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Social Protection and Assets

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Key points:

- **Most social protection programmes focus on only one or two assets rather than a complete portfolio**
- **Most social protection programmes have a top-down design and fail to take into account the activities and needs of the poor**
- **A social protection agenda that includes asset accumulation would create an enabling environment in which the poor could accumulate and consolidate their assets over time**

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Against a backdrop of globalisation and rapid economic transformation, social protection has been propelled into the international spotlight. Recent economic crisis has exacerbated the number of households living in poverty, highlighting vulnerabilities associated with increasingly integrated economies. Recognition that new social and economic hazards impact most heavily on the poor has resulted in prioritisation of social protection on the international policy agenda, joining economic growth and human capital development as the three main components of national development strategies (Kabeer and Cook 2010).

This briefing paper first describes the social protection agenda. It then defines what an asset accumulation framework is, and the extent to which assets are incorporated into current social protection programmes. Finally, the paper shows potential opportunities for incorporating asset accumulation policies and strategies into the design of a transformative agenda for social protection.

Contextual background

The origins of the current social protection agenda lie in the 2000/2001 *World Development Report: Attacking Poverty* (World Bank 2001). This outlined a three-fold strategy for poverty reduction through the promotion of opportunity, the facilitation of empowerment, and the enhancement of security. In turn a three-pronged risk management framework was outlined to 'enhance security' which identified a range of formal and informal mechanisms through which households and communities could reduce risk, mitigate risk, and cope with shocks. In this risk management framework social protection was identified as one of a number of *ex-post* interventions to help the poor to *cope with shocks*. Its original scope, therefore, was limited to *ex post* assistance that guaranteed relief from deprivation through programmes such as social assistance, subsidies, social funds and cash transfers. Over the past decade the social protection agenda has broadened considerably, along with the recognition that *ex post* social protection programmes were an inadequate response to both the long term risks of chronic poverty and growing levels of inequality – associated with rapid growth without adequate state provision of infrastructure or appropriate redistributive policies (Kabeer and Cook 2010). Consequently, the objectives of social protection have shifted beyond the original short-term goals of the provision of relief to the poor during shocks, to two different *ex ante* objectives both designed to promote longer-term, more sustainable poverty reduction. Increasingly they now focus on *ex ante* prevention measures to mitigate risk as well as promotion measures intended to reduce risk. (see table 1)

Table 1: Types of social protection programmes and associated objectives

Type of social prot.	Objective	When	Programme example
Provision	Relief to cope with shocks	*Ex-post*	• Emergency safety nets • Humanitarian aid
Prevention	Mitigate risk	*Ex-ante*	• Long-term transfers (cash/ in -kind) • Employment guarantee schemes
Promotion	Reduce risk by enhancing income and capabilities	*Ex-ante*	• Conditional cash transfers • Asset transfer programmes

The asset accumulation framework

What is an asset? An asset is a "stock of financial, human, natural or social resources that can be acquired, developed, improved and transferred across generations. It generates flows or consumptions as well as additional stock" (Ford Foundation 2004). Assets are not simply resources that people use to build livelihoods. As Bebbington (1999) argues, assets give people the capability to be and act. Thus, the acquisition of assets is not a passive act but one that creates agency and is linked to the empowerment of individuals and communities (Sen 1997). The concept of assets and capital endowments includes both tangible and intangible assets. The most widely referenced assets are natural, physical, social, financial and human capital (see Moser 2009).

What is an asset accumulation framework? An asset accumulation framework has two components (see Moser 2009):

1) An ***asset index***: This is an analytical and diagnostic tool for understanding poverty dynamics. It quantitatively, or qualitatively, measures the accumulation or erosion of different assets over time and clarifies the interrelationship between different assets. This may, or may not, mirror changes in income or consumption poverty.

2) An ***asset accumulation policy***: This is an associated operational approach that focuses directly on creating opportunities for poor people to accumulate and sustain complex asset portfolios.

Asset accumulation policy is not a set of top-down interventions. Though it may include interventions that focus on strengthening individual assets, it is essentially a framework that provides an enabling environment with clear rules, norms, regulations and support structures to allow households and communities to identify and take advantage of opportunities to accumulate assets. To facilitate asset accumulation it is necessary to address structural, operational and institutional factors simultaneously (Moser 2009).

There are three different stages or 'generations' of asset accumulation strategies. First-generation strategies intend to access assets; second-generation strategies ensure the consolidation and prevent erosion of assets; third-generation strategies maximise the linkages between strategies maximise the linkages between different types of inter-dependent asset (Moser and Stein 2011).

