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Social Protection and its Contribution to Social Cohesion and State-Building

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Executive Summary

Social protection has been theoretically linked with social cohesion and state-building in several agency reports and academic publications with the assumption that it can make a positive contribution towards strengthening social cohesion and building state capacity and legitimacy. To date, there is little knowledge about how these effects have been realised in reality. This review seeks to identify empirical evidence that can provide a better understanding of this issue and help inform future policy and practice.

Conceptual Frameworks

Social Protection and Social Cohesion

The Council of Europe defines social cohesion as ‘the capacity of a society to ensure the welfare of all its members, minimizing disparities and avoiding polarization’ (COE 2004: 3). This definition accepts that all societies have disparities for example in terms of wealth, and ethnic and cultural differences. Social cohesion implies living with these differences, but reducing inequalities and ensuring equity so that these disparities and differences do not become excessive and divisive and do not threaten societal stability.

Social cohesion has relational and distributional elements. The relational aspect concerns the nature and quality of interpersonal and social relations, and the distributional aspect refers to the patterns and the extent of the distribution of resources and opportunities in a society. Social cohesion is a multidimensional concept and it is an aggregate of various indicators. The Council of Europe for example proposes 20 key areas for assessing social cohesion.

The explicit discussion of the effects of social protection on social cohesion is relatively recent in relation to developing countries. To date, there is no coherent and consolidated conceptual framework for analysing this relationship. This report draws on different strands of literature to depict three distinct but interrelated frameworks that link concepts, theoretical assumptions, and policy outcomes.

The Citizenship Rights Framework

The citizenship rights framework links social protection, state-society relations, and distributional outcomes. Social citizenship rights provide a key foundation for social protection in Europe. The welfare states in Europe have achieved considerable success in reducing societal inequalities, although distributional outcomes in different states vary depending on country-specific institutional arrangements. Social protection plays a significantly weaker role in reducing national income inequalities in developing countries. The limited conception of social citizenship rights and inadequate fiscal space in developing contexts stipulates poor people’s reliance on informal relations and social networks. These relations are likely to exacerbate social inequalities and divisions, rather than bridge the existing divides.

The Social Exclusion Framework

The social exclusion framework exposes multiple dimensions of deprivation that people experience. It identifies the structural (or institutional) barriers such as policies, social relations, norms and values that block the attainment of livelihoods, human development, and equal citizenship. In theory, social protection can promote social inclusion and contribute to greater social cohesion. In particular, social protection can reduce deprivation and improve individual livelihood outcomes. For example, social transfers and insurance schemes can enhance the income security of marginalised individuals and thus improve their access to basic utilities, health care and education. Furthermore, social protection can address structural causes of deprivation and vulnerability by establishing legal entitlements for previously excluded groups and tackling discrimination and stigma.

The Social Capital Framework

Social capital has been considered a key dimension of social cohesion. The term social capital commonly refers to social networks based on shared norms, values, beliefs, knowledge and understanding. Social protection literature suggests several effects on social capital. First, cash transfers can enhance people’s ability to share their income and contribute to the increased wellbeing of their households and community members. Second, they can enable individuals to maintain or improve their economic

status and thus increase their ability to participate in ceremonial, cultural and other social activities. Finally, Community Driven Development (CDD) projects, such as social investment funds can for example directly influence social capital and state-society relations. CDD refers to interventions that provide community groups with resources and decision-making responsibilities to enable them to pursue their priority needs.

Social Protection and State-Building in Fragile Contexts

The process of establishing and maintaining a state-society contract is part of state-building. State-building is described as ‘purposeful action to develop the capacity, institutions and legitimacy of the state in relation to an effective political process for negotiating the mutual demands between the state and societal groups’ (OECD 2008: 14). The literature on state-building assumes that social protection can help establish a state-society contract and serve as an effective instrument for strengthening state legitimacy. In particular, the provision of direct income support to the poor and previously excluded can generate trust in the state and support for public institutions. The reduction in societal fragmentation can help establish spaces for supporting effective state policies and reform. Furthermore, social protection can contribute to peacebuilding and stability in post-conflict societies by strengthening social cohesion, diffusing tension and grievances, and helping prevent social unrest and violent conflict.

Social Protection, Social Cohesion and State-Building: Evidence of Impact

There is a dearth of research studies providing empirical evidence on the impact of social protection policies and instruments on social cohesion and state-building. In particular, there is limited primary evidence on the impacts of various social protection instruments, including cash transfers, social insurance, and “public works” and “food and cash for work” schemes. The existing evidence on the effects of social protection can be grouped into three analytical categories: general programme effects, design and implementation factors, and broader political economy and public sector capacity related issues.

Programme Effects

The first part of the report’s evidence review considers the impacts of selected social protection interventions, including cash transfers, public works programmes, microinsurance and CDD projects. These activities address various policy goals including social inclusion, voice and accountability, gender equity, migration, reduction in social vulnerabilities, and social capital and local governance. The extent of accomplishment of these goals allows inferences about the programmes’ contribution to social cohesion. This is possible due to the complex, multidimensional nature of social cohesion, which can be conceptualised and measured as a composite of various distributional and relational policy areas and indicators.

The effectiveness of social protection transfers (benefit value, coverage, and poverty impact) is likely to influence the success in tackling various dimensions of deprivation and improving livelihood outcomes such as food security, access to services, and social participation. At the same time, the provision of income support alone is not sufficient for uprooting social exclusion; policies must address structural factors that generate deprivation and vulnerability.

Incorporating rights-based elements in the design and implementation of social protection interventions can contribute to greater empowerment and social inclusion. The Hunger Safety Net Programme (HSNP) cash transfer scheme in northern Kenya was successful in introducing rights education and enhancing the ability of community groups to claim priority public services. The MGNREGA public works programme in India established a rights-based framework to enable citizens to claim their rights to employment and social protection.

Social protection programmes, such as conditional cash transfers (CCTs) contribute to gender equity, but they do not necessarily promote women’s empowerment. As studies from Latin America (Peru, Bolivia, Ecuador and Mexico) show, CCTs enhance girls’ access to education and offer income support to women, but they do not challenge the existing traditional gender hierarchies and roles.

Microinsurance schemes seek to provide protection against various risks to vulnerable low-income earners. They can play an important role in empowering their members and addressing their needs. There is evidence that microinsurance contributes to greater access to health care. More research is needed to assess the implications of different microinsurance models with regard to social cohesion in various contextual settings.

Social protection can both increase and decrease migration flows and therefore has differential impact on social cohesion. Cash transfers can prevent migration and displacement (e.g. in Ethiopia and Mexico) and thus help maintain the integrity of families and local communities. They can also encourage individuals to migrate in search of better employment opportunities (e.g. South Africa) and thus induce family separation and possibly contribute to a weakening of local communities.

Social cash transfers can enhance the ability of individuals to share resources with their households and community members; they can also encourage individuals to participate more often in social, ceremonial and communal activities. There is mixed evidence about the impacts of CDD projects (e.g. social investment funds) on social capital and state-society relations. The outcomes of these interventions are contingent upon the length of engagement in a community, the quality of project facilitation, design features, and the broader policy framework and governance environment.

Design and Implementation

The second part of the evidence review focuses on the specific design features and implementation experiences of social protection programmes and discusses the ways they affect social cohesion and state-building.

Certain conditionalities in CCT programmes may not encourage empowerment and social inclusion. For example, CCT conditionalities tend to increase the workload of mothers; they also reinforce women's caring roles in households in some Latin American countries. There is evidence about insufficient sensitivity to people's realities and constraints in the early design of the Child Support Grant (CSG) in South Africa. For example, CSG required the applicants to participate in 'development programmes' and to present proof that their children were immunised. These requirements did not take into account the fact that no such programmes were available and that children from disadvantaged households had limited access to health services.

Social categorical targeting in fragile states can exacerbate social divisions and inequalities by including specific groups and leaving out others (e.g. in Sierra Leone and Liberia). Poverty targeting can create social divisions and negatively affect state-society relations due to two factors: the selective nature of targeting, and the potential for corruption and mismanagement. Poverty targeting can be difficult to implement in the contexts of widespread poverty and poor governance (e.g. the Social Safety Net in Sierra Leone).

It is possible to offset some of the negative effects of targeting by designing and enforcing institutional arrangements for transparency and accountability. These include procedures for information dissemination and awareness raising as well as effective appeals and grievance redress mechanisms. Community-based targeting can increase effectiveness and accountability to local residents (e.g. Kenya's Cash Transfer programme, PSNP in Ethiopia).

The limited institutional capacity of central and local governments affects the effectiveness of cash transfer payments (e.g. Nepal). The choice of institutional arrangements for benefit payments (e.g. banks, in cash, or through an authorised person) also affects beneficiary experiences (e.g. Bangladesh). Benefit delivery experiences are likely to influence the citizens' perception of the state and state-society relations.

Political Economy and Public Sector Capacity

The third part of the evidence review examines issues related to political economy and public sector capacity to offer a broader contextual framing of the relationship between social protection, social cohesion and state-building.

Studies show that political leaders can indeed use social protection in electoral campaigns, but this may not necessarily indicate the lack of genuine commitment to reducing poverty and inequalities in their societies.

A certain level of state legitimacy, capacity and donor support is crucial for establishing an enabling environment for social protection interventions. It is important that external actors engage in state-building, rather than bypass state structures in fragile countries with limited state capacity. Bypassing the state structures in the delivery of social protection may undermine the process of building a state-society contract and enhancing state capacity.

The redistributive responsibility of the state must be underpinned by financial arrangements that reflect the nature of the state-society contract. Achieving an 'optimal' financing mix is important for institutionalising solidarity mechanisms and ensuring a sufficient resource base for fulfilling citizenship rights.

Implications for Policy and Research

Policy Implications

The effectiveness of social protection transfers (benefit value, coverage, and poverty impact) is likely to affect the ability of social protection interventions to improve social inclusion (in terms of livelihood outcomes) and contribute to social cohesion.

It is crucial that governments explicitly recognise and commit resources towards promoting social inclusion and reducing social cleavages. Even if public resources are limited, governments can lay out an institutional foundation for social protection by introducing programmes of limited scale with a view of subsequent expansion and scaling up.

Incorporating rights-based elements in the design and implementation of social protection interventions can contribute to greater citizen inclusion and reinforce state-society relations.

It is important that social protection interventions be designed and implemented in a way that does not reinforce traditional gendered division of labour in households. Programmes must incorporate mechanisms to prevent or mitigate possible negative effects on women's lives, such as increased workload, stigma or social conflict. Finally, the programme design must contain institutional arrangements that can advance women's empowerment in contexts where social norms and practices may restrict women from participating in public works, owning assets and making independent decisions.

It is important to carefully consider people's vulnerabilities and local conditions in order to design inclusive and empowering CCT conditionalities.

Targeting designs must incorporate effective institutional mechanisms for information dissemination, outreach, grievance redress and appeals. The ability of relevant government agencies to effectively supervise the process of beneficiary selection is a major precondition for effective and accountable targeting. The involvement of local communities can help increase targeting effectiveness and accountability. In particular, it can help utilise local knowledge, generate community acceptance of the selection criteria, solicit support for targeting decisions and prevent potential tension.

The strong institutional capacity of the central and local governments is important for the effective delivery of cash transfers. The choice of institutional arrangements for benefit payments (e.g. via banks, in cash) must be carefully considered in order not to impose additional physical and monetary costs upon beneficiaries.

It is crucial that external actors engage in state-building in difficult environments, rather than bypass state structures. Even if the government capacity is limited, there are always options for supporting government capacity building, for example by involving officials in policy formulation, supporting learning and development, and working with local governments in service delivery.

The difficulty in securing adequate long-term funding can affect the effectiveness, delivery, and impact of social protection programmes. However financial constraints must not deter governments from initiating and implementing social protection activities.

How to Evaluate the Impact of Social Protection on Social Cohesion and State-Building

This report suggests that to identify the impact of social protection on social cohesion, it is more appropriate to identify specific dimensions and facets of social cohesion, rather than treat social cohesion as a composite index. The report has identified two broad interrelated dimensions of social cohesion: distributional and relational. Each of these dimensions comprise multiple indicators such as poverty, inclusion/exclusion, inequality, gender equity, access to health, as well as relational indicators such as empowerment, community cooperation and solidarity, social participation, crime, conflict and stability. By examining the impact of social protection on any of these indicators, one can establish the contribution of social protection to social cohesion. The impacts of social protection on these dimensions can be measured using aggregate level analysis, programme evaluation, and in-depth case studies. The impacts of social protection on state-building can be assessed along two dimensions: effects on state-society relations, and effects on social relations and social stratification. One can employ programme impact evaluations and in-depth contextual studies for generating data on state-building impacts.

Research Implications

The review has identified several areas that require further research in order to generate evidence about the effects of social protection on various dimensions and facets of social cohesion and state-building. Thus, there is a need to carry out the following:

- Establish the potential strengths and limitations of social protection in tackling social exclusion and promoting social inclusion. An important research question is whether and in which circumstances social protection can challenge societal institutions that generate exclusion, stigma and discrimination.
- Identify how social protection affects individual decisions to migrate (or not) and what consequences these decisions have with regard to social cohesion in specific contexts.
- Assess the implications of different microinsurance models with regard to social cohesion in various contexts. In particular, it is important to identify how the extent of selectivity of various schemes affects societal equity and individual empowerment.
- Examine whether (and in what circumstances) social protection interventions help connect individuals from different social groups, or whether they mainly bolster social capital within narrow, close-knit groups.
- Establish the implications of various CCT conditionalities for individual empowerment, social relations and social state-society contract.
- Generate more evidence on the effects of social categorical targeting on the social inclusion of special groups (e.g. marginalised groups, refugees and internally displaced persons, ex-combatants, war widows and others).
- Identify how the extent of effectiveness and accountability of benefit delivery affects people's perceptions of the state and state-society relations in various contextual settings.
- Examine citizens' perceptions of the state and state-society relations in situations when governments exhibit genuine desire to support the population by initiating and funding social protection programmes, but have limited capacity to offer effective income support.

Introduction

This report examines the relationship between social protection, social cohesion and state-building in low and middle-income countries, with a particular focus on fragile states.

Social protection has been theoretically linked with social cohesion and state-building in several agency reports and academic publications with the assumption that it can make a positive contribution towards strengthening social cohesion, and building state capacity and legitimacy. To date, there is little knowledge about how these effects have been realised in reality. This review seeks to identify empirical evidence that can provide a better understanding of this issue and help inform future policy and practice.

The report is based on a desk review of academic publications, agency commissioned reports and programme evaluations covering a wide range of issues and contexts. The literature search has used several methods, including search strings to search within electronic databases (JSTOR, Web of Science, Web of Knowledge, Scopus, and Google Scholar), snowballing to identify relevant literature, and reviews of agency websites (Council of Europe, ILO, OECD, DFID, GTZ/GIZ, World Bank, IDB, ECLAC, UNDP and UNRISD). It includes a review of relevant programme evaluation reports in fragile states, where the issues of social cohesion and state-building are especially pertinent.

