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Deutsches Institut für
Entwicklungspolitik

German Development
Institute



Social Protection

Research and policy advisory activities
of the German Development Institute /
Deutsches Institut für Entwicklungspolitik
(DIE)

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Background

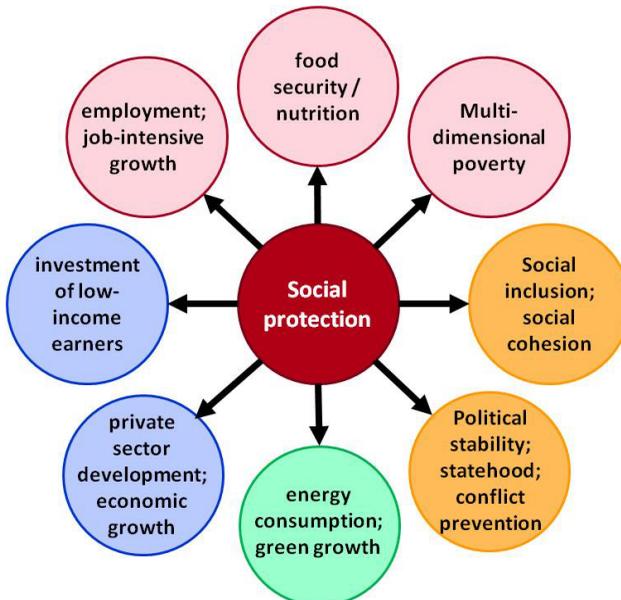
Social protection systems play a key role in the development process, since they have not only a social but also an economic and a political function.

Their first function is to ensure that poor households are able to maintain a minimum living standard.

The second is to protect households against shocks that are due to risks such as age, sickness, or unemployment, which can push people into poverty. In this way, social protection schemes also encourage people to invest their savings in capital assets or human capital instead of hoarding them for the case that a shock occurs. As a consequence, they support low-income people in their efforts to escape from poverty and ultimately trigger investment and growth that is pro-poor by definition.

And the third function of social protection schemes is to alleviate peoples' concerns about the future, thereby contributing to their social inclusion and individual satisfaction and ultimately to social cohesion and stability of state and society.

Possible effects of social protection schemes:



DIE's research on social protection

The German Development Institute/ Deutsches Institut für Entwicklungspolitik (DIE) has started focusing on social protection policies in low and middle income countries as early as in 1990. Today, a team of eight researchers tries to find answers on the following questions:

- To what degree – and under which conditions – do social protection systems affect (i) the non-economic dimensions of poverty (esp. nutrition), (ii) the different aspects of inequality, (iii) the consumption and investment patterns of households and thereby economic development and pro-poor growth at large, and (iv) political and societal aspects such as social inclusion, social cohesion and political stability?
- How can governments (or other actors) provide social protection for a larger share of the population?
- How can the effectiveness, efficiency and distributive effects of the existing social protection schemes be improved?

Current research projects

Social protection and food security

As part of a larger research agenda on food security, DIE runs a research project on the role of social protection for food security and rural development. It examines and compares the impacts of different kinds of social protection programmes such as social cash transfers, micro and social insurance, public works and school meal programmes on nutrition but it also analyses the technical and political challenges associated with the design and implementation of these programmes. Furthermore, the project explores how the effects of social protection schemes interact with the effects of other programmes that are targeting more directly at agricultural productivity and hence food availability.

Social protection, food security and state fragility

As part of the same agenda DIE also operates a project on "food security in fragile states", which looks specifically at the effects of cash transfer programmes in fragile con-

texts – particularly those linking relief, rehabilitation, and development with a focus on food security and livelihoods. The project investigates when and to what degree cash transfers contribute to improving food security in the context of state fragility and post conflict situations – but it also looks at the effects that cash transfers may have on social cohesion, stability and statehood as such. The focus of the project is on countries where humanitarian cash transfers have been implemented for so long that they have de facto turned into a social protection system or where disaster response mechanisms are added on an existing social protection system.

Public works programmes and their impact on households' investment decisions

In co-operation with the University of Passau and Brown University, DIE runs a research project on the impact of public works programmes on the investment behaviour of recipient and non-recipient households in the target area of the programmes. The project is based on the hypothesis that a reliable and publicly guaranteed access to employment gives households the necessary security to reduce precautionary savings, to engage in more risky activities and to invest in productive capital even if they are not participating in the programme. Hence, it analyses if the access of households to risk coping mechanisms influences their technology adoption, their crop portfolio choice, and their investments in human capital and productive assets.

The effect of public works programmes on employment

Another research project looks at the employment effects of social protection schemes. Specifically, it analyses public works programmes, which are meant to provide large-scale employment – and thus income security – to poor households, while at the same time creating lasting public infrastructure in the target regions. In practice, however, many public works programmes do not seem to achieve both goals in the same way. Some provide large-scale employment but little useful infrastructure while others succeed in creating much useful infrastructure but

not in a very labour-intensive way. The approach of DIE's research project is to identify conditions under which public works programmes can have longer term effects on employment – induced among others by an increase in economic activity due to the infrastructure created. These effects are then compared to the short-term employment effects of public works in order to derive insights on the optimal design of public works programmes in developing country contexts.

Social protection for the informal sector

More than 50% of the world population have no access to any reliable mechanism of social protection against risks such as age, illness, and unemployment. Many governments are reluctant to extend the coverage of social insurance beyond the small formal sector of the economy while others have tried but failed for administrative, financial, logistical or political reasons. The first question is thus how these obstacles can be overcome. The second is when micro-insurance is a superior alternative. It is a social protection tool that is mainly financed by member contributions but still affordable for poor households. The first question is when only tax-financed social protection systems can provide income security to the majority of the population.

Improving social protection in the Arab countries

Social protection systems in Arab countries tend to suffer from significant deficits in terms of coverage, distributive effects, effectiveness and efficiency. The reason is that they have been designed by policy makers not to achieve social or economic but rather political goals: As a trend, the ruling elites have used social protection systems to legitimise their rule and provide financial privileges to important and influential social groups rather than the poor. The first question is thus which reforms are needed to make social protection in Arab countries more effective, efficient and egalitarian. The second question is how such reforms would have to be designed in order to make them acceptable to the majority of the people in Arab countries and thereby feasible in political terms.

Selected publications

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