Table 2: The implicit incorporation on assets in existing social protection programmes

Type of social protection	Programme examples	Assets are *implicitly* addressed through:
Provision	• Emergency safety nets • Humanitarian aid (cash or food)	• **Financial capital**: through cash or in-kind transfer. • **Human capital**: through improved nutrition.
Prevention	• Long-term transfers (cash or in-kind) • Employment guarantee schemes	• **Financial capital:** through cash or in-kind transfer. • **Human capital:** through improved nutrition. • **Human capital:** through work experience and training. • **Physical or natural capital:** through community assets in public works.
Promotion	• Conditional Cash Transfers • Asset Transfer Programmes	• **Financial capital:** through cash or in-kind transfer. • **Productive capital:** such as livestock. • **Human capital:** through improved nutrition and use of health facilities. • **Human capital:** through improved access to education or training.

Assets and social protection

The description of both social protection and assets provides the necessary background to examine the extent to which different types of social protection focus on, or incorporate, assets. As summarised in table 2, to date social protection programmes have an ***implicit*** incorporation of assets into the design or implementation of the range of associated interventions. Of equal importance is the fact that the implicit focus itself primarily has been on human and financial capital, with far less prioritisation of productive or social capital.

Two of the most prominent programmes identified in table 2 are conditional cash transfers (CCT) and employment (work) guarantee schemes (EGS):

CCTs offer cash or in-kind transfers alongside terms of conditionality that are intended to promote investments in children's human capital through health, nutrition and education. This form of 'income -plus' social assistance is intended to combine both prevention and promotion social protection objectives. CCTs have experienced fast growth in popularity and are being adopted at a prodigious rate (World Bank 2009).

In the search to break the inter-generational transmission of poverty, CCTs transfer income in cash or in-kind on the basis of observable criteria such as children's age and/or participation in health and nutrition programmes. While the monthly cash transfer has the objective of prevention, the terms of conditionality are intended to ensure the programmes' promotion objectives. As mentioned above, regular income support mitigates risk by preventing the long-term damage that occurs when households are forced to underfeed children or withdraw them from school when faced with shocks.

The long-term focus on human asset accumulation and a reliance on targeting households with children, means that CCTs are designed to tackle structural poverty, rather than simply to act as a response to transient poverty. As such, evaluations of CCTs have focused on improvements in human development indicators, and have not identified whether and how CCTs can assist households cope with, or mitigate, different sources of risk. Indeed, the World Bank (2009) identifies that CCTs are not best-suited as instruments for managing risk.

In the longer-term, CCTs are designed on the premise that human capital accumulation will enhance greater future opportunity. Where this is not accompanied by structural economic change that opens up economic opportunities to skilled and/or educated workers, however, the accumulation of human capital is not necessarily sufficient to meet long-term goals. From an asset-based approach, this highlights the importance of different generations of asset accumulation strategies. As well as *accessing* assets, households must also be able to *consolidate* assets and to *maximise the linkages* between different types of asset.

***EGS*:** For labour to be realised as a productive asset requires employment security (Moser 2009). This has long been recognised, demonstrated by the fact that public works programmes continue to experience popularity among social protection options (McCord 2008). As counter-cyclical interventions, they facilitate a government response to economic or seasonal work shortages through employment creation. Public works can provide *provisional* and *preventive* strategies depending on whether they operate as short-term, one-off programmes, or as sustained employment opportunities to deal with long-term poverty and unemployment. They help households to cope by providing a minimum income during periods of employment scarcity. The social protection transfer in public works programmes is a 'wage' in return for labour. The setting of wages below the minimum wage allows programmes to be self-targeting and ensures only the most needy take advantage of them.

Assets are again recognised *implicitly* in programme design and implementation. It is assumed that public works programmes have a positive impact on the accumulation of assets through three channels: the wage payment; improved labour market attachment (as a result of training and experience); and benefits accruing from the physical and/or natural assets that are created or strengthened (McCord 2008). Short-term public works, however, do not necessarily provide a basis for asset accumulation, acting primarily for provision rather than promotion. The efficacy of short-term public works is limited to coping in situations of transient rather than structural unemployment and poverty. If programmes guarantee that employment is available not only during but also after a crisis, however, they can be important in mitigating risk.

CCTs and EGS have experienced successes in reducing vulnerability and helping households to access financial and human capital, and addressing some of the underlying causes of poverty. Nevertheless they have a number of limitations. First, they have focused on one or two key assets rather than a complete portfolio. Second, the top-down design and implementation of social protection programmes has remained even as its agenda has extended. This fails not only to recognise that where social protection is absent (or is partial), local households and communities use their own informal mechanisms to overcome risk and vulnerability, but also to build on existing informal mechanisms.

Table 3: Incorporating asset accumulation strategies into a transformative agenda for social protection.