The literature review conducted for this report has established that there is a dearth of research studies providing empirical evidence on the subject. In particular, there is limited primary evidence on the impacts of various social protection instruments, including cash transfers, social insurance, and “public works” and “food and cash for work” schemes. The author identified only a few studies that explicitly set out to examine social protection in relation to ‘social cohesion’, ‘state legitimacy’, or ‘state-society contract.’ Therefore, there is currently no strong evidence base from which to assess the effects of social protection on social cohesion and state-building.

The complex, multidimensional nature of social cohesion implies that it is difficult to draw a conceptual and operational link to social cohesion as an aggregate concept. Instead, it is more appropriate to examine policy impacts on distinct areas or indicators along the distributional and relational dimensions of social cohesion.

This report reviews the available evidence on the impacts of selected social protection interventions, including cash transfers, public works programmes, microinsurance, and Community-Driven Development (CDD) projects. These activities have various policy goals that seek to promote both the distributional and relational aspects of societal organisation. These goals include tackling social exclusion, strengthening voice and accountability, enhancing gender equity, addressing migration, reducing social vulnerabilities, and strengthening social capital and local governance. The report examines the success of social protection in achieving these goals. The extent of accomplishment of these goals allows inferences about the programmes’ contribution to social cohesion.

The review of these programmes also allows inferences about the ability of the state to design and support a meaningful citizenship contract that would help strengthen state-society relations and state legitimacy (e.g. social transfers in Nepal, voice and accountability mechanisms in Kenya and India).

Second, the report focuses on specific design features and implementation experiences of social protection programmes and discusses the ways they affect social cohesion and state-building. Some of the studies in the review explicitly address the design and implementation of social protection programmes with regard to social relations and state-society relations (e.g. targeting in Sierra Leone). Others examine social and institutional arrangements of social protection interventions and the extent to which they allow inclusion, transparency and accountability.

Finally, the report reviews issues related to political economy and public sector capacity to offer a broader contextual framing of the relationship between social protection, social cohesion and state-building. It is based on the literature that discusses the political, institutional and financial foundation of the state-society contract. The structure of the report is outlined below.

Part I reviews the key definitions, analytical terms and conceptual frameworks. Its specific objective is to demonstrate the theoretical and policy linkage between social protection, social cohesion and state-building, and identify the pathways through which social protection can impact social cohesion and state-building.

Part II discusses the empirical evidence of the impacts of social protection on social cohesion and state-building. In particular, it examines the contribution of selected social protection interventions, analyses the implications of specific design features and implementation experiences, and depicts relevant political economy and public sector capacity related issues.

Part III provides a synthesis of the main findings of the report and discusses their implications for policy and research. In particular, it reviews dimensions and methods for evaluating the impact of social protection on social cohesion and state-building; distils lessons for informing design and implementation of policies and programmes; and advances areas for future research.

Part I: Definitions and Conceptual Frameworks

1. Categorising States

There are numerous classifications that distinguish between countries and states based on the level of economic development, state capacity, and the quality of governance and public institutions.

The World Bank classifies countries based on the level of economic potential (according to 2010 GNI per capita) into four groups: low income, USD 1,005 or less; lower middle income, USD 1,006 - USD 3,975; upper middle income, USD 3,976 - USD 12,275; and high income, USD 12,276 or more.

States can also be categorised in terms of their developmental and governance capacity. The Organisation for Economic Co-operation and Development (OECD) defines state fragility as 'a lack of capacity to perform basic state functions', in which capacity refers to (a) organisational, institutional and financial authority to carry out basic functions of governing a population and territory, and (b) the state's ability to develop mutually constructive and reinforcing relations with societies' (OECD 2010: 15). The World Bank uses the term fragile states to characterise countries facing particularly severe development challenges, including weak institutional capacity, poor governance, and political instability.¹ The World Bank's classification covers low income countries scoring 3.2 and below on the Country Policy and Institutional Assessment (CPIA).² This involves around 30 countries.

Both OECD and the World Bank have broad definitions of 'fragile state' that include countries that presently experience or have emerged from conflict. Similarly, the Chronic Poverty Research Centre (CPRC) classifies some 22 countries as fragile states, and notes that 19 of these countries have experienced a major conflict since 1970 (CPRC 2010). The term conflict states refers to the states that presently experience a violent conflict, whereas post-conflict (or conflict affected) states are the states that have

suffered a severe and long-lasting conflict, or a short but highly intensive conflict (World Bank's definition). Post-conflict societies undergo transition from recovery to sustainable development and deal with the challenge of sustaining peace and promoting human security (Ajakaiye and Ali 2009).

The term developmental state has been used to characterise states that have the appropriate mix of ability, leadership and capacity to 'bring about a positive transformation in a society within a condensed period of time' (Fritz and Menocal 2007: 533). This term can be used as an antidote to fragile state.

There are various sets of indicators for assessing the quality of governance and public institutions. These include the World Bank Institute's (WBI) Worldwide Governance Indicators (WGI), Transparency International's (TI) Corruption Perceptions Index, Public Integrity Index, Freedom House: Civil Liberties and Political Freedoms, and others. The WGI index offers six dimensions of governance, which can be used as analytical categories for assessing public institutions. These include Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption.

2. Defining Social Cohesion and State-Building

Social Cohesion

Broadly speaking, the concept of social cohesion has been used to describe social relations, such as the extent of cooperation and solidarity between different groups and individuals in a society, and their interconnectedness with broader economic, social and political outcomes. This concept bridges the understanding of social relations with the notion of wellbeing, equity and political order. In its usage by international agencies, social cohesion has been employed to advance policy goals and offer a normative

1 Accessed at <http://web.worldbank.org> on 12 January 2012.

2 The CPIA consists of 16 criteria grouped in four equally weighted clusters: Economic Management, Structural Management, Structural Policies, Policies for Social Inclusion and Equity, and Public Sector Management and Institutions. For each of the 16 criteria, countries are rated on a scale of 1 (low) to 6 (high) based on actual policies and performance in a given year. The scores depend on the level of performance in a given year assessed against the criteria (Accessed at <http://web.worldbank.org> on 5 March 2012).

framework for analysing and evaluating the interface between policy, social relations, and development outcomes. There are numerous definitions of social cohesion, which have mostly been set out in both academic and agency literature on high-income countries of Europe and North America. These definitions have different implications with regard to analysis, measurement and policy action (Beauvais and Jenson 2002). Green and Janmaat (2011) have reviewed research and policy definitions of social cohesion and conclude that social cohesion has been used in various ways both in terms of the level of analysis and in terms of the various constituent elements ascribed to it. Therefore, they conclude that it is difficult to reconcile these different notions both conceptually and methodologically. This paper does not seek to provide a comprehensive review of the existing definitions; instead, it focuses on the specific understanding of social cohesion commonly used in contemporary policy debates, and particularly in making conceptual linkages with social protection.

The usage of social cohesion as a policy framework has become prevalent since the mid-1990s in relation to high-income countries. In her study for UNRISD, Jenson (2010) reviews the usage of the term in policy discussions in Europe. She argues that OECD recommended social cohesion as a policy objective to its member states in a high level conference *Beyond 2000: The New Social Policy Agenda* in 1996. The European Union (EU) declared economic and social cohesion as a main policy goal in the Treaty of Maastricht in 1992 and the Lisbon Agenda in 2000. As Jenson (2010: 4) notes, for the EU and OECD, 'social cohesion is something to strive towards, to be created via 'modernised' special policies, regional redistribution and new forms of governance.' In 2001, the Council of Europe (COE) offered a detailed discussion of social cohesion as a strategy and operational concept. In 2004, the Council of Europe published *A New Strategy for Social Cohesion*, in which it revised and expanded its original definition of social cohesion.

The Council of Europe has advanced the most comprehensive definition of social cohesion as a policy framework. In its *New Strategy for Social Cohesion*, it defines social cohesion as 'the capacity of a society to ensure the welfare of all its members, minimizing disparities and avoiding polarization' (COE 2004: 3). It identifies four areas of welfare: equity in access to rights, the dignity and

recognition of each person, autonomy and personal fulfilment, and the possibility of participating as a full member of a society. The strategy considers social cohesion a goal that societies need to strive for, but agrees that it will not be possible to fully achieve, but rather that it should be developed and nurtured. It accepts that all societies have disparities, for example in terms of wealth, and ethnic and cultural differences. Social cohesion implies living with these differences, but reducing inequalities and ensuring equity so that these disparities and differences do not become excessive and divisive and do not threaten societal stability. It stresses the importance of open and democratic methods of managing diversity. The strategy makes an explicit link between social cohesion and social policy and stresses the importance of social expenditure and social rights in tackling inequalities and exclusion.

Social cohesion is the theme of the OECD *Perspectives on Global Development 2012 Report* launched on 21 November 2011. The report suggests that a 'cohesive society works towards the wellbeing of all its members, fights exclusion and marginalisation, creates a sense of belonging, promotes trust, and offers its members the opportunity of upward mobility' (OECD 2011: 17). It identifies three dimensions of social cohesion: social inclusion, social capital and social mobility. It suggests that labour market policies and social protection can raise people's living standards and tackle inequalities.

The Inter-American Development Bank (IDB) has explicitly adopted social cohesion as a policy goal. In 2002, it established a strategic partnership with the European Union and signed a Memorandum of Understanding with the European Commission (EC) that identified regional integration and social cohesion as priority policy areas. IDB defines social cohesion as 'the set of factors that foster a basic equilibrium among individuals in a society, as reflected in their degree of integration in economic, social, political and cultural terms' (IDB 2006: 2). The UN Economic Commission for Latin America and the Caribbean (ECLAC) defines social cohesion as 'the dialectic between instituted social inclusion and exclusion mechanisms and the responses, perceptions and attitudes of citizens towards the way these mechanisms operate' (ECLAC 2007: 18). It identifies three pillars for promoting social cohesion: enhancing productive opportunities, improving access to education and human capabilities, and ensuring social protection to reduce vulnerability to risk.

The joint ILO and IMF conference on Growth, Employment and Social Cohesion in Oslo in 2010 recognised that economic hardship and unemployment have negative consequences for societal cohesion as individuals have less trust in public institutions and the effectiveness of democracies. It concluded that high and long-lasting unemployment threatens ‘the stability of existing democracies and hinder the development of new democracies in countries undergoing political transitions’ (ILO/IMF 2011: 21). In addition to strengthening the labour market, the conference recommends strengthening social protection to cushion the effects of shocks, narrow income inequalities and foster social cohesion.

The World Bank has mostly used ‘social capital’ as a policy concept to link social relations with economic development. As this paper will further show, social capital can be seen as a constituent element of social cohesion. Meanwhile, social capital cannot be equated with social cohesion as it denotes societal resources that can be used for achieving cohesion, rather than characterise a distinct quality of societal organisation – as is the case with the term social cohesion. It is expected that social cohesion will enter the World Bank’s discourse in the near future, as the upcoming 2013 World Development Report will be dedicated to the potential of jobs to raise living standards, increase productivity, and enhance social cohesion.

Social cohesion is a composite concept and as the existing literature highlights, it has distributional and relational dimensions. The distributional aspect refers to the patterns and extent of distribution of resources and opportunities in a society, and the relational aspect concerns the nature and quality of interpersonal and social relations. The defining element of social cohesion is precisely in the interface between the distributional and relational aspects. Berger-Schmitt (2002) identifies inequality and social capital as key dimensions of the social cohesion framework in the European context. Inequality comprises regional disparities in Europe, equal opportunities and the amelioration of discrimination based on gender, age, social status, disability, ethnicity or race, as well as social exclusion. Social capital in her definition refers to social relations, interactions and ties. Similarly, Jenson (2010) in her more up-to-date literature review further classifies social cohesion as a composite of social inclusion and social capital. IDB (2006) echoes the European conceptualisation to suggest that social cohesion is composed of

the social capital and equity dimensions. It narrows the scope of social capital to its positive contribution to building cooperation and solidarity (rather than its negative externalities, for example the exclusion of individuals from close-knit groups). Furthermore, it considers the goal of promoting ‘reasonable levels’ of equality and inclusion as the second, inseparable dimension of social cohesion. IDB describes social cohesion in contrast to ‘social fragmentation,’ which is underpinned by inequality and social exclusion.

Why is social cohesion important? Broadly speaking, the literature distinguishes several areas to which social cohesion can contribute:

- Individual wellbeing, including fulfilment of needs and achievement of capabilities in education and health.
- High rates of economic growth, improved quality and sustainability of growth.
- Broader social dividends, such as reduced crime and violence, greater peace and stability.
- Contribution to state-building, state legitimacy and good governance.
- Promote efficient and equitable public policy and generate a momentum for reforms.

State-Society Contract, State-Building, and Legitimacy Social relations can affect distributional outcomes through norms, values, behaviour, and formal and informal policies. The concept of social cohesion implies the interconnectedness of two sets of relations: relations between citizens, and relations between the state and the citizens. The relations between the state and citizens are often conceptualised as a state-society or social contract, defined as ‘a dynamic agreement between state and society on their mutual roles and responsibilities’ (OECD 2008: 17). A state-society contract emerges from the people’s expectations of their state, which are shaped by the state’s capacity and political will to finance and deliver important public goods and services.

The process of establishing and maintaining a state-society contract is part of state-building. State-building is described as ‘purposeful action to develop the capacity, institutions and legitimacy of the state in relation to an effective political process for negotiating the mutual demands between the state and societal groups’ (OECD 2008: 14).

Legitimacy is crucial to state-building. Legitimacy is defined as people's acceptance of a particular form of rule, political order, institution or actor as being legitimate (OECD 2010). A lack of legitimacy contributes to state fragility as it undermines state authority, and thus its capacity to perform its functions. In other words, fragility is underpinned by the lack of a constructive relationship between the state and citizens. State capacity in turn affects legitimacy. Thus, the nature of the interaction between state and society shapes people's ideas and beliefs about what constitutes legitimate state and political authority.

OECD (2008) differentiates state-building from peace-building, which is understood as actions undertaken by international or national actors to institutionalise and sustain peace. According to this definition, peacebuilding is primarily associated with post-conflict environments, and state-building is regarded as a key element required to institutionalise peace.

Box 1: State Legitimacy in Various Contexts

OECD (2010) distinguishes between various constructs of state legitimacy. In Western societies, state legitimacy is based upon the citizens' acceptance of the 'rational-legal' authority of the state, rooted in the Weberian principles of the rule of law, separation between public and private, and open economic and political competition in accessing resources. In fragile contexts, there are multiple sources and forms of legitimacy, which may coexist and often compete and conflict. The formal institutions of the state often have weak capacity to govern and engage with citizens. Instead, patronage helps manage violence, distribute resources and preserve stability. Non-state actors and traditional or 'charismatic' leaders who are able to provide alternative forms of governance may also capture state legitimacy. The existing models of legitimacy have enormous significance in determining the developmental and distributional outcomes of policies.

