “help to self-

help” as a strategy to reduce aid dependency. The emphasis is placed on every human’s ability to improve their own situation of their own volition and the importance of providing the tools that enable them to do so.

The self-help ideology can be seen as a reaction to an earlier emphasis in aid work on short-term aid. Instead of merely meeting people’s need for food, healthcare and education, the donors were to contribute towards their long-term ability to support themselves. Instead of charity to passive recipients, the aid was to support active people with the ability to build their own future.

### **“Help to self-help” excludes the poorest**

The emphasis on “help to self-help” has been necessary in many respects and has helped to change a deeply rooted picture of poor people as passive recipients of aid. But perhaps the pendulum has swung too far? We can now see that the self-help strategy has a number of limitations.

Many people are excluded from development projects that seek to increase their earning capacity. The “poorest of the poor” will tend to have no land, for example, and are therefore unable to participate in agriculture projects. Children, the elderly and the sick lack the capacity to work required to participate in income generation projects. At the same time it would cost very little to increase their income so that they could at least have access to sufficient food. According to a German study, only between 5 and 20 euro cents per person per day would be enough.

Similar conclusions have been drawn in the microfinancing context. Expectations of the capacity of microcredits to help combat poverty have often been based on an extremely simplified picture of poor women starting successful companies once they are able to borrow enough for a goat or a sewing machine. In reality not all people either can or want to be entrepreneurs – in developing countries or in Sweden. Microfinance plays an important role by granting loans, providing an opportunity to save and sometimes providing insurance solutions for emergencies. However, it is not a universal solution that can reduce poverty on a broad front – and above all not a way out of poverty for the poorest of the poor.

### **From a patronising attitude to a human rights perspective**

Besides the economic and ideological objections to social transfers, there are also more or less implicit arguments that are founded on our view of poor people and their ability to handle money. Here, there are clear parallels with the debate on poor relief and welfare in Sweden a hundred years ago. The patronising attitude at the time gradually gave way to a completely different perspective – one in which everyone has the right to a certain level of fundamental protection, whatever their



Everyone has the right to a certain level of basic protection. Prasanda Panda is a health worker in Orissa and is a member of a group that informs people about their rights to healthcare. Photo: Sean Hawkey/ACT alliance



The extensive social protection systems in Sweden and other countries can be seen as a sign that growth alone is not enough – the growth also needs to be distributed. When Habibe Yimer, aged thirteen, is not helping his father in the fields, he dreams of becoming a doctor. Photo: Magnus Aronson/IKON

way of life. In Sweden no-one today, for example, demands that parents should account for how they have spent their child allowance.

Studies show that in practice families spend the resources they receive in the form of child benefit, pensions or other social transfers as well as anyone could demand – on food and school fees, clothes for the children and investments to increase their future income.

Today, social protection in many poor countries depends on the family or the clan, while urbanisation contributes towards weakening traditional safety nets. When state social protection systems are introduced, the burden on the traditional and informal social network is reduced because the most vulnerable people no longer need to ask relatives and neighbours for help.

The rising interest in social protection as a method of combating poverty means taking a step backwards towards charity's desire to meet people's human immediate need for food, housing and healthcare. However, there are crucial differences.

Social transfers are founded on the recipient's rights and thereby the state's obligations. They are not given out of mercy but on the basis of fixed and predictable regulations. Regular and predictable grants empower people and give them an opportunity to plan their economies and lives.



With their local presence, civil society organisations can sometimes help to implement social protection systems. Rangpur Dinajpur Rural Service in Bangladesh, RDRS, has been the partner of the Church of Sweden for over 35 years. RDRS channels state-funded support to the 'ultra-poor' through its microfinance organisation. Photo: RDRS

# The role of civil society

Although the state bears the main responsibility for providing social protection, civil society organisations can play several important roles. They can, for example, inform people of their rights and help them to claim them. Another task is to monitor implementation, draw attention to cases of misconduct or corruption, and argue for simple, clear and general systems that reduce the scope for different interpretations and for corruption.

Civil society also plays an important role as a voice in political debate with the potential to mobilise popular opinion. Initiatives such as the Africa Platform for Social Protection and the pilot project for basic income grants in Namibia can help to put questions of social protection on the political agenda. Via their local presence, civil society organisations can also help to implement social protection systems. As long as the state protection systems are poorly developed, there will be needs that only civil society can meet. The churches, with their long experience of social work and their presence at local level, could play all these roles.

## **Social protection challenges aid donors**

Donors have so far not been particularly successful in encouraging the development of social protection. One explanation is that they have not been focusing on learning from the government initiatives that already exist and build on them further.

Social protection systems challenge development organisations that are used to implementing or financing projects instead of giving people cash directly in their hands. However, as stated in the EU's 2010 European Report on Development, there is much to indicate that social protection is "a key missing piece of the puzzle" of EU development policies.

Discussions on development are often about people in far-off countries, and a distant reality. But the debate about social protection has many parallels with Sweden, and the underlying issues are partly the same. Does financial assistance make people passive? Should protection systems be universal or means-tested? Unlike many other issues, here we can see the similarities between developing countries and our own country. The discussion becomes familiar and easy to relate to our own lives.



