

**The Expert Group for Aid Studies**

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# Social Protection: Evidence, political economy and the role of development cooperation in responding to new challenges

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**Social protection programmes have played an important role in countries' development strategies. They have proven to reduce poverty and protect people against shocks, including in the recent covid-19 pandemic, and other economic and climate-related shocks. Social protection has been part of Swedish development cooperation over the past 25 years and is today recognised as one of the cornerstones of inclusive economic and social development.**

In September 2023, the Expert Group for Aid Studies (EBA) and Sida organised a roundtable discussion on social protection systems in low- and middle-income countries with a focus on the role of development assistance, primarily in Africa. Participants included Sida, the Ministry for Foreign Affairs, civil society organizations, the academia and EBA. Nyasha Tirivayi from UNICEF Innocenti, Miguel Niño-Zarazúa from SOAS, University of London, and Göran Holmqvist from Sida were invited to introduce three topics to start the discussion. The topics were: 1) Evidence on social protection; 2) Political economy of social protection and; 3) Social protection in humanitarian settings and protracted crisis. This brief summarizes the key questions and topics presented and discussed.

**What do we know about social protection impacts?** There is now compelling evidence from the past 20 years that social protection, in particular cash transfer programmes, can have positive effects on income, food security, schooling, nutritional status, productive activities and poverty reduction. These impacts go beyond the targeted households through spillover effects on the local economy. However, although the evidence base has grown, more studies are needed on how to design effective social protection systems in different contexts, including fragile settings and displacement contexts. Evidence gaps also include the need to understand more about the long-term impacts; a better understanding of how gender norms influence the impacts of social protection programmes; what drives the expansion of sustainable social protection systems; and the effects of social protection investments on the national economy.

**Given all the known positive impacts, why does social protection coverage remain low?** Several determinants have both contributed to and undermined, the expansion of social protection systems in the Global South, interacting in a complex manner. A key factor that has positively impacted on the expansion is multilateral and bilateral aid to social protection. Social protection aid has increased during times of economic crisis, for

example, the Financial Crisis of 2008/09 and during the covid-19 pandemic. The challenge in African countries has been the lack of developed social protection systems and the ability to absorb resources to mitigate the effects of crises. Other factors that drive the expansion of social protection include countries' revenue capacity, economic growth, and the level of democracy. This indicates that more system-wide policies are needed to further expand the coverage of social protection.

**How to ensure sustainability?** The development of sustainable social protection systems should not just consider when and how to deliver cash transfers. There should be a strong focus on building institutions and systems, making sure social protection, in line with the Human Rights Convention, is enshrined in constitutions and related national legislation, and that the right capacity is available.

**How to increase financing for social protection?** One main bottleneck for expanding social protection is limited financing. Even if development assistance has played and continues to play an important role in financing the sector, the key to sustainable systems is to increase domestic resource mobilisation for social protection. The availability of evidence showing the benefits of investing in social protection is key for this purpose. In the past decades, several countries have increased the domestic funding for social protection. There is much to be learned from those countries and their motivation to expand their systems.

**What are the political economy incentives to invest in social protection?** Both financial and political aspects are crucial in the expansion of social protection. There is a need to understand and nuance the incentives to invest in social protection in the partner country, and among donors, and not limit the analysis to "political will". A better understanding of the dynamics of how the social protection system interacts with the political level in the country is needed, to ask the question if social protection programmes would be dropped or self-sustained because of their results if external support was ended. It is also important to stress the complexity behind how decisions are made, how social protection programmes are designed and the potential links to democracy and accountability. Political parties and ideology are important aspects to consider.

**Design of social protection programmes – why does it matter?** An important aspect of social protection design is targeting, and determining who will benefit from the programmes. Different types of targeting have implications for both those included and those not included in the programmes. Communities may benefit from a social protection programme, through spillover effects, strengthened informal networks, risk-sharing and increased social cohesion. On the other hand, there are examples when targeting certain groups has led to negative consequences for those not included in terms of higher food prices. There is growing support for the idea that universal social protection systems are better placed to protect poor and vulnerable populations. Countries and development partners have gathered in the Partnership for Universal Social Protection 2030 to work towards this goal together. How social protection systems are designed is key for sustainability, accountability and transparency.

**What can social protection in humanitarian settings and crises look like?** About 20 percent of humanitarian assistance is distributed in the form of cash or vouchers. There is a potential for humanitarian cash support to feed into more long-term cash transfers or social protection systems. These systems need to be developed and financed by governments and development actors and humanitarian funds should be added only when necessary. This could happen through building shock-responsive social protection that can scale up in response to shocks. One challenge in transitioning from humanitarian aid to social protection is that there is often a lack of political will to support refugees in national social protection programs. Another challenge is sanction-listed countries and whether it is doable to build sustainable systems in these settings. A possible development is if cash

transfers provided by local civil society organisations can create demand and serve as a model that can transcend into a national system.

**What is the role of social protection in climate change adaptation?** Social protection can be an important tool to reduce underlying vulnerability to climate change, by directly reducing income poverty and contributing to human development and productive outcomes. Also, social protection can respond to climate shocks and disasters, by providing an income to cushion the effects of shocks.

**What are Sida's and other donors' roles?** Sida's global support of social protection systems focuses on evidence generation and non-discrimination of disadvantaged groups such as informal workers. In bilateral programming, Sida's role is to support policy development, and capacity development and to finance pilots and show examples – developed jointly with national governments. In low-income countries and particularly in fragile contexts Sida's role can be to finance the actual transfers. All support needs to be anchored in a solid context analysis.

**One important conclusion from the discussion is that** the nature of development is changing and the new reality is a world of poly-crisis. Social protection can respond to crises and be used as a tool for inclusive economic and social development. There is clear evidence that social protection systems reduce poverty and increase resilience for vulnerable people in all contexts, although more evidence and knowledge are needed. At all levels, the increasing interest in social protection for mitigating the effects of climate change and other shocks is noted. Governments and donors need to work jointly in the Humanitarian Peace and Development nexus and continue the dialogue with colleagues working on climate change to further improve the potential and take advantage of the positive impacts of social protection in all settings.

**Suggested further reading:**

[The Rise of Social Protection in the Global South: The Role of Foreign Aid | EBA](#)

[Cash transfers: Past, present and future, evidence and lessons learned from the Transfer Project | UNICEF Innocenti](#)

[What Works? To Reduce Poverty Through Social Protection | Sida](#)

[Social Protection Portfolio Overview 2022 | Sida](#)