Source: OECD 2010

Measuring Social Cohesion

Social cohesion is a multi-dimensional concept and it is an aggregate of various indicators. The literature offers a multitude of indicators for measuring social cohesion. The Council of Europe published a Methodological Guide that proposes 20 key areas for assessing social cohesion (COE 2005: 110-111). These include the components of welfare stipulated in the New Strategy for Social Cohesion as well as societal actors and individual attitudes and perceptions about the quality of their lives (Box 1). Each of these key areas is accompanied by numerous questions and multiple sub-indicators for measuring their various dimensions.

IDB (2006) has composed a Social Cohesion Index, which includes socio-economic (poverty incidence, GINI, size of middle class, education GINI), political (equality under the law, biases in political participation) and social capital (civil participation, trust, fiscal capacity, labour conflict, and homicide rate) indicators. ECLAC (2007) generated three types of measurements with their respective indicators for measuring social cohesion. These include indicators of existing 'gaps' (income inequality, poverty, employment, education, health, housing, and social protection benefits), 'institutions' (effectiveness of democracy, state, market and family), and 'belonging' (multiculturalism, trust, participation, social solidarity, and others).

Box 2: Key Areas and Indicators for Measuring Social Cohesion

- Equity in access to rights: equity in income, access to employment, health, and housing.
- Dignity/recognition: equal opportunities in gender, cultural and ethnic origin, and age.
- Autonomy and personal fulfilment: income sufficiency, educational sufficiency, and social mobility.
- Participation: elections.
- Action/Responsibility: local authorities, corporate sector, individual citizens, and family.
- Basic Components of Life: confidence, social bonds, shared knowledge, perception/satisfaction, tolerance and respect.

Source: Council of Europe 2005

The multidimensional nature of social cohesion as a conceptual and operational variable poses difficulties in measuring and evaluating its relationship with other variables. As the next section suggests, the assessment of the impact of social protection on social cohesion seems more appropriate by using specific dimensions of social cohesion, rather than the composite index itself.

3. Conceptual Frameworks for Linking Social Protection and Social Cohesion

ODI defines social protection as publicly mandated policies and programmes that seek to address risk and vulnerability among poor and near-poor households.³ It is an important mechanism to reduce poverty among the poorest, particularly those excluded from the benefits of economic growth. Social protection supports individuals by establishing citizenship rights, providing income support, enabling greater access to resources, services and opportunities, and promoting social participation. GIZ defines social protection as policies and programmes that protect individuals against the risks that can affect their social and economic standard of living. In this sense, social protection helps reduce poverty and contribute to sustainable social and economic development. It encompasses a broad range of policies and instruments, including basic social protection (e.g. social transfers, social services and Cash for Work), social insurance (e.g. pension insurance), community-based approaches, and microinsurance. Social protection can be provided through public, private and informal sector arrangements.

Devereux and Sabates-Wheeler provided a useful policy framework for conceptualising social protection (2004). They maintain that social protection has four important functions:

- Protection – to relieve deprivation and help individuals maintain livelihoods (e.g. social assistance, social services)
- Prevention – to help avert deprivation (e.g. formal and informal social insurance)
- Promotion – to enhance real incomes and capabilities (e.g. 'livelihood enhancing' programmes)
- Transformation – to enhance social equity and tackle exclusion (e.g. upholding rights, sensitisation campaigns, special programmes to deal with stigma)

The explicit discussion of the effects of social protection on social cohesion in low and middle-income countries is relatively recent. To date, there is no coherent and consolidated conceptual framework for analysing this relationship. This paper draws on different strands of literature to depict three distinct but interrelated frameworks that link concepts, theoretical assumptions, and policy outcomes with regard to social protection and social cohesion. These frameworks include:

- The Citizenship Rights Framework
- The Social Exclusion Framework
- The Social Capital Framework

The Citizenship Rights Framework based on literature on citizenship rights and welfare states in Europe exposes the relationship between social protection systems and broader societal outcomes. The Social Exclusion and Social Capital Frameworks are useful for analysing the linkages between policies, relationships and distributional outcomes at the micro level. In depicting these frameworks, the paper also utilises policy reports produced by the Council of Europe, OECD, IDB and ECLAC. These reports offer a useful conceptual foundation by distilling the main composite dimensions of social cohesion, such as inequality and social capital, and accentuating the importance of social cohesion as a policy goal.

The analysis of these strands of literature shows that social protection can affect social cohesion by accomplishing various outcomes including:

- Establishing citizenship rights and a state-society contract;
- Ameliorating material poverty;
- Reducing economic and social inequalities;
- Tackling social exclusion and promoting social inclusion;
- Strengthening social capital and interpersonal relations.

³ Accessed at <http://www.odi.org.uk/work/programmes/social-protection> on 19 December 2011.

The Citizenship Rights Framework: Rights, Welfare States, and Inequality

The citizenship rights framework links social protection, state-society relations, and distributional outcomes. The welfare state through specific conceptions of social citizenship established distinct forms of social solidarity in Europe. Thus, the welfare state sought to 'bind people together in some way, in an attempt to establish some form of agreement on what it means to be a citizen: in terms of the organisation and delivery of welfare, this necessitates the delineation of the respective roles, rights and responsibilities of both state and individual' (Pratt 2006: 126). It is thought that citizenship rights helped curtail class struggle and class-based social divisions in post-war Europe. According to T.H. Marshall's pivotal thesis (1950), citizenship rights in Britain evolved in three stages, including the introduction of civil rights, political rights, and social rights. Social rights (or social citizenship rights) signified universal entitlement for income support of all individuals and established the distributional responsibility of the state. Marshall believed that the introduction of social citizenship rights reduced social inequalities that required political action, and mostly left economic inequalities that are 'subject to market conditions' (Dahrendorf 1990: 41).

Citizenship however, does not fully destroy societal differences and the question is to what extent social policy can affect inequalities depending on distinct social, economic and political conditions in various settings. Welfare entitlements are based on specific assumptions about family, gender relations, and the needs of distinct social groups. Therefore they shape patterns of inclusion and exclusion in resource redistribution. In particular, the welfare state in its post-war conception of citizenship was challenged on the grounds that it excluded or marginalised the needs of certain groups based on gender, ethnicity, race, disability, sexuality and other characteristics and that full citizenship rights were only afforded to white working men (Alcock 1989). Feminist critiques held that the prevailing principle of solidarity prioritised the 'male breadwinner' and reinforced traditional gender hierarchies.

The institutional differences between the European welfare states and their distributional outcomes have been conceptualised in Esping-Andersen's influential 'welfare regimes' theory (1990). This framework established a

typology of states based on the strength of their welfare provision ('decommodification') and their impact on societal inequalities ('stratification'). Welfare states differ depending on their ability to 'decommodify' individuals, i.e. enable them 'to maintain a livelihood without reliance on the market' through the provision of social right (Esping-Andersen 1990: 22). They also produce varying degrees of social stratification by rewarding, excluding or stigmatising certain social groups. Stratification is concerned not only with differences in income distribution, but also with the power of the welfare state in shaping class, status and social structure and producing distinct models of social solidarity. Esping-Andersen classified the European welfare states into three 'ideal regime types': Liberal Anglo-Saxon, Corporatist Continental European, and Social-Democratic Scandinavian regimes. In his analysis, the Social-Democratic regimes have the highest propensity to reduce societal inequalities as they offer generous welfare benefits and achieve universal coverage.

Social policy has variable success in reducing income inequalities across different OECD countries. Brandolini and Smeeding (2006) in their analysis of trends in 16 nations in Europe and the United States show that on average redistribution via tax and benefit system reduced overall inequality from a GINI of 44 to one of 30, achieving thus a 32% reduction. Countries that spend more on social security, such as Northern and Central European nations have the highest degree of inequality reduction, from 34% to 47%, the United Kingdom and Southern European nations are next with 25% to 31%, and the United States is at the bottom of the scale.

Green and Janmaat (2011) carried out statistical analysis to identify the social cohesion characteristics of Esping-Andersen's welfare regimes. They examined how different welfare regimes influenced equity outcomes as well as relational factors, including social attitudes and the extent of civic participation. The Anglo-Saxon regime, in prioritising freedom over equality tends to generate cohesion through high levels of civic participation and consensus on core liberal values of freedom and merit. The institutional foundations of social cohesion, including social expenditure, employment protection by state, and centralised union wage bargaining remain relatively weak, which results in high levels of income inequality.

This regime also tends to exhibit higher levels of crime than the Continental and Social Democratic regimes. In contrast, the Continental model has strong institutional foundations to support social cohesion. These include high welfare spending and employment protection, resulting in moderate levels of inequality. This regime promotes higher value diversity and lower civic participation compared with the liberal regime. The Social Democratic model has the highest institutional foundation for social cohesion, including high levels of welfare spending and centralised union wage bargaining, which promotes income equality and high employment rates. It also promotes cohesion through high levels of interpersonal trust and shared social values.

How applicable is the welfare regimes' framework to developing countries considering the divergent contextual realities in Europe and many low and middle-income countries in other parts of the world? The welfare regimes' framework offers a useful lens for a multidimensional comparative analysis of labour markets, social policies, and distributional outcomes in various systems. This allows inferences about the extent to which institutional arrangements and systems support the equitable distribution of wealth and opportunities.

Wood and Gough (2006) applied Esping-Andersen's framework to developing countries and identified 'informal security' and 'informal insecurity regimes' to describe their welfare arrangements. They maintain that in low-income countries, economic policies do not generate sufficient employment to ensure the earning capacity of large populations. At the same time, formal social protection offers only limited protection to the majority of the impoverished citizens in most developing countries; conversely, it supports narrow groups of privileged citizens – mostly those working in the public sector and living in urban areas. The limited conception of social citizenship rights in such contexts stipulates people's reliance on informal relations and social networks based on solidarity and reciprocity. These relations are often hierarchical, clientelistic and patriarchal and they are likely to exacerbate social inequalities and divisions, rather than bridge the existing divides. Based on this categorisation, Bevan (2004: 102) classes most African economies as 'in/security regimes' in that they do not offer adequate protection against 'exploitation, exclusion and economic decline.'

In countries with high levels of inequality, social transfers, especially if they offer benefits of low value, are likely to have a modest impact on aggregate inequality (ILO 2010: 28). To date, social protection hardly plays a role in reducing national income inequalities in developing countries. For example, Di John (2011) maintains that taxes and cash transfers play a negligible role in reducing inequality in Latin America. He argues that the levels of income inequality (before taxes and transfers) in Europe and Latin America are similar, but in contrast to the European states, Latin America's success in fiscal policy-induced reduction in inequality is 8 times smaller. In particular, taxes and transfers reduce income inequality by 15 GINI points in European countries, but only by 2 GINI points in Latin America. The important social transfer programmes such as Bolsa Família in Brazil, Argentina, Panama and Peru, PROGRESA in Mexico, and the Hambre Cero in Nicaragua do not succeed in significantly lowering inequality. He explains this by the limited size of transfers, inadequate targeting, and the regressive nature of the tax system in these countries.

The Social Exclusion Framework: Social Exclusion and Social Inclusion

The social exclusion framework allows for the holistic analysis and understanding of the multiple dimensions and causes of poverty and inequality (Silver 1994; de Haan 1998, 1999; Kabeer 2000, 2005). Social exclusion is a state in which individuals or groups are unable to participate fully in their society and are unable to enjoy a standard of living that is considered normal in the society in which they live.

Social exclusion in de Haan's categorisation (1999) can be used for describing the outcomes of deprivation as well as processes through which people are being deprived. By focusing on deprivation (or livelihood) outcomes, social exclusion exposes multiple dimensions of deprivation that individuals may experience. Thus, social exclusion denotes that people may be excluded from employment, productive resources and economic opportunities, but similarly they can have limited access to essential services, education and health, social and cultural participation, political rights, voice and representation. In addition, social exclusion identifies processes that cause these multiple deprivations. It exposes the structural (or institutional) barriers such as policies, social relations, norms and values that block the attainment of livelihoods, human

development and equal citizenship. The mechanisms that produce and reproduce social exclusion include inadequate or discriminatory policies, poor governance (e.g. corruption and clientelism), and exclusionary local norms and traditional customs. Social exclusion may result from social identity (e.g. race, gender, ethnicity, social status, caste or religion) or social location (e.g. in areas that are remote, stigmatised or suffering from war or conflict).

Social and political inequalities and discrimination are key important factors that lead to outbreaks of violence, social conflicts and crime (DFID 2005).

In their assessment of social policy challenges in South Asia, Köhler and Keane (2006) provide a useful overview of social exclusion in the region. They maintain that social exclusion associated with discrimination based on caste, ethnicity, gender, religion, disability, language and geographical remoteness continue to persist. It is manifested in inequalities in access to land, assets, education, health, essential services, public space and participation in decision-making. For example, members of the 'low caste' Dalit community in India systematically face social stigmatisation, discrimination in the labour market, violence and abuse. They conclude that the principle of universalism in social policy can help reach out to all citizens, but that it must be combined with 'affirmative action' to include disadvantaged groups.

Similarly, IDB recognises inequality and exclusion as the major factors contributing to social fragmentation in Latin America, which remains one of the most unequal parts of the world (IDB 2006). The GINI coefficient for Latin America (0.51) is higher than that of other highly unequal regions – Africa (0.46) and South-East Asia (0.38). Economic and social inequalities are especially persistent in the labour market, access to education and health, infrastructure and basic services, and participation in political processes. Furthermore, inequalities are compounded by the high level of exclusion of certain population groups that are consistently discriminated based on their ethnicity, race, gender, physical disability, age, and/or geographic location. IDB (2006) maintains that this results in social divides that separate social groups into 'parallel systems.' According to the Latinobarómetro survey that

interviewed 1,200 people in 18 countries in the region, the majority of the respondents believed that their countries' judicial system was discriminatory and unfair, and that not everyone was equal before the law (ECLAC 2007).

International and bilateral agencies have been increasingly calling for poverty and social exclusion to be tackled to promote social cohesion. Social inclusion is a key policy goal of the European vision of social cohesion. The New Strategy for Social Cohesion advances social policy as an important instrument for minimising social disparities and promoting inclusion (COE 2004). As part of its social cohesion strengthening agenda, IDB has pledged to advance social inclusion and inequality reduction in its policies and programmes (IDB 2006). It considers support for conditional cash transfers (CCTs), including loans for financing Brazil's Bolsa Família and Argentina's Plan Familias, as a key element in this strategy. Through its Social Inclusion Fund, IDB has financed technical cooperation programmes to promote the inclusion of socially excluded groups, including indigenous persons, persons of African descent, persons affected by HIV/AIDS, people with disabilities, and women.