Component of asset portfolio	Current social protection agenda	Moving towards a transformative social protection agenda	
	Accessing assets	Consolidating assets	Maximising the linkages
Financial capital	• Emergency safety nets • Humanitarian aid CCTs • Employment guarantee schemes • Asset transfer programmes	Greater access to savings for future investment and to protect household from financial shocks.	With direct reference to CCTs: • Promoting connections with public, private and civil society development initiatives to establish monetary incentive systems • Support the productive use of poor people's savings and accumulated transfers • Grants-based investments in technical / financial training, internships
Human capital	• Food subsidies or in-kind transfers • Employment guarantee schemes • CCTs • Asset transfer programmes	Access to finance to start small businesses, apprenticeships, and assistance with job search.	
Productive capital	• Employment guarantee schemes	Pro-poor land policy in urban areas or housing improvement loans.	
Natural capital	• Employment guarantee schemes	Weather insurance for agriculture in rural areas.	
Social capital	• Currently overlooked	Funding community development through community-based organisations, increased participation in programme designs.	

'Asset-transfer' programmes have become increasingly classified as a form of social protection rather than simply programmes for poverty reduction. Such programmes have an explicit focus on assets, with the initial transfer of a productive asset seen as a prerequisite to further asset accumulation. Complementary services that accompany the transfer – including a stipend, training, and a component for increasing social awareness – are viewed as necessary to protect the asset and provide the foundations for integration into wider community processes as well as to escape poverty. These programmes, therefore, take a wider approach to social protection, recognising that social protection must address both the economic risks associated with poverty, but also the *structural* issues of poverty and vulnerability that face poor and extremely poor households. This symbolises a shift towards the transformative agenda of social protection, which provides a potential entry point for integrating an asset-based approach into the social protection agenda.

Opportunities for the incorporation of assets into social protection

Transformative social protection moves the objectives beyond those of provision,

Box 1: Conditional Cash Transfers (CCTs) as an entry point for a transformative social protection agenda

A recent Ford Foundation initiative, the 'C4 – The Capital Project', highlights that the incorporation of an asset accumulation framework into CCTs represents an effective way to reach a more transformative agenda. It recommends the inclusion of the following mechanisms into CCTs programmes: first, CCTs should introduce more pro-poor and inclusive financial instruments, e.g. personal capitalisation accounts which match grants tied to savings efforts, to encourage formal savings of the poor. This mechanism can enable and facilitate poor people's access to financial capital assets. Second, to reduce asset erosion and thereby assist the poor to consolidate their financial capital assets, CCTs are encouraged to promote the use of micro-insurance subsidised contracts. Third, to maximise the linkages between assets, CCTs should promote connections between different public, private and civil society organisations in order to gradually establish a monetary incentive system which encourages the productive use of poor people's savings and accumulated transfers. For instance, the Ford Foundation recommends promoting the poor's productive initiatives, e.g. creation of enterprises, through grants-based investments which aim to increase the possibilities for poor people to gain access to technical assistance and enterprise building training.
Sources: Moury 2010.

prevention and promotion, which have so far shaped the agenda, to focus on improving the terms through which poor households are integrated into social and economic processes, including the wider delivery of social services and terms of access to the labour market. In so doing they propose focusing less on accessing assets and move more towards assisting poor households to consolidate their assets and maximise the linkages between them (see table 3).

A transformative social protection agenda provides an opportunity to incorporate an asset accumulation framework. This recognises the need for a bottom-up diagnosis of existing asset portfolios, networks and social capital that households utilise to manage and reduce risk, as well as the grounding of policy initiatives within structural, institutional and operational contexts. To date, integration of its programmes into economic, political and social processes has rarely been an explicit objective of social protection, yet is crucial to create the policy conditions for a virtuous cycle of pro-poor growth, and to increase the poor's access to employment opportunities, service provision and governance systems that are accountable and responsive to the poor (Sabates-Wheeler and Devereux 2008; UNRISD 2010).

An asset accumulation framework provides the tools with which to identify the wider institutional arrangements associated with an enabling environment in which poor households can maximise the returns to their assets and, ultimately, escape poverty. It also ensures that social protection interventions take a bottom-up perspective and build upon the wealth of pre-existing informal mechanisms utilised by poor households. Furthermore, it offers the potential for identifying the policies or programmes necessary for these asset portfolios to be consolidated and maximised.

While the concept of transformative social protection emerges from academic research, operationally-focused institutions like the Ford Foundation recently proposed an initiative linking assets and CCTs as a means to achieve what could be identified as a transformative agenda (see box 1).

In summary, a social protection agenda that includes asset accumulation would create an enabling environment in which the poor can accumulate and consolidate their assets over time, and in doing so, escape poverty.

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