Lutheran thinking meant that God worked in different ways in the church and in society. Nevertheless, the church had great influence over schools and poor relief. Photo: Maria Svensk/IKON



Knista poorhouse in Närke, photographed before 1909. Standing: matron Maria Nilsson, known as "Poorhouse Mari"; seated: Augusta i Korset. Photo: Västernärke rural heritage association archive, Fjugesta.

# The church and welfare

Social protection systems are based on a contract between the government and citizens, where citizens enjoy certain rights but also contribute through taxes. Historically, however, the church has assumed responsibility for poor relief, healthcare and education. In many developing countries and in several countries in Europe, it is still common for schools and hospitals to be run by churches and church-related aid organisations.

In the Nordic countries the evangelical Lutheran churches took on an entirely dominant role after the reformation, and a division between the areas of responsibility of church and state took place. Martin Luther thought that healthcare, education and care of the poor should not be linked to church power but be the responsibility of the laity. The basic idea was that God works in different areas and that every Christian has his or her own work to do in daily life. This everyday work was more important than that of the monasteries.

The reformation also broke away from the Catholic church's spiritual idealisation of poverty and the idea that charity grants spiritual superiority. Voluntary poverty was seen as parasitic rather than a spiritual sacrifice to be rewarded. Luther criticised the mendicant orders (such as the Franciscans) and thought that those who did not work should not eat. Nor was charity to be seen as part of the development of the self but rather as a calling and part of a general calling as Christians.

## **Lutheran ideas influenced the development of the welfare state**

It can be argued that the Lutheran ideas of everyone being part of a larger story than one's own, combined with the division between the responsibility of church and state for people's welfare, gradually led to a welfare state in Sweden.

During the Catholic period, churches and monasteries were responsible for healthcare, poor relief and education, which were partly paid for by the tithes that people paid to the church. After the Reformation only the priest kept his part of the tithes; the rest was taken by the state. Care of the poor then collapsed and the church attempted to find new ways of raising money through collections, fines, poor boxes, etc. In 1628 a law was passed under which every parish was obliged to feed its own poor. The 1700s saw an increasing emphasis on this not being a question of alms but of the duty of society to provide for those in need.

Despite the idea that God works in different ways in different spheres, from the 1600s onwards the church had a large amount of influence over education and care of the poor. The priest was always the chair of the poor relief committees that

were responsible for providing for people who could not be cared for by their own families, primarily the elderly and orphans. This provision was organised through auctioning out the poor, ambulatory care where the poor person had to move from one farm to another, boarding out or the poorhouse or workhouse.

### **Secular municipalities took over responsibility for poor relief**

Society had increasingly developed towards a symbiosis between the church and the authorities at national and local level. Revival movements helped to break up this symbiosis and led to secularisation in which the church was increasingly separated from the state and the municipalities. In 1862 the secular municipalities were founded, which then took over the parishes' responsibilities for poor relief.

Although the church as an institution did not play an active role when poor relief in the first half of the 1900s was gradually transformed into a welfare system, priests and other active Christians were involved to a great extent. However, besides their sense of responsibility for helping other people, many of them took a paternalistic approach. The needy were to be educated and to change their way of life in order to receive help. Christian representatives can thereby be said both to have contributed towards raising welfare issues onto the political agenda and to slowing down the process of viewing welfare as a right.

### **The human rights perspective challenged the church**

The view that people have certain rights emerged in the first half of the 1900s. This idea challenged the church's paternalistic tradition, while the church's commitment to the equal value of people was also – contradictory though it may sound – a source of inspiration for this approach. The World Council of Churches, for example, was a driving force behind the UN's General Declaration on Human Rights, and the idea that God created everyone equal was part of the underlying background.

Today the rights-based approach is a central part of Church of Sweden's theology and practice. Guiding documents have set out that international work must be based on a rights-based perspective. However, it is not obvious how the parishes in Sweden should relate to welfare issues in periods where the government's responsibility seems to be diminishing. The church must constantly relate to new challenges and to new opportunities to take a more human approach to life for everyone. Sharing the bread so that there is enough for everyone is still a challenge today – just as it was when the boy once offered his five loaves and two small fishes.

<sup>1</sup> The orphan would stay with those who requested the lowest payment from the municipality.

The full text is available in Swedish, and soon in English.

## Cash in the hand [Pengar i handen]

An anthology on rights based social protection as a method of eradicating poverty and hunger [En antologi om sociala trygghetssystem som metod för att bekämpa fattigdom och hunger]

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[Kyrkan och välfärden]

BY ELISABETH GERLE

The anthology can download at [www.svenskakyrkan.se](http://www.svenskakyrkan.se)  
phone: +46 (0)18-16 96 00 e-mail: [info@svenskakyrkan.se](mailto:info@svenskakyrkan.se)

Cash in the hand – child benefits, pensions and other cash grants – effectively reduces poverty and hunger. This has been shown by experiences from a number of developing countries. Even small grants mean people are able to eat more and eat better, become healthier and allow their children to attend school.

Sweden's history shows that social protection is needed to give everyone a tolerable standard of living and ensure stable social development. Despite this, Swedish ODA has not supported the development of such systems in developing countries. This publication discusses the role social protection can play in the fight against hunger and poverty, and what different stakeholders can do to promote the development of social protection.