A key policy question is how social protection can tackle social exclusion and promote social inclusion. Social inclusion can be achieved through policies and programmes that help individuals gain the resources and opportunities necessary to participate fully in economic, social and cultural life and to enjoy a standard of living that is considered normal in the society in which they live. Social protection can improve livelihood outcomes by providing income security to poor and vulnerable individuals. Cash or in-kind transfers can enhance people's living standards and their ability to participate in societal activities. For example, increased income can allow citizens to spend more on food consumption, public utilities, health and education. An improved economic status can enable people to participate in ceremonial, cultural and other social activities that are deemed important in a given society.

Material support alone however may not be sufficient for tackling the drivers of deprivation and vulnerability. The concept of social exclusion highlights the interconnectedness of material wellbeing and a society's structural conditions. Devereux and Sabates-Wheeler (2004) maintain that in addition to its 'protective', 'preventive' and 'promotive' functions, social protection must have

a ‘transformative’ angle. They argue that vulnerability must be conceptualised as emerging from the economic, social, and political contexts, and policies must focus on changing this context. The concept of ‘transformative’ social protection can be used to conceptualise the structural dimension of exclusion/inclusion. Thus, social inclusion in a ‘transformative’ sense requires addressing the causes of deprivation and marginalisation rooted in societal institutions and social relations. Devereux and Sabates-Wheeler (2004) suggest that social protection can tackle the structural aspects of exclusion in various ways. For example, it can establish legal, regulatory and policy frameworks that grant citizenship rights and access to social entitlements to previously excluded groups. Special programmes and projects can help combat prejudice and stigma and promote empowerment.

To date, there is little empirical evidence to make inferences about the strengths and limitations of social protection in tackling social exclusion and promoting inclusion. In their review for DFID, Piron and Curran (2005) note the lack of available, rigorous evidence on the effects of public policies on exclusion. The existing evaluations in social protection discuss programme effects on people’s livelihoods, but do not allow inferences about their ability to alter the key drivers of exclusion and vulnerability. ODI is currently implementing an EU/AusAid funded research project that seeks to generate rigorous data on social inclusion impacts of selected social protection interventions in Afghanistan, Bangladesh, India and Nepal.

The Social Capital Framework: Social Capital and Community-Driven Development

As noted earlier, social capital has been considered as a key dimension of social cohesion. For instance, Berger-Schmitt (2002: 406) suggests that social cohesion refers to ‘the goal of strengthening social relations, interactions and ties, and embraces all aspects which are generally considered as the social capital of a society.’ The emphasis is on social relations and group membership, and in particular on the quality of social relations in terms of solidarity and trust.

Since the mid-1990s, the concept of social capital entered mainstream development thinking and practice. The term social capital commonly refers to norms and networks that facilitate collective action (Woolcock and Narayan 2000: 226). It is believed that social networks based on shared norms, values, beliefs, knowledge and understanding can significantly enhance people’s capacity to organise in their own collective interest, cooperate to perform collective tasks and achieve mutual benefits. There are multiple levels at which social capital can be identified and measured. Thus one can talk about the degree of social capital of an individual or household, of a community or other socially defined group; or of a geographically or politically defined society (Narayan and Pritchett 2000: 279).

The literature on social capital is multifaceted, and the concept of social capital itself has been imbued with multiple meanings and connotations. In his Making Democracy Work study Putnam (1993) further developed the concept of social capital as a public good. Putnam argues that high levels of social capital in the form of intermediary groups and associations can improve levels of democratic governance and economic prosperity. Putnam’s (1993) analysis has greatly influenced the commonly accepted operationalisation of social capital in terms of norms of trust and reciprocity and ‘networks of civic engagement’, measured as membership in and density of voluntary organisations, clubs, cooperatives and political parties.

There are considerable overlaps between the terms social capital and social exclusion. Narayan (1999: 5) suggests that ‘social groups and networks only work by including some and excluding others.’ In analysing the ‘excluding’ aspects of social capital, many theorists of social capital draw upon Granovetter’s (1973) concept of the ‘strength of weak ties.’ According to this theory, ‘strong ties’ within a group are important for the group’s cohesion and survival, but they may produce social fragmentation at a wider community level. It is the ‘weak ties’ linking different groups in a society that are indispensable for accessing opportunities and integration into a wider community.

Following Gittel and Vidal (1998), Narayan (1999: 2) refers to primary social group solidarity as ‘bonding’ social capital, and to the linkages between social groups as ‘bridging’ social capital. Narayan suggests that social inclusion requires ‘dense, though not necessarily strong, cross-

cutting ties among groups' that would help them access resources, information and opportunities. Social capital can be harnessed and developed through public policies and development interventions. Similarly, as the history of violent conflict in Cambodia, Rwanda and Guatemala shows, social capital can be 'readily perverted' by political elites to serve the narrow interests of particular groups and be used to exclude and oppress the others (Colletta and Cullen 2000: 15).

How can social protection policies and programmes influence social capital? Social protection literature suggests indirect effects on social capital. First, social protection can enhance individuals' ability to share their income and improve the wellbeing of their households and community members. Second, labour market participation and cash transfers can promote citizen engagement in social networks and social activities. In particular, they can enable individuals to maintain or improve their economic status and thus increase their ability to participate in ceremonial, cultural and other social activities. Active social participation in turn can help foster and strengthen social capital – i.e. the relations of trust and reciprocity that bind different individuals in a society.

Community Driven Development (CDD) projects seek to directly influence social capital and state-society relations. CDD refers to development interventions that provide local community groups with resources and decision-making responsibilities to enable them to pursue their priority needs (Dongier et al 2003). CDD encompasses a broad range of development projects and initiatives, but this paper mainly refers to social investment funds and similar demand-driven projects that provide grant financing to community groups for the construction and rehabilitation of essential communal infrastructure and services.

Social investment funds, or social funds, are the most popular CDD instrument. Social funds were considered a 'social protection instrument' and conceptualised as part of the Social Risk Management Framework by the World Bank (de Silva and Sum 2008). Between 2000-2007, the World Bank committed USD 1.9 billion for 49 social fund projects (De Silva and Sum 2008: 11).

It is thought that CDD projects can enhance social capital by assisting communities in developing structures and norms (Kammersgaard 1999: 2; Uphoff 2000: 241-242). Thus, CDD interventions promote the formation of community groups and create spaces for community participation and interaction. Frequent interactions among community members and positive problem solving experiences can reinforce and cultivate norms of trust and relations of solidarity.

A new generation of social funds – 'local governance funds' such as the Village Investment Programme (VIP) in Kyrgyzstan and PNP Mandiri in Indonesia – have advanced a political objective of 'institutional development' (World Bank 2007). They establish mechanisms to promote changes in the relations between citizens and the governing elites. This view assumes that by encouraging collaboration and partnerships between local governments and community groups, CDD interventions can develop traditions of citizen participation, accountability and transparency in local service delivery.

4. Social Protection and State-Building in Fragile Contexts

The literature on state-building advances a framework for conceptualising state-society relations and the role of public policy in fragile countries. It explicitly discusses the potential contribution of social protection in reducing fragmentation and consolidating states. It emphasises the political function of social protection and examines the mechanisms through which relations between citizens and states are developed and upheld. In particular, it discusses how public policies – and social protection policies in particular – affect social relations and generate the citizens' support for public institutions, reduce conflict potential and contribute to social stability. It also points out how social protection could shape state legitimacy and peace processes.

This literature assumes that social protection can help establish a state-society contract and serve as an effective instrument for strengthening state legitimacy. In particular, the provision of direct income support to the poor and the previously excluded can generate trust in the state and support for public institutions. The reduction in societal fragmentation can help establish spaces for supporting effective state policies and reform. Further-

more, social protection can contribute to peacebuilding and stability in post-conflict societies by strengthening social cohesion, diffusing tension and grievances, and helping prevent social unrest and violent conflict. The remaining part of this section reviews some of the main propositions from the literature that link social protection with state-building and peacebuilding. These are mostly theoretical assertions that highlight the potential of social protection to contribute to state-building and require further empirical testing.

The relationship between welfare policies and state capacity and legitimacy in European countries has been extensively scrutinised. An important function of the European welfare state is to contribute towards generating political legitimacy for the state and foster state-society relations (Pierson 1994). In developing countries, this notion of state-building has only recently been explicitly linked with social protection. This was prompted by the resurgence of social protection as an important policy agenda, paralleled with the pertinent need to enhance state capacity and legitimacy in many fragile states.

State-building can be fostered by 'reconnecting state and society' (OECD 2010). It has to be grounded in the specific contextual understanding of existing sources of power and interest that affect the scope for constructive interaction between state and societal actors. Social protection can be one of the avenues for promoting state-building. It can help establish an inclusive 'state-society contract', through which the state can engage with citizens, address their needs and recognise people's individual material interests.

How can social protection establish and sustain this state-society contract? Harvey et al (2007) argue that social protection can generate social safety nets to help the poor cope with poverty, but it can also be used for 'promotive' goals (such as building productive assets) or even 'transformative' roles (for rights advocacy and tackling discrimination and exclusion). They maintain that social protection can contribute to state-building 'by delivering concrete resources to citizens' and thus fostering positive state-society relations (Harvey et al 2007: 17). In particular, channelling resources to the poor and marginalised can strengthen trust in state institutions, improve citizens' perceptions of the state, and generate support for the political regime and economic reforms.

ECLAC (2007: 124) identifies cognitive and perception mechanisms through which social protection can affect social cohesion as part of a 'political agreement' between the state and citizens. Social protection improves the quality of life of citizens, which increases their perception of 'belonging to society' and feeling that the society protects them. The ECLAC report goes on to argue that 'when the state and society create safeguards to reduce the effect of catastrophic events on family welfare, the feeling of belonging to society is strengthened' (ECLAC 2007: 124). The principle of universal entitlement in particular can increase cohesion by reinforcing the sense of solidarity and realisation that the society can protect individuals.

Reduction in societal fragmentation and inequalities can help establish spaces for supporting effective state policies and reform. IDB (2006) maintains that social inequality and exclusion have immediate repercussions for the quality of democracy as they restrict citizens from taking part in political processes and inhibit social consensus necessary for high quality reforms. Ritzen et al (2000) suggest that social cohesion is necessary for the state to be able to implement reforms and effective policies. They argue that politicians can often experience significant public resistance in their efforts to bring about reform. They maintain that social cohesion generates trust in the political institutions and allows 'room for manoeuvre' for politicians to enact policies.

Social protection can promote peacebuilding and social stability in post-conflict settings. Peacebuilding is associated with post-conflict environments and entails actions to institutionalise peace (OECD 2008). The Chronic Poverty Research Centre (CPRC 2008) suggests that fragile states often fail to deliver essential public goods and services, provide an enabling environment for growth and employment generation, and maintain peace. Human insecurity generates tension and violent conflict. For example, in the situation where people have limited livelihood opportunities and where inequalities are entrenched, people can resort to social discontent and often violence to claim resources. Conflict perpetuates poverty, as people lose their assets, livelihood sources, and experience limited access to important social services due decreased social spending. Furthermore, conflict destroys social capital and has especially negative ramifications for the poor who are reliant on social networks for their survival.

Cash transfers to previously excluded groups can help reduce grievances and limit the likelihood of new disruption, violence and unrest. Holmes (2009) maintains that development policies and programmes in post-conflict contexts must have a dual role – to promote poverty reduction and support the peace process and social cohesion. She uses the term social cohesion to refer to reducing and preventing social tension, divisions and conflicts in these societies. Holmes argues that cash transfers provide an example of ‘visible and tangible’ redistribution of resources from the governments to the poor. They can help prevent potential social tension and conflict and support state-citizen relationship and state legitimacy in general.

This potential of social protection has a significant appeal to policy-makers. For example, this is how the Minister of Finance of Timor Leste Emilia Peres reflected on the usefulness of cash transfers in her country: ‘In the immediate post-conflict period the poorest people are the most exposed to misinformation, corruption and disillusionment wilfully brought on by players interested in capturing the aforementioned power vacuum. Direct cash transfers to the most vulnerable groups can play a key role in counteracting those negative forces and securing stability’ (Peres 2009: 18-19).

A recent study based on empirical data supports the assertions about the peacebuilding potential of social protection. Justino (2011) analyses panel data to examine the relationship between social transfers, policing and civil unrest in fourteen states in India between 1973 and 1999. Her analysis suggests that redistributive transfers represent an effective and cost-effective method in reducing civil unrest. She concludes that the use of policing can introduce order and stability in the short-term, but it is more costly and may not prevent or reduce rioting in the medium-term. Instead, redistributive policies can be more effective in the establishment or maintenance of stable environments in countries with sharp income inequalities and high propensity for socio-political conflict.

To be effective, a state-society contract must reach out to the majority of the poor population, who have remained outside the reach of the governments. The CPRC report (2008: 90) cautions against ignoring the needs of chronic poor citizens in post-conflict situations, especially in the

Box 3: State-Society Contract in Developing Countries

The Chronic Poverty Report 2008-2009 reviews in detail the variety of trajectories that different states undertook to build state-society contracts, or ‘social compacts.’ For decades in Latin America, the governments failed to establish a viable and inclusive social compact due to macroeconomic instability and inadequate resources. Many Latin American governments have recently increased social expenditure and established conditional cash transfer schemes in a move to revitalise the existing social compacts. In India, a social compact exists at the state level with support from the federal budget. The growing bottom-up demand for citizens’ rights shapes this compact. In Bangladesh, the social compact is rather weak due to the institutional weakness of the government. Instead, NGOs and patron-client relations have greater legitimacy as providers of security. In Sierra Leone and Zaire (DRC), the governments were unable or unwilling to establish meaningful social compacts in the 1980s. This contributed to the ability of powerful warlords to mobilise young and disenfranchised population groups in long-standing violent conflicts. There are signs that many states in Africa are currently in the process of establishing (Ethiopia) and consolidating social compacts (South Africa).

Source: CPRC (2008)

event where leaders seek to channel resources to special groups seen as constituting a ‘security threat’ (e.g. ex-combatants, poor young men). This is important for improving the livelihood security of the population at large and minimising the potential for social grievance and renewed conflict. Rohregger (2010) maintains that social protection systems based on universal rights are more likely to create social cohesion. Thus universalism in her view can establish the basis for the redistribution of resources between different groups and across life cycles. It can promote solidarity, equality and fairness, and thus foster political and social consensus among various groups.

Part II: Social Protection, Social Cohesion and State-Building – Evidence of Impact

There is a dearth of research studies providing empirical evidence on the impact of social protection policies and instruments on social cohesion and state-building. The existing programme or impact evaluations offer little primary evidence on this topic. In April 2011, DFID conducted a comprehensive review of global evidence on cash transfers in developing countries to determine their impact on poverty and vulnerability as well as on empowerment, state-building, social cohesion and conflict resolution. The review examined the evidence regarding the theoretical assumptions about the potential contribution of cash transfers to social cohesion and state-building and found that ‘none of these assertions are based on strong evidence’ (DFID 2011: 42). It concludes that there are ‘good theoretical arguments for a relationship, but limited evidence beyond the fact that several governments have chosen to make use of cash transfers in post-conflict social policy (Mexico, Sierra Leone) or mitigating tensions due to inequalities (China)’ (DFID 2011: 47).

Furthermore, a review of the global evidence on social protection and basic services in fragile and conflict-affected situations conducted in September 2011 concludes that there is limited evidence on the contribution of social protection to stability and state-building (SLRC 2011a). A recent ODI review exposes limited primary evidence on the impacts of ‘food and cash for work’ and ‘public works’ programmes on stability, social cohesion and state legitimacy in fragile states (Holmes et al 2011). Similarly, there is little evidence on the effects of social insurance programmes, including pension, health and unemployment insurance and microinsurance.

The multidimensional nature of social cohesion implies that it is difficult to draw a conceptual (and operational) link to social cohesion as an aggregate concept. Instead, it is more appropriate to unpack social cohesion and identify distinct elements that can serve as entry points for constructing an analytical framework. As mentioned earlier, the analysis of literature allows us to distinguish two dimensions of social cohesion: distributional and relational. These dimensions provide a useful conceptual anchor for bridging social protection and social cohesion.

For example, one can discuss the effects of social protection based on distributional indicators such as poverty, inclusion/exclusion, inequality, gender equity, access to health, as well as on relational indicators such as empowerment, community cooperation and solidarity, social participation, conflict and stability. Any policy impacts on these indicators can be taken as a contribution to social cohesion.

Based on the review of the available limited literature, this report does the following:

It first reviews selected social protection interventions – including cash transfers, public works, microinsurance, and CDD initiatives – and discusses their implications for promoting social cohesion and state-building. These programmes address various policy goals that seek to enhance both relational and distributional societal outcomes. These goals include tackling social exclusion, strengthening voice and accountability, enhancing gender equity, addressing migration, reducing social vulnerabilities, and strengthening social capital and local governance. The extent of accomplishment of these goals allows inferences about the programmes’ contribution to social cohesion.

The review of these programmes also allows inferences about the ability of the state to design and support a meaningful citizenship contract that would help strengthen state-society relations and state legitimacy (e.g. social transfers in Nepal, and voice and accountability mechanisms in Kenya and India). In addition, this section discusses the direct impacts of CDD interventions on state-society relations and local governance.

Second, the report focuses on specific design features and the implementation experiences of social protection programmes and discusses the ways they affect social cohesion and state-building. Some of the studies in the review explicitly address the design and implementation

of social protection programmes with regard to local social relations and state-society relations (e.g. targeting in Sierra Leone). Others examine the social and institutional arrangements of social protection interventions and the extent to which they allow inclusion, transparency and accountability.

Third, the report reviews important political economy and public sector capacity related issues to set out a broader contextual framing of the relationship between social protection, social cohesion and state-building. In particular, it discusses the political nature of social protection and the tension between the need to serve public interest and the possibility of extracting private gains. It also examines the implications of effective programme delivery and financial capacity for establishing and enforcing a state-society contract.

1. Programme Effects

Using Cash Transfers for Tackling Social Exclusion

This section reviews the experience of Nepal, where the government employed social protection to reduce social fragmentation and build a cohesive society. Nepal is a post-conflict country with a highly unequal social structure. Exclusion in Nepal reflects the hierarchies of the Hindu caste system that divides the population into 'high' and 'low' caste people (World Bank/DFID 2006). The 2001 census listed 103 groups, of which Hindu caste groups constituted 57%, Adibasi/Janajitas 37%, and the religious minorities 4%. The caste system divides the population into the 'high caste' Brahman, Chhetri and Newar groups, the 'middle caste' Tarai and the 'low caste' Dalits. The 'ethnic minorities' such as the Adibasi/Janajatis (indigenous people) and Muslims are in the same position in society as the low caste groups. There are 59 ethnic indigenous groups who the government has officially categorised as 'endangered', 'highly marginalised', 'marginalised', 'disadvantaged', and 'advantaged' depending on their socio-economic status. The low caste groups and ethnic minorities experience much discrimination; over 200 forms of caste-based discrimination have been identified in Nepal. The average poverty incidence for all social groups in Nepal was 31% in 2004, whilst it was 47% for Dalits and 41% for Muslims (World Bank/DFID 2006). The excluded groups have low human development indicators. For instance,

Brahmans on average live 11 to 12 years longer than Dalits, and have lower infant mortality rates (52 compared with the national average of 79 per thousand).

The government of Nepal is committed to the goal of building an inclusive society. Nepal's new constitution (1990) established a more inclusive state, where all citizens have been declared to be equal. Nepal's Interim Constitution reinforced this (2007). Inclusion is one of the pillars of Nepal's Poverty Reduction Strategy (2003). The National Planning Commission of Nepal's (NPC) interim development plan (2007/2008 to 2009/2010) emphasised the importance of reducing the existing disparities and discrimination (Koehler 2011). As part of its agenda to promote social inclusion, the government has introduced various social protection programmes. There are at least five cash transfer programmes that support socially excluded individuals by using caste and ethnicity-based as well as geographic targeting (see Table 1). For example, Dalits across the country are eligible for special child grants and educational scholarships. Dalits and all residents of the remote Karnali zone are also entitled to non-contributory social pensions at the age of 60, whilst the age threshold for the majority of the older population has been set at 70 years. The 'endangered' indigenous people comprising 10 ethnic groups are eligible for cash allowance. Koehler (2011) suggests that the majority of social transfer programmes in Nepal can be considered as part of a 'social contract' since they are tax financed and are integrated into the fiscal budget.

The effectiveness of social transfers – i.e. their ability to significantly reduce poverty and vulnerability – is likely to influence their success in tackling deprivation and improving social inclusion (in terms of livelihood outcomes). The effectiveness of social transfers can be measured by the size of transfers, adequacy of coverage, and poverty reduction impact. It is important that social transfers offer sufficient financial support to enable individuals to fulfil their basic consumption needs and improve their access to basic utilities, health care, and education. Social transfers must cover most of the poor to ensure inclusion and result in meaningful reduction in inequality. The question is whether the existing social transfers can contribute to social inclusion in Nepal, provided they offer limited protection in terms of the value of the benefits and have substantial exclusion errors.

Table 1: Selected Social Protection Programmes in Nepal

Programme	Explicit Objective	Coverage	Size
Social pension	Security for the elderly	All citizens over 70 years of age; residents in Karnali; all Dalits over 60 years	NPR 500 per month distributed three times a year
Child grants	Reduce malnutrition	Under five children (2 per mother) in Karnali and all Dalit households	NPR 250 per month
Education scholarships	Social inclusion	Disadvantaged girls; Dalits	Free education
Marriage grant	Social cohesion	Widows and those in inter-caste marriages, especially with Dalits	NPR 50,000 to 100,000, one-off payment
Categorical allowance for 'endangered' Indigenous People (IPs)	Social inclusion	All individuals classified as 'endangered' IPs	NPR 500 and NPR 1,000 per month

Adapted by author from Adhikari (2011)

In their study of the social protection system in Nepal, Holmes and Upadhyaya (2009) maintain that due to the lack of rigorous data collection and programme evaluation, the effect of social transfers on social cohesion and peace processes is not clear. They also suggest that the overall poverty impact of these programmes is insignificant. This is partly due to the low coverage of poor individuals. The existing cash transfers cover an estimated 2,3 million poor people, which constitutes just a quarter of the total population in poverty. It also reflects the low benefit size of social protection programmes. For example, the child grant offers NPR 250 (USD 3) per month, which comprises one sixth of the poverty line – i.e. the amount necessary for one person to satisfy their monthly essential needs. The national poverty line for 2010/2011 in Nepal has been established at NPR 19,261 per person per annum or 1,605 per person per month.

In addition, the existing programmes suffer from implementation bottlenecks caused by the government's limited institutional and financial capacity. Consequently, the delivery is often unpredictable and irregular and there are significant errors of exclusion from targeted schemes. Koehler (2011: 15) concludes that due to insufficient

coverage and the low level of social expenditure, social transfers in Nepal have not been able to minimise the existing inequalities.

Social exclusion in Nepal is produced and reproduced through various means, including the entrenchment of exclusionary local norms in the official institutions, and the limited capacity of the state to deliver essential services. A World Bank/DFID (2006) assessment suggests that despite the progressive legislation, discriminatory behavioural norms and attitudes in Nepal still persist within many formal and informal institutions. This translates into limited enforcement of the laws and the continuous exclusionary practices. As such, socially excluded people are often denied access to resources and markets and therefore have limited opportunities to increase their income and escape poverty. As Koehler (2011: 8) suggests the low caste groups are 'deprived of the means to have a sustainable income, savings and assets.' The excluded groups have inadequate access to health care, education and important public utilities. This is conditioned by gaps in essential social and economic infrastructure in many remote and rural areas where most of the excluded individuals reside. Income support alone may not be suf-

efficient to uproot social exclusion in these circumstances. Effective social inclusion requires a strategy to tackle deep-seated attitudes and behaviour that continue to deprive individuals of economic and social opportunities. It also requires the ability of the state to deliver essential social and economic infrastructure and services in an equitable and effective manner.

In general, more research is needed to establish the potential of social protection for reducing the structural drivers of deprivation and vulnerability in various contexts. In particular, it is important to examine whether and in which circumstances social protection can challenge societal institutions that generate social exclusion both within formal and informal domains.

Strengthening Voice and Accountability

Social protection can help enforce citizenship rights by incorporating specific institutional mechanisms in the programme design. We have identified two case studies (Kenya and India) that demonstrate how social protection can help actively reinforce citizenship by instituting 'rights-based' frameworks for strengthening citizen voice and accountability. These measures are important not only for people's empowerment, but also for strengthening state-society relations. In particular, they help establish institutional foundations for citizenship and reinforce the state's role as a guarantor of citizens' entitlements.

The pilot Hunger Safety Net Programme (HSNP) in northern Kenya – funded by DFID and the Government of Kenya to deliver cash transfer to the extremely poor and vulnerable – includes a Social Protection Rights (SPR) component (HelpAge International 2011). It supports various activities, including rights education, the establishment of a complaints and appeals mechanism, beneficiary advocacy, and capacity building of civil society organisations. The SPR programme trains elected community members to act as Rights Committees (RCs) who are responsible for identifying violations of rights and deficiencies and reporting them to the programme administration. Research by HelpAge International maintains that this component was instrumental in enhancing state-society relations by having unintended, spillover effects. In particular, the RCs carried out rights education outside the narrow scope of the HSNP programme

and were successful in mobilising collective action and persuading local authorities to deliver essential services in response to local community groups' demands. In several sub-locations, RCs were active in dispute resolution and ensured that local chiefs resolved disputes in a manner that was fair and acceptable to the community. These activities arguably contributed to the empowerment of the communities and had a positive impact on state-citizen relations.

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), established in August 2005, is another example of incorporating rights and accountability into social protection (Sharma 2010). The scheme provides a legal guarantee for 100 days of employment in every financial year to adult members of any rural household willing to undertake unskilled manual work. It offers a minimum daily wage to each labourer. The scheme was introduced with the aim of improving the purchasing power of mostly semi-skilled or unskilled rural households, whether or not they are below the poverty line. In 2009/2010, over 43 million rural household across India demanded work through this scheme and nearly 99% of them received work (DoRD 2010 cited in Hagen-Zanker et al 2011).

Perhaps the scheme's most significant contribution is that it has helped establish a legal rights-based framework (Sharma 2010). Thus, applicants are provided with 'job cards' that they can use for claiming their right to employment under the scheme. This contributed to the inclusion of disadvantaged individuals, including women and members of 'scheduled' castes and tribes. Sjoblom and Farrington (2008) suggest that MGNREGA's rights-based approach is important for realising poor people's rights with respect to the programme's specific benefits. In addition, the improved ability to express and claim rights can spill over to other social and economic spheres. Questions remain however about the ability of the poor and marginalised to be effective in realising their rights outside the scope of the programme considering the existing structural barriers that perpetuate corruption and patron-client relations in the country.

Enhancing Gender Equity

Gender equality and women's economic and social empowerment are key foundations of a socially cohesive society. Evidence shows that social protection can promote gender equality and empowerment with variable success depending on a specific instrument, programme design and contextual conditions. In their study of gender aspects of social protection, Holmes and Jones (2010) found that numerous programmes had 'gender-sensitive design' features, including support for girls' education and better access to and use of health care and other basic services; support for women's participation in economic activities and equal wages; and the introduction of flexible hours and child care support to accommodate domestic caring responsibilities. However, they argue that many social protection programmes still assume that gender equity can be promoted by simply targeting women and that they fail to incorporate design mechanisms that can help tackle the existing social, cultural and institutional inequalities.

Molyneux and Thomson (2011) researched the extent to which gender equity and empowerment were integrated in three conditional cash transfer (CCT) programmes in Latin America, including the Juntos in Peru, Bono de Desarrollo Humano in Ecuador, and Bono Juana Azurduy in Bolivia. These CCT programmes had a positive effect on women's lives as they required them to perform tasks that 'helped to strengthen their self-esteem,' for example by applying for and obtaining the transfers, dealing with the bank, and gaining access to financial services (Molyneux and Thomson 2011: 207). These programmes however did not address the unequal division of labour in the households. In particular, the conditionalities increased women's workload, but did not encourage men's participation in childcare, and thus they only reinforced women's caring roles. The training components of the programmes in Peru and Bolivia did not include information on women's rights, which the beneficiary respondents preferred to receive. The research also found that the programmes had negative unintended consequences, such as language discrimination and stigma that some poor and black/indigenous beneficiaries faced in their interaction with the banks and clinics. The authors conclude that CCT programmes must not only focus on children's needs, but also seek to improve women's lives by explicitly addressing their needs and concerns and supporting their economic and individual empowerment.

Based on her review of evaluations of Mexico's Oportunidades CCT programme, Molyneux (2008) argues it promoted girls' education but did not adequately empower adult women. She maintains that the programme was crucial for enhancing girls' access to education and helped achieve significant increase in school enrolment rates. However it posed a burden on women's time at the expense of their income-generating and household responsibilities. In particular, women spent considerable time fulfilling the programme's demands, including travelling and queuing to collect the cash grants, undergoing health checks and obtaining certificates from school teachers. She goes on to argue that the programme reinforced the women's roles as 'mothers and carers.' In particular, she suggests that the 'transfers bind women to the household as carers, conditional on maternal responsibility for children's care and welfare' and reinforce the existing traditional gendered division of responsibilities and labour within the household (Molyneux 2008: 58).

Holmes and Jackson (2007) observed that women were particularly excluded from certain programmes in Sierra Leone. They explain this mostly by the 'way in which programmes are designed (e.g. manual public works), and that women are more invisible – they are not seen as a threat to peace, unlike the security fears that are associated with men' (Holmes and Jackson 2007: 16).

Devereux (2002) questions the effectiveness of social protection for women in situations where cultural or legal norms prevent women from owning livestock or key productive assets. Such environments imply that women will not be able to use cash transfers for productive investments, or wealth accumulation, and that cash transfers would reinforce traditional gender roles. He also points out that transferring money to women can lead to empowerment, but can also generate 'perverse' outcomes, such as the appropriation of income by men, or the abrogation of the men's responsibilities to earn incomes for their households. He examines Zambia's cash for work programme and concludes that women participants lost control of their earnings as their husbands were in charge of making spending decisions. Another negative effect was that women were compelled to hire men to help them out with physically challenging tasks, which made them lose half their income. Some women were prevented from working by their husbands or fathers and thus were denied income-earning opportunities.

Addressing Migration

One way to link social protection with migration is to focus on the social protection needs of migrants in various situations. Sabates-Wheeler and Waite (2003) constructed a policy framework for conceptualising social protection as a response to the needs of migrants. They maintain that migrants experience four types of vulnerabilities: temporal, spatial/environmental, socio-political, and socio-cultural. They suggest that social protection must understand and address the specific root causes of vulnerability embedded in the existing social and political context. There are several instruments that can be used to support migrants, including the provision of subsidies, benefits, and legal aid (protective measures), establishing labour market policies and social services (promotive), insurance schemes (preventive), and legal and regulatory frameworks for protecting migrants (transformative). This framework thus helps structure policy response to the specific circumstances of migrants.

Another way of linking migration with social protection is to focus on the latter's role in affecting the deployment of migration as a mechanism to respond to livelihoods risks. A recent ODI review of literature (Hagen-Zanker and Leon Himmelstine 2011) concludes that there is mixed evidence on the impacts of social protection on migration. The following are some examples of various migration effects prompted by the expansion of formal social protection schemes in Ethiopia, South Africa and Mexico.

The evaluation of the Ethiopia Productive Safety Net Programme (PSNP) (Slater et al 2006) found that PSNP helped households improve and maintain food consumption, and protect and build productive assets. The evaluation found that timely transfers enabled the beneficiaries to avoid 'distress migration,' a coping strategy that they used to resort to before the receipt of the transfer.

Hagen-Zanker and Leon Himmelstine (2011) reviewed the impacts of the South African old-age social pension on migration flows. Existing studies highlight the programme's unintended consequences and conclude that the pension increased labour migration, especially for women. Pension transfers contributed to the minimal income level of recipient households and increased the ability of working-age females to migrate and look

for better jobs. This suggests that pension transfers may have unintentionally enhanced the income of migrant beneficiaries by enabling them to migrate to earn greater income as compared to that in the areas of origin.

In their evaluation of experimental data from Mexico's PROGRESA CCT programme, Stecklov et al (2005) found that cash transfers reduced the flow of rural migrants to the United States, whilst they did not alter the scale of domestic migration. They explain that for U.S. migrants it would be more difficult to fulfil PROGRESA's conditionalities, in particular the requirement for male adults to have a health check every year. They conclude that conditionalities that require the physical presence of beneficiaries may affect household decisions to migrate provided of course the size of the benefit is large enough to offer an incentive to stay. It still needs to be established whether cash transfers in this case prevented migration by restricting individual choice (via conditionality) or by improving the beneficiaries' living conditions.

This variety of migration responses implies that it is difficult to generalise the impact of social protection on migration and social cohesion. On one hand, social protection can prevent migration and displacement and thus help maintain the integrity of families and local communities. On the other hand, it can provide additional capital and encourage individuals to migrate in search of better employment opportunities. As a result, it can improve the material wellbeing of migrants and their households, but can also induce family separation as many labour migrants are compelled to stay away for long periods of time and leave behind their spouses and children. It can also contribute to the weakening of long-standing social networks and the disintegration of local communities.

In assessing the effects of social protection, it is important to identify how social protection affects individual decisions to migrate in specific contexts. An important contributing factor is the effectiveness of social protection interventions – i.e. the extent to which they offer income security to households, which can either induce or reduce migration depending on the recipients' contextual, personal and life cycle circumstances.

Reducing Social Vulnerabilities through Microinsurance

Microinsurance is increasingly used in development practice to reduce vulnerability and mitigate the negative effects of external shocks on poor households. Microinsurance provides protection to low-income households in exchange for regular premium payments (Goldberg and Ramanathan 2008). It is based on the principle of social solidarity in that it requires collective resource pooling and risk sharing among group members. There are various microinsurance models, including health, life, disability, agricultural and livestock insurance. Deblon and Loewe (2012) suggest that microinsurance schemes can play an important role in empowering their members. In particular, microinsurance contracts are often generated through a dialogue between providers and citizens. Therefore, microinsurance can be responsive to the specific needs and preferences of individuals concerned. In addition, successful microinsurance projects can have a 'demonstration effect' in that they can show that participation in a collective action can have positive consequences for the wellbeing of individual group members.

One of the key preconditions to human wellbeing is the ability to maintain good health. Social protection instruments designed to address health risks (or social health protection) can remove financial barriers that prevent access to health services, reduce health care expenditure, and enhance people's health status (Hörmansdörfer 2009). Health microinsurance has been used to facilitate access to health services for individuals not covered by existing formal health protection schemes (see for example Arhin-Tenkorang 2001 for a review of lessons learned). The lack of coverage may result from inadequate institutional arrangements for health protection, high health care costs, and the inability of individuals to afford health services. Depending on the extent of their inclusiveness, microinsurance schemes can have varying impacts on social inclusion, empowerment and health equity, and therefore have important repercussions for social cohesion. There is evidence that microinsurance contributes to greater access to health care. For example, based on a literature review, Waelkens et al (2005) suggest that members seek health care more frequently than non-members. At the same time, there are concerns that microinsurance may

not be effective for preventative health care. In particular, most microinsurance schemes only cover inpatient costs, and people tend to go to a hospital only after having developed an illness.

The principle of microinsurance provides an effective tool for collective risk pooling for low-income individuals, but it is not designed to reach out to the poorest individuals who cannot afford to pay the required insurance premiums. Various institutional arrangements can be used to improve coverage for the poorest and marginalised. These include targeted subsidies like in the case of the community health insurance scheme of Kabutare in Rwanda (Waelkens et al 2005). The effectiveness and appropriateness of microinsurance will ultimately depend on the nature of risks, household and group characteristics, and local conditions (Siegel et al 2001).

More research is needed to assess the implications of different microinsurance models with regard to social cohesion in various contextual settings. The effects of microinsurance schemes must be considered along various dimensions, including wealth, gender, ethnicity, religion, caste and others.

Strengthening Social Capital and Local Governance

Social protection can enhance the ability of individuals to share their income and contribute to the wellbeing of their households and community members. Social protection programme evaluations often find that beneficiaries share their transfers with others, including individuals in their households and outside their households. Devereux (2002) notes that most of the informal redistribution of cash from social protection transfers in Africa occurs horizontally (from poor to poor), rather than vertically (from rich to poor) and thus has little inequality-reducing effect. An important question in this regard is whether income redistribution occurs between different social groups, or if it is mostly confined to the boundaries of close-knit groups.

Social protection can promote citizen engagement in social networks and social activities. Numerous evaluations across various regions show that cash transfers often allow individuals to maintain or improve their economic status and thus enhance their ability to participate in ceremonial, cultural and other social activities. Active

social participation in turn helps maintain and strengthen social capital – i.e. the relations of trust and reciprocity that bind different individuals in a society. A fundamental question is whether social protection investments can have a ‘bridging’ effect – i.e. help connect individuals from different social groups, or whether social capital building is mainly limited to close-knit kinship, ethnic or tribal groups.

CDD projects such as social funds and local governance funds seek to strengthen social capital as well as state-citizen relations in local communities. King et al (2010) carried out a ‘systematic review’ of the impact of social funds on social cohesion in Sub-Saharan Africa. They identified three causal mechanisms through which social fund interventions could possibly lead to improved social cohesion: (i) enhanced participation and ownership, (ii) enhanced community capacity for collective action, and (iii) the production or receipt of local public goods and services. The examination of qualitative information on six projects in Benin, Kenya, Liberia, Malawi and Zambia suggests that these key theoretical assumptions did not often hold due to project-specific design and implementation related constraints. For example, evidence indicates that the interventions did not promote ‘substantive and broad-based’ community participation and mainly relied on smaller groups of individuals, especially with regard to important decision-making (King et al 2010: 32-33). Consequently, the projects utilised the existing stocks of social capital instead of generating new social capital. This suggests that the main pathway through which the projects were envisaged to improve social cohesion did not materialise.

Barron’s review of CDD initiatives in East Asia (Barron 2010) reports mixed results with regard to impacts on ‘state-society interaction’, which the author expresses in terms of citizen participation and accountable decision-making in service delivery. Barron explains that this variation largely depends on how long projects worked in a community, the quality of project facilitation, and project design. Furthermore, he notes the importance of broader democratic reform that can establish an enabling environment for the success of micro-level CDD interventions.

A review of social funds in fragile and conflict-affected situations (SLRC 2011b) found some, albeit limited, evidence on their impacts on state-society relations. In particular, it synthesises two studies (Barakat 2006, Beath et al 2010) of the National Solidarity Program (NSP) in Afghanistan. The NSP provides block grants to locally elected Community Development Councils to improve public infrastructure. The study by Beath et al (2010) found that the NSP improved male villagers’ perception of government actors and increased ties between villages and government institutions. The study by Barakat (2006) also found that the project improved people’s perceptions of the state as it demonstrated the government’s willingness to engage with citizens. These studies offer mixed evidence about the NSP’s impacts on social solidarity. Thus, Barakat’s survey found that people’s perceptions of community solidarity increased; whilst the randomised evaluation by Beath et al reports that the NSP had no impact on community solidarity and conflict resolution.

Qualitative studies of social funds in post-Soviet countries reveal positive results with regard to improving state-society relations and citizen participation in project delivery, but found little impact on institutionalising democratic governance. The study of the Armenian Social Investment Fund (ASIF) shows that local mayors were successful in raising micro-project funds and delivering infrastructure facilities that addressed the immediate needs of local residents (Babajanian 2005). The study of the Village Investment Programme (VIP) in the Kyrgyz Republic (Babajanian 2009) found that it was successful in establishing spaces and opportunities for participatory consultation and the prioritisation of local needs. Both case studies however demonstrate the limit of the CDD model in altering the existing governance patterns. Thus, the processes of collective engagement induced by the CDD interventions did not change the nature of the relationship between citizens and their leaders and did not translate into improved local accountability and transparency outside the micro-project boundaries.

2. Programme Design and Implementation

Conditionality

Conditionality in CCTs is based on the principle of ‘citizen co-responsibility’ (Molyneux 2008: 4). It can be conceptualised as part of the social contract, in which the state offers income support in return for citizens’ ‘obligations’ to meet specific targets, most commonly, in health and education. The debate about the advantages and disadvantages of conditionality has not been resolved. The CCT proponents argue that conditionality helps improve the utilisation of health care, access to education and nutrition outcomes and thus contributes to investments in human capabilities (Rawlings 2005). They argue that conditions contribute to the social acceptance of social protection and ensure a ‘buy-in’ from middle class taxpayers (Devereux 2009: 2). There is however little empirical evidence about the role of conditionality in improving the health and education outcomes of CCTs (DFID 2011). Fiszbein and Schady (2009: 163) conclude that ‘there is limited evidence on exactly which feature of CCT programmes matters most – the cash, the conditions or the social marketing of the programme.’

Conditionalities may not always be applicable to specific socio-economic contexts and social vulnerabilities. For instance, Woolard et al (2010) argue that the requirements used in the Child Support Grant (CSG) in South Africa during its initial implementation appeared to have excluded many vulnerable individuals. The CSG was introduced in 1998 and included several conditionalities. As part of the CSG requirements, applicants were supposed to participate in ‘development programmes’ and to present proof that their children were immunised. The strict nature of these conditionalities prevented people from applying for benefits and translated into slow take-up rates. The requirement to take part in development programmes was soon dropped because there appeared to be no such programmes available. The condition for immunisation was also dropped, as it was soon apparent that it ‘often discriminated against children who were already disadvantaged in terms of access to services’ (Woolard et al 2010: 9). The waiver of these requirements coupled with a renewed effort to expand the programme drastically increased the take-up rates. This case offers an important lesson that CCT programmes need to be designed in close

consultation with prospective beneficiaries to ensure that they advance contextually adjusted requirements and thus remain inclusive and fair.

An interesting question for future research is whether conditionalities can promote greater social interaction and build social capital. Attanasio et al (2009) analysed the impact of the Familias en Accion CCT programme in two poor neighbourhoods in Cartagena, Colombia. They found that the measure of social capital was higher in the beneficiary than in the non-beneficiary neighbourhoods. The authors did not generate evidence on the channels through which the programme affected social capital; instead, they hypothesise that the programme may have improved social capital by stipulating community meetings, thus encouraging social interaction.

Targeting and Selective Entitlement

There are two commonly used types of targeting: based on social and demographic criteria such as age, gender, ethnicity, disability or social status (social categorical targeting), and on the poverty or income of intended beneficiaries (poverty targeting). In fragile states, social categorical targeting is often used to prioritise socially excluded or marginalised groups, refugees and internally displaced persons, and ex-combatants. In post-conflict contexts, cash transfers can also focus on widows, orphans and people disabled by war or by landmines (Darcy 2004). Poverty targeting of social transfers arguably allows reaching out to the poorest individuals in low income countries where most governments experience severe budget constraints and cannot afford supporting the entire population of the poor and vulnerable. Both targeting methods imply ‘selective entitlement’ for social protection, which leaves out large numbers of poor and vulnerable households and often generates a perception of unfairness.

Social categorical targeting in fragile states can exacerbate social divisions and inequalities by including specific groups and leaving out others. In their study on Sierra Leone, Holmes and Jackson (2008) and Holmes (2009) suggest that focusing on specific groups may create social tensions and can be detrimental to the peace process and social cohesion. The existing social protection programmes in Sierra Leone aim to promote social

cohesion and contribute to the peace process and stability. The government piloted the Social Safety Net (SSN) in 2007 as well as a 'cash for work' programme for unemployed youth, ex-combatants and former refugees in the capital, Freetown. These programmes seek to reintegrate ex-combatants and marginalised youth into society by giving them basic support and opportunities. Holmes and Jackson (2008) conclude that it is not clear whether these interventions achieved their objective. They suggest that targeting groups that pose the most risk to social cohesion, rather than the most needy groups, may reinforce social tensions rather than reduce them. They also argue that targeting individuals based on their social status will not address the root causes of exclusion and vulnerability. They emphasise that social protection programmes need to be designed so as not to exacerbate the existing social inequalities; instead, they must seek to address the existing unequal relationships.

Willibald (2006) reviews the evidence on the impacts of cash transfer programmes under the disarmament, demobilisation and reintegration (DDR) assistance packages in post-conflict situations in Sierra Leone and Liberia. In particular, she examines their applicability to the needs of ex-combatants who undergo a process of 'disarmament and reinsertion' in their communities. She found that giving money to ex-combatants provoked community resentment and increased communal tensions in both countries. There was a perception in the host communities that the civilians were excluded from benefits, whilst the ex-militants were 'rewarded for atrocities' (Willibald 2006: 326). She argues that careful planning, targeting, and information dissemination can help counter negative community perceptions. Willibald also found that cash transfers could fuel security risks in certain situations during 'reinsertion'; yet in other situations, they may have a positive impact on local and national security, as manifested in the low levels of crime and violence in parts of Liberia and in Sierra Leone. She explains that cash delivered on a regular and predictable basis can ensure that ex-combatants have the means to support their basic livelihoods and will not resort to illegal activities.

Slater and Farrington (2009) suggest that targeting can provoke the stigmatisation of programme beneficiaries. Stigma is less likely to be associated with poverty in settings where the majority population is poor. There is more potential stigma in the programmes that target social categories, for example when explicitly targeting orphans and vulnerable children with HIV/AIDS in Africa, or female headed households in South Asia. They maintain that targeted social transfer programmes must be linked with complementary activities that seek to eradicate the drivers of stigma and social exclusion.

Poverty targeting has been extensively criticised for ignoring many poor citizens and for the potential stigmatisation of beneficiaries (Mkandawire 2005). Ellis (2008) maintains that poverty targeting tends to be socially divisive as a result of the difficulty to identify and separate a sub-group of the poor ('eligible poor') who are considerably different in their material consumption patterns from the rest of the poor population. Based on income distribution data from Malawi, Zambia and Ethiopia, Ellis shows that economic differences between different deciles of citizens within the bottom 60% of the population are very thin. The analysis shows that in general USD 2 per capita per month separates the poorest decile (10%) from the next poorest decile (10%) in the income distribution, and USD 9-10 per capita per month separates the poorest decile from the sixth decile. This reflects the actual context of Sub-Saharan African countries where the individuals falling within the bottom 50-60% of per capita consumption share similar patterns of wellbeing, lifestyles, command over assets, income sources, and economic consumption.

Furthermore, Ellis maintains that cash transfers are as a rule insufficient to help beneficiaries to exit poverty and only help them 'leapfrog' into the per capita consumption level of individuals in adjustment income deciles below the poverty line. As a result, targeting that uses narrow economic parameters can create division and tension among the population who all consider themselves poor ('we are all poor') and often cannot perceive the little variation in family and personal circumstances of beneficiaries and non-beneficiaries as 'real' or significant. Ellis concludes that social categorical targeting used for example for child support grants and old-age pensions can help avoid social divisiveness by establishing clear and simple entitlement criteria.

Design and Implementation of Targeting

The experience of participation in poverty targeting can have a profound impact on people's perceptions about their leaders and community members. The selective nature of targeting allows a significant scope for favouritism and corruption. Thus, the relatively well-off individuals who are related to those in the selecting committees, social services or administrative units may be advanced as eligible for social entitlements, whilst other poorer individuals may be ignored. Furthermore, eligible poor candidates may be asked to pay a facilitation fee or a gift to be endorsed as a beneficiary.

Effective design and implementation can be crucial for offsetting the possible negative effects of targeting on local accountability and state-society relations. Targeting can be implemented in a top-down manner, using local administration and/or local social services, or it can be combined with community level mechanisms to identify and target beneficiaries. In both cases, it is important that targeting be held in an accountable and transparent manner. This includes clear and transparent procedures and criteria for beneficiary selection. Community members must be able to monitor the programme and be able to contest and challenge decisions they regard as unfair and biased. It is important that the process of appeals and grievance redress be held in an open, fair and accessible manner.

Poor targeting design and implementation can negatively affect state-society relations, as shown in the research by HelpAge International (2011) supported by the German Federal Ministry for Economic Cooperation and Development (BMZ). The research examined the impact of cash transfer programmes on state-citizen relations and state-building in fragile contexts. In particular, it studied the poverty targeted Social Safety Net (SSN) that provided cash transfers to 'old and needy' persons in Sierra Leone. The research was based on qualitative 'documentary reviews' with key stakeholders and focus group discussions with beneficiaries. The research found that the SSN 'further undermined the relationship between the state and its citizens' (HelpAge International 2011: 35).

The research suggests that the programme allowed significant errors of exclusion and was subject to abuse and mismanagement by the local elites. Most respondents believed the beneficiary selection under the programme was unfair. In some chiefdoms, the members of the select-

ing committees did not resort to the formal eligibility criteria; in others, they were said to have received cash for advancing certain beneficiaries. In some cases, the committee members reportedly deducted between 2.5 and 25% from the amount the beneficiaries were entitled to. Many poor and vulnerable persons were not able to register as they could not afford the journey to the registration centres, or were not informed about the programme. The study concludes that the programme further eroded the relationship between residents and local chiefs and undermined the broader state-society contract. It maintains that the programme 'reaffirmed many respondents' belief that local leaders manipulated criteria to dispense favours to their family members, friends and cronies' (HelpAge International 2011: 35).

This negative experience can be explained by the programme's highly selective nature, which was further compounded by its poor design, implementation and supervision. The study concludes that the targeting of the 'most vulnerable' in the context of widespread poverty and vulnerability in Sierra Leone limited coverage and created room for selectivity and patronage. This was reinforced by the design and implementation drawbacks. In particular, there was little community participation in the programme's design. The programme did not establish formal grievance redress and accountability mechanisms; it also lacked effective communication channels. Government officials did not effectively supervise and monitor the programme. The study concludes that some of these problems were inherent to the 'fragility' of the context itself, which limited the government's institutional capacity to effectively design, manage and deliver cash transfers.

This case study presents several important lessons:

- Poverty targeting can be difficult to implement in the context of massive poverty and poor governance.
- It can be especially harmful when it is designed and implemented without adequate understanding of local power relations.
- Targeting can be prone to abuse and mismanagement when the programme design does not incorporate effective institutional mechanisms for grievance redress and appeal, information dissemination and community outreach.
- Local context matters: weak institutional capacity of fragile contexts can hinder the state's effective involvement in programme formulation, design and implementation.

There is some evidence about the success of community-based targeting in minimising exclusion and generating community ownership and support. Community-based targeting can open up spaces for potential elite capture and communal conflicts (Farrington et al 2007), but when it is well-designed it can be inclusive and effective. Including the community's voice in the targeting and monitoring of the programme can ensure the utilisation of local knowledge. Community endorsement of beneficiary lists can increase transparency and reduce suspicion of bias or corruption (Jackson et al 2011).

Mattinen and Ogden (2006) describe lessons from the 'cash for work' programme implemented by Action Centre la Faim in southern Somalia. They maintain that the selection of beneficiaries for the programme was conducted using 'two-level targeting.' First, it used agency-led geographical targeting and Participatory Rural Appraisal (PRA) with participatory wealth ranking. Second, it resorted to community-based targeting in which the communities themselves defined selection criteria. The registration and selection of beneficiaries were conducted during public meetings. The researchers believe this system proved to be more effective than imposing external targeting criteria and contributed to the participatory and transparent nature of the programme.

Jackson et al (2011) suggest that targeting under the Kenya's Cash Transfer programme for Orphans and Vulnerable Children (OVC) was successful in many respects thanks to the participation of the community-based Local OVC Committees (LOCs). The LOCs capitalised on the knowledge and social networks of local leaders, who mentored and supported the beneficiary households. The community-based method also offset any potential social and political tension as the community members accepted the targeting decisions as fair and non-political. The authors stress that community participation in targeting was successful as it was coupled with transparent and accountable beneficiary identification and selection methods.

The review of the PSNP in Ethiopia (World Bank 2010) concludes that the use of community-based targeting led to participatory and accountable targeting processes. It helped establish a general 'consensus' among community members that the PSNP targeted the poorest households. Community participation led to the 'improved understanding of the targeting criteria, enabling community members to respond to unfair practices and mistakes' (World Bank 2010: 87). The PSNP review stresses the importance of an effective appeals system. In particular, the PSNP significantly improved accountability only after it established an effective appeals mechanism. The 2007 reform separated the grievance procedure from the committees and administrative structures that made the initial targeting decisions, and established an independent Kebele Appeal Committee. The PSNP experience also suggests that to generate community participation and empowerment, there must be continuous outreach and facilitation by the programme staff. The review maintains that cash transfer programmes must have 'resources and skilled outreach workers' who can facilitate community participation in decision-making (World Bank 2010: 91).

In conclusion, the involvement of local selecting committees and community members in decision-making can increase targeting effectiveness and accountability to community members, but this can only happen when the programme design incorporates institutional arrangements for transparency and accountability. These include procedures for information dissemination and awareness raising, effective appeals and grievance redress mechanisms, and institutional channels to enable community members to monitor programme implementation and convey their voice.

Benefit Delivery and Beneficiary Experience

It is assumed that the effectiveness and accountability of benefit delivery can influence people's perceptions of the state and state-society relations. In particular, Holmes (2009) suggests that the nature of programme implementation can affect the attempts to build a state-society contract. She argues that implementation difficulties and limited government capacity to effectively deliver cash transfers can undermine people's trust in the government's ability to provide for the welfare of its citizens.

Evidence from Nepal illustrates that the limited institutional capacity of the central and local governments affects the effectiveness of cash transfer payments. A study by Holmes and Upadhya (2009) reports that disbursement bottlenecks from the central to the local level have resulted in delays and irregular payments. The transfers from the central budget are often insufficient to pay the full amount of benefits. The local governments (VDCs) are not always aware of the government's guidelines and procedures, whereas citizens are not often fully aware of their rights and eligibility. Physical remoteness also creates problems, especially in the difficult to reach mountain areas.

The choice of institutional arrangements for benefit payments can also affect beneficiary experiences. The case study of the Old-Age Allowance in Bangladesh (Begum and Wesumperuma 2012) suggests that the use of the existing banking system has been crucial in minimising corruption and the mismanagement of funds that are likely to occur at the point of benefit delivery. It however generated other shortcomings. The limited capacity of local banks to efficiently distribute benefits to many beneficiaries resulted in delays and significant physical cost for beneficiaries (e.g. long wait and queues). They also incur monetary costs for transport and food when travelling to the banks. The old-age allowance in Thailand is delivered through bank transfers or in cash directly to beneficiaries or to an authorised person who receive the cash on their behalf (Suwanrada and Wesumperuma 2012). Most people however prefer to receive it in cash, which implies that the designated officers travel to every village and distribute the payments directly to beneficiaries. This spares the villagers the extra travel costs and the long wait, as is the case in Bangladesh.

These examples do not offer information on how the specific experiences of benefit delivery affected the citizens' perceptions of the state. More research is needed to examine how benefit delivery translates into the citizens' assessment of the state's role in and commitment towards supporting a state-society contract.

3. Political Economy and Public Sector Capacity

Political Gain and Public Interests

Social protection affects the relationship between citizens and the state in two ways. As discussed in this paper, it can be used to build a state-society contract, solicit political legitimacy, and consolidate the state. Political leaders can also use it to gain 'clientelistic legitimacy' and electoral support. Gardner Sewall (2008) distinguishes the usage of social protection programmes by government officials to earn political capital from a genuine commitment to long-term programme goals to reduce poverty and vulnerability. This view contrasts the narrow, political interests of political leaders and the wider societal objectives of social protection.

Based on their evaluation of Ethiopia's PSNP, Sharp et al (2006) suggest that cash distribution systems will always be a political resource and can be used as a mechanism for 'rewarding political support or punishing detractors.' They observed sporadic instances of using the PSNP programme for electoral gain. For example, some candidates promised to distribute benefits to all households, whilst others attempted to mobilise those who were excluded from the beneficiary lists. They also recorded situations when elected officials penalised known supporters of the opposition and their relatives and struck them off the beneficiary lists.

In her study of Mexico's PROGRESA and Brazil's Bolsa Família CCT programmes, Gonzalez (2011) conducted a correlation analysis of the incumbent parties' strategy of vote base expansion and retention and cash benefit disbursement. She concludes that in both countries the incumbent governments used the respective CCT programmes to gain political support. In particular, they used the programmes to reward the regions according to the level of support they received. This is exemplified by the higher disbursements in the states that supported the incumbent parties. She suggests that this represents 'semi-clientelistic' rather than 'clientelistic' practices as the programmes were used to reward voters rather than to gain votes (Gonzalez 2011: 25).

The pursuit of instrumental goals by politicians may not necessarily undermine the public objectives of social protection. Holmes and Upadhy (2009) suggest that social transfers in Nepal can be seen as a 'political tool' to enhance the government's political dividends. Cash is a 'visible and direct' transfer from the government to the people and it can easily generate popular support (Holmes and Upadhy 2009: 28). They also document the Nepalese government's commitment towards establishing a comprehensive system of social protection and increasing social spending. Samson (2012) also suggests that social pensions in Nepal reflect the government's commitment to poverty reduction and social inclusion. Similarly, Hagen-Zanker et al (2011: 8) maintain that fighting poverty and inequality were 'election campaign promises' in Brazil, India and South Africa – a factor that contributed to the governments' commitment to social protection in these countries. But they go on to argue that social protection programmes in these countries 'were not just short-term election promises', but that they reflected a solid political and financial commitment to improving people's livelihoods (Hagen-Zanker et al 2011: 9).

In assessing the impact of social protection on social cohesion and state-building, it is important to be aware of the highly political nature of redistributive programmes. They can be used for the 'clientelistic appropriation of public policy' (Zucco 2011: 16), or be instruments for serving public goals. In the case of the latter, it is reasonable to expect that they remain 'politically viable' and recognise the electoral benefits of the programmes (Zucco 2011: 26).

State Capacity for Programme Delivery

Evidence shows that it is possible to establish and implement social protection in situations with a high degree of instability and volatility (Harvey and Holmes 2007). For example, the Cash Payments to War-Displaced Urban Destitute Households Programme (GAPVU) in Mozambique provided small cash transfers to more than 70,000 households by 1995. There are other successful examples in Somalia, Afghanistan and the Democratic Republic of Congo (DRC) (Harvey et al 2007). A certain level of state legitimacy, capacity and donor support is crucial for establishing an enabling environment for social protection interventions. There might be difficulties in implement-

ing social protection programmes in especially volatile and unstable contexts. This implies that social protection may not be used as a vehicle for improving state-society relations in some conflict and post-conflict environments. Harvey and Holmes (2007) suggest that bypassing the state structures in the delivery of cash benefits may undermine the process of building a state-society contract. Fragile contexts often imply that the government may not have the capacity or willingness to implement social protection, or there could be political disagreements that can prevent donors from working with governments. In this situation, delivering social protection through other actors, such as NGOs may seem a feasible option, but it does not allow state involvement in addressing the people's needs and establishing a state-society contract. In a separate paper, Harvey et al (2007) warn against excessive reliance on international actors in taking over state functions and suggest that it can in fact 'challenge' state-building. They cite evidence of people's resentment against international agencies in Afghanistan, Bangladesh and Sierra Leone, where donor funded agencies 'compete' with national agencies and attract talented local experts by offering high salaries and benefits.

