INCLUDE

How cost-effective are social protection interventions?

To investigate the potential of these interventions and to provide governments with the knowledge needed, seven INCLUDE research groups have compared the cost-effectiveness of social protection schemes in Africa. Their research foci are outlined in the handout 'Dutch social protection initiatives: INCLUDE and UNICEF'. These groups commenced their studies in 2015 and will finish in 2017. In 2016, the research groups presented some of their interim findings, which can be found on the website of INCLUDE. This handout synthesizes these findings and presents their main implications for policy stakeholders.

Since the turn of the century, social protection programmes have expanded in developing countries. This trend is also taking place in Africa, where fragmented programmes are turning into structural safety nets. In countries where this development takes place, such as Ethiopia, Kenya, Mozambique, Rwanda and Tanzania, national governments have implemented cash transfers or cash-for-work programmes targeted at poor and vulnerable groups.

Yet, national governments are often reluctant to introduce comprehensive social protection programmes as these require a reallocation of resources and are often considered too expensive. An important finding of the 2015 World Bank progress report 'State of Safety Nets 2015' is that there are positive impacts of social protection schemes, but these are not always visible to national governments. There is, therefore, a need for evidence-based arguments on the cost-effectiveness of social protection in the long term. In addition, evidence on the effectiveness of social protection programmes is important to inform the design, implementation and expansion of social protection programmes. As the 3IE 'Productive safety nets gap map' shows, the amount of evidence on impacts differs for the various types of intervention.

Interim findings of INCLUDE research groups

The interim findings of the INCLUDE research groups relate to two dimensions of cost-effectiveness: the range of economic and social impacts and long-term sustainability of social protection interventions, and the conditions under which the social protection interventions are successful. Overviews of the methodologies of the research groups can be found on the website of INCLUDE.

Impacts of social protection schemes

Social protection schemes have a wide range of positive impacts on development, including poverty alleviation, access to healthcare and education and, to a smaller extent, increased investments and productivity. Most of the impacts are indirect benefits, such as an increase in income through better access to healthcare (and vice versa), provided by, for example, health insurance or fee waivers.

Social protection schemes can lead to inclusive development because they have greater impacts on the poorest households. For instance, the research group 'Social protection in Uganda' found that the effect of the relationship between increased income and access to education and healthcare is twice as high for poor households. These effects could generate returns that exceed costs in the long run. The research group 'Social and health policies for inclusive growth' found that cash transfers are mostly spent on food, health and school fees, which means that social protection programmes may be able to stimulate graduation out of poverty and reduce the intergenerational transmission of poverty.

Some research groups found mixed or no evidence for the impact of social protection schemes. For instance, the evidence on the impact of trauma support and cash transfers for women on their long-term economic independence is mixed. In addition, there is uncertainty about the long-term effects of cash transfers. This is due to the implementation of the programme and contextual factors, such as severe poverty, vulnerability and exposure to shocks. These factors can lead to risk-averse behaviour (e.g. no investments in productive assets and labour) and reluctance to make use of the assistance. On the other hand, programmes that have relatively small transfers (in terms of the sum provided) and irregular payments can limit the potential expenditure of households. To what extent these two factors are in play is currently being investigated.

There are differences in the uptake and impact of interventions. The comparison of maternity vouchers with free maternity services for women in Kenya showed that nearly all of the pregnant women aware of the free services made use of them, compared to only half of those aware of the maternity voucher. Yet, maternity services are considered more accessible, whereas the vouchers are recognized as a way to target poor pregnant women. Moreover, as free maternity services involve high costs, using maternity vouchers can be comparatively better in targeting the poorest who are unable to afford health insurance. Hence, the selection of the type of intervention partly depends on the priorities within the set of objectives of the intervention.

Conditions for success

The diverse and indirect effects of social protection schemes illustrate how their success depends on other development policies. For instance, the relationship between social and health policies is strong. If health policies are not functioning properly, households may be forced to use cash transfers for health expenditures. As cash transfers are an imperfect substitute for good health policies, investments in adequate infrastructure (e.g. quality schools or health services) are essential. Only then, the multitude of positive impacts of social protection can be realized.

A focus on the synergies and interference between social protection programmes is necessary. A finding of the research group on 'Maternity fee waiver in Kenya' is that social protection programmes can interfere with each other, as in the case of free maternal healthcare and free primary healthcare versus affordable insurance for farmers in Kenya. Free healthcare programmes can reduce people's interest in paying for insurance, as part of what the insurance offers is also provided at no cost through the free healthcare programmes. Therefore, it is necessary to assess the stakeholders and programmes already in place in the country or region to prevent from hindering the implementation and sustainability of existing programmes.

For successful implementation, a strong focus on the local political economy cannot be overlooked. Targeting and registration occurs through a relation between the formal programme structures and local informal institutions and political actors. Incorporating local street-level bureaucrats and informal institutions improves access to cash transfers for the poorest. Moreover, traditional social assistance schemes, such as the support of disadvantaged groups in the Afar region, can exist next to social protection programmes. Focusing on their complementarities can increase impact and reduce the costs of programmes.

Finally, although social protection can be a successful tool to lift people out of poverty, a special focus on the poorest households is necessary to increase their participation and benefits from the interventions.

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Weblink: http://includeplatform.net/downloads/cost-effective-social-protection-interventions/