Harvey and Holmes (2007) and Harvey et al (2007) maintain that external actors have the important task of engaging in state-building in difficult environments. They argue that even if government capacity is limited, it is still important to work with policy-makers in relevant line ministries and involve them in policy formulation to develop their analytical and implementation skills and knowledge. They suggest that where it is difficult to engage central governments, donors can still work with local governments in service delivery. They cite for example the experience of the DFID funded Protracted Relief Programme in Zimbabwe, under which local and international NGOs and UN agencies cooperated with government agencies at provincial, district and village levels.

Financing and Sustainability

The state's redistributive responsibility must be underpinned by financial arrangements that reflect the nature of the state-society contract and support the existing citizenship entitlements in a given society. Financing mechanisms usually include a mix of public tax-based revenue financing, individual contributions under social insurance schemes, private and community financing, household savings and out-of-pocket payments (Barrientos 2007). In developing countries, a significant part of social protection financing is supported by international organisations through budget support aid and the direct financing of projects and programmes. Achieving an 'optimal' financing mix is important for institutionalising solidarity mechanisms and ensuring a sufficient resource base to accomplish the state-society contract.

The difficulty in securing adequate long-term funding can affect the effectiveness, delivery and impact of social protection programmes. It is important that there are sufficient financial resources to fund relatively decent benefits to address some of the pertinent needs of the majority of the poor population (Harvey et al 2007). Furthermore, programmes must be adequately funded to ensure regularity and predictability of transfers and help poor households plan their expenditure and adjust their livelihood strategies and coping mechanisms.

Limited financial capacity severely constrained the Government of Nepal's ability to tackle exclusion and conflicts through social protection. Holmes and Upadhya (2009) report that spending on social transfers in Nepal increased by over 400% in 2008/2009. This reflects the government's commitment to social expenditure in line with its goals of combating poverty and social exclusion. They however note that Nepal's heavy reliance on donor funding has resulted in uncertainty and difficulty in planning fiscal allocation in the long run. The country's ability to fully finance social protection from local revenues is limited and will require significant economic growth and political will.

Financial constraints however did not deter the Nepalese government from initiating and implementing social protection activities. Samson (2012) demonstrates that despite its limited public finance base, Nepal was able to establish a universal Senior Citizens' Allowance programme in 1994, which provides non-contributory benefits of NPR 500 (USD 6) to all people who are 70 years and older and to all Dalits and residents of the poor Karnali region who are 60 years and older. Samson argues that low-income countries can establish universal systems as long as their governments have sufficient commitment and political will. The process of expanding social protection is incremental and it can be achieved through the gradual increase in coverage and benefit amounts. The Nepalese government still needs to strengthen the effectiveness of the Senior Citizens' Allowance, but it has already established a sound institutional foundation to enable its subsequent expansion and consolidation.

Part III: Implications for Policy and Research

1. Evaluating the Impact of Social Protection on Social Cohesion and State-Building

This report suggests that to identify the impact of social protection on social cohesion, it is more appropriate to identify specific dimensions and facets of social cohesion, instead of treating social cohesion as a composite index. The report has identified two broad interrelated dimensions of social cohesion:

- Distributional
- Relational

Each dimension comprises multiple indicators such as poverty, inclusion/exclusion, inequality, gender equity, access to health, as well as relational indicators such as empowerment, community cooperation and solidarity, social participation, crime, conflict and stability. By examining the impact of social protection on any of these indicators, one can establish the contribution of social protection to social cohesion.

The impacts of social protection on these dimensions can be measured using three methods:

1. Aggregate level analysis. One option is to assess the 'effectiveness' of social protection – i.e. the extent of system generosity, coverage, and capacity to reduce poverty and vulnerability – and establish how it impacts economic inequality. Inequality can be expressed in terms of income discrepancies, but needs to be disaggregated by gender, ethnicity, race, age, caste and other variables. One can also assess how benefit size and coverage correlate with other indicators of social cohesion, including crime, social solidarity, stability and others. Another option is to assess the institutional attributes of a social protection system and the extent to which they encourage social stratification, for example by supporting certain social groups and leaving out others, stigmatising beneficiaries, or triggering tension and conflicts.

2. Programme impact evaluation. This approach evaluates the impact of a specific programme or project through rigorous data collection that includes a mix of quantitative and qualitative methods. It is possible to assess specific programme impacts on various indicators along the distributional and relational dimensions of social cohesion. It is important that programme evaluations be based on statistically sound data to allow definitive inferences about programme impacts at national or regional level.

3. In-depth contextual case studies. This method can help expose the impact of programme interventions on the various aspects of wellbeing and social relations. The usage of qualitative methods can generate rich data and help understand how interventions addressed the root causes of exclusion and vulnerability. This approach can help explore the extent to which programme design and implementation were based on the sound understanding of local institutional, social and cultural conditions. It can also reveal any unintended consequences and spillover effects of the interventions.

The impacts of social protection on state-building can be assessed along two dimensions:

- Effects on state-society relations. This analysis includes the study of citizens' perceptions of the state, including trust in public institutions and political leaders, and their assessment of legitimacy, transparency and accountability of the public sector. This dimension can also be examined by identifying the level of public support for political and economic reform.
- Effects on social cohesion and social relations. One can assess the extent to which social protection helps improve intergroup solidarity, tackle discrimination and stigma, reduce or prevent social conflicts, and achieve greater stability.

The impacts of social protection on these dimensions can be measured using two methods:

1. Programme impact evaluations. This technique involves mixed-method assessments of the effects of specific interventions on state-society and social relations.

2. In-depth contextual studies. This method can be employed to document specific experiences of citizen interaction with state officials at national and local level and identify people's perceptions of public institutions, the quality and nature of governance, and relevance and effectiveness of public interventions in addressing their needs.

2. Understanding Impacts of Social Protection on Social Cohesion and State-Building

Potential to Promote Social Inclusion

The effectiveness of social transfers (expressed in terms of benefit value, coverage and poverty impact) is likely to affect the ability of social protection interventions to tackle various dimensions of deprivation, improve livelihood outcomes and thus contribute to social inclusion. As illustrated in the case of Nepal, the government is committed to the goal of reducing social exclusion, but it has been unable to offer high cash transfers and ensure adequate coverage to significantly reduce poverty and inequality. The limited ability to adequately finance social protection benefits and reach out to the majority of the poor affects the probability of reducing poverty and vulnerability and minimising economic and social inequalities.

Social exclusion is produced and reproduced by the existing formal and informal institutional norms and practices and it is manifested in various aspects of people's lives, including access to economic resources and opportunities, public services, social networks, and political rights. The provision of income support alone may not translate into social inclusion and greater cohesion in societies where exclusion and vulnerability are deeply rooted in societal institutions. Tackling structural social inequalities requires policies that go beyond the sectoral remit of social protection. It necessitates the need to link social protection with other policy areas and to ensure that economic, social and political initiatives complement each other. This can help achieve the policy synergy required to establish and uphold social citizenship rights and give individuals access to important resources, services and opportunities. More research is needed to establish whether and in which circumstances social protection can challenge societal institutions that generate exclusion, stigma and discrimination.

Incorporating rights-based elements in the design and implementation of social protection interventions can contribute to greater citizen empowerment and reinforce state-society relations. As this report demonstrates, the HSNP cash transfer programme in northern Kenya was successful in introducing rights education and enhancing the ability of community groups to claim priority public services. The MGNREGA public works programme in India established a rights-based framework to enable citizens to claim their rights to employment and social protection. It still needs to be established how these measures can be combined with other policy instruments and sectoral interventions to ensure that citizen voice and accountability be sustained and institutionalised.

Gender Sensitive Design

Women's economic and social empowerment can significantly contribute to social cohesion. As studies from Latin America (Peru, Bolivia, Ecuador and Mexico) show, CCTs enhance girls' access to education and offer income support to women, but they tend to reinforce women's caring roles in their households. It is important that social protection interventions be designed and implemented so that they challenge traditional gender roles and hierarchies. Furthermore, programmes must incorporate mechanisms to prevent or mitigate possible negative effects on women's lives, such as increased workload, stigma or social conflict. Finally, programme designs must contain institutional arrangements that can advance women's positions in situations where social norms and practices may restrict them from participating in public work, owning assets and making independent decisions.

Addressing Migration

Evidence shows that social protection can both increase and decrease migration flows and therefore has differential impact on social cohesion. On one hand, social protection can prevent migration and displacement (e.g. Ethiopia and Mexico) and thus help maintain the integrity of families and local communities. On the other hand, it can provide additional capital and encourage individuals to migrate in search of better employment opportunities (e.g. South Africa). As a result, it can improve the material wellbeing of migrants and their households, but can also induce family separation and possibly contribute to the weakening of local communities. The variety of migration responses implies that it is difficult to generalise the impact of social protection on migration and social cohe-

sion. Instead, detailed contextual studies are required to identify how social protection affects individual decisions to migrate (or not) and what consequences these decisions have on social cohesion in specific contexts.

Reducing Social Vulnerabilities through Microinsurance

Microinsurance seeks to provide protection against various risks to vulnerable individuals on a low income. There are various microinsurance models, including health, life, disability, agricultural and livestock insurance. Microinsurance schemes can play an important role in empowering their members and addressing their needs. There is evidence that microinsurance contributes to greater access to health care. In particular, studies show that members seek health care more frequently than non-members. However, microinsurance may not be suitable for preventative health care. It mostly finances inpatient costs, which prompts individuals to seek health care only after an illness has developed. Microinsurance is not designed to reach out to the poorest individuals who cannot afford to pay the required insurance premiums. Various institutional arrangements, such as targeted subsidies can be used to improve coverage for the poorest. More research is needed to assess the implications of different microinsurance models on social cohesion in various contextual settings.

Strengthening Social Capital and Local Governance

Social cash transfers can enhance individuals' ability to share resources with their households and community members; they can also help individuals participate more often in social and ceremonial events and community activities. An important question for further research is whether (and in what circumstances) social protection interventions help connect individuals from different social groups, or whether they mainly bolster social capital within narrow, close-knit groups.

CDD projects provide grant financing to community groups for the construction and rehabilitation of essential communal infrastructure and services, and seek to directly influence social capital and state-society relations. There is mixed evidence about the impacts of CDD

interventions, such as social investment funds on social capital and state-society relations. The outcomes of these interventions are contingent upon various factors, including the length of engagement in a community, the quality of project facilitation, design features, and the broader policy framework and governance environment.

Conditionality

The implications of various CCT conditionalities with regard to individual empowerment, social relations and social state-society contracts need to be further researched. As studies show, CCT requirements tend to increase the workload of mothers in some Latin American countries. There is evidence of insufficient sensitivity to people's realities and constraints in the early design of the Child Support Grant in South Africa. It is important to carefully consider people's vulnerabilities and local conditions in order to design inclusive and empowering CCT conditionalities.

Targeting

Social categorical targeting is often used to prioritise special groups, for example socially excluded individuals, refugees, war widows and ex-combatants. There is limited evidence on the effects of social categorical targeting on the social inclusion of special groups; yet there are indications that it may provoke resentment and social tension in local communities, e.g. support for ex-combatants in Sierra Leone and Liberia.

Poverty targeting can also create social divisions and negatively affect state-society relations due to two important factors: the selective nature of targeting, and the potential for corruption and mismanagement. First, it is often difficult to identify and separate a sub-group of eligible poor in situations where the majority of the population is poor. This creates perceptions of unfairness and gives rise to grievances among those poor who were not selected. Second, targeting can be prone to corruption and mismanagement by local elites, as the case study on the SSN programme in Sierra Leone demonstrates. This is especially pertinent when the targeting design does not incorporate effective institutional mechanisms for information dissemination, outreach, grievance redress and appeals. In addition, the ability of relevant government agencies to effectively supervise the process of beneficiary selection is a major precondition for effective and accountable targeting. The involvement of local communities can

help increase targeting effectiveness and accountability and prevent potential tensions. For instance, community participation in targeting in a ‘cash for work’ scheme in southern Somalia, in Kenya’s cash transfer programme and in Ethiopia’s PSNP helped utilise local knowledge, generate community acceptance of the selection criteria, and solicit support for targeting decisions.

Benefit Delivery

Evidence from Nepal illustrates that the limited institutional capacity of the central and local governments affects the effectiveness of cash transfer payments. This has immediate repercussions for the wellbeing of citizens, who are likely to receive their benefits late and irregularly. The choice of institutional arrangements for benefit payments can also affect beneficiary experiences. For example, the limited capacity of local banks in Bangladesh results in delays and significant physical cost for beneficiaries (e.g. long wait and queues). More research is needed to establish how the effectiveness and accountability of benefit delivery affects people’s perceptions of the state and state-society relations in various contextual settings.

Political Gain and Public Interests

In assessing the impact of social protection on social cohesion and state-building, it is important to be aware of the highly political nature of redistributive programmes. Social protection is a political resource, which political leaders can use to gain electoral support. The politicians’ pursuit of instrumental goals must not undermine the public objectives of social protection. For example, evidence from Nepal, Brazil, India and South Africa shows that political leaders indeed used social protection in electoral campaigns, but that they were also genuinely committed to reducing poverty and inequalities in their societies.

State Capacity

A certain level of state legitimacy, capacity and donor support is crucial for establishing an enabling environment for social protection interventions. It is crucial that external actors engage in state-building in difficult environments, rather than bypass state structures. Even if the government capacity is limited, there are always options for supporting government capacity building, by for example involving officials in policy formulation, supporting learning and development, and working with local governments in service delivery.

Financing and Sustainability

The redistributive responsibility of the state must be underpinned by financial arrangements that reflect the nature of the state-society contract. Achieving an ‘optimal’ financing mix is important for institutionalising solidarity mechanisms and ensuring a sufficient resource base for fulfilling citizenship rights. The difficulty in securing adequate long-term funding can affect the effectiveness, delivery, and impact of social protection programmes. Financial constraints however must not deter governments from initiating and implementing social protection activities. Even if public resources are limited, governments can lay out an institutional foundation for social protection by introducing programmes of limited scale with a view of subsequent expansion and scaling up. For example, despite its limited financial capacity the Government of Nepal was able to establish a universal Senior Citizens’ Allowance programme, which provides a sound institutional foundation for subsequent expansion and consolidation of old-age social protection.

Global research has shown that citizens have greater trust in their governments when they recognise that public leaders have the political will and commitment to help their population. More research is needed to examine citizens’ perceptions of the state and state-society relations in situations when governments exhibit genuine commitment towards social protection, but have limited capacity to offer effective income support to the population. One can hypothesise that despite the limited effectiveness of social protection interventions, visible efforts to establish a state-society contract and social citizenship rights can promote citizens’ trust in public institutions and enhance state legitimacy.

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Appendix: Overview of Definitions

Community Driven Development (CDD) refers to development interventions that provide local community groups with resources and decision-making responsibilities to enable them to pursue their priority needs. CDD encompasses a broad range of development projects and initiatives, including social investment funds and similar demand-driven projects.

Community-based targeting denotes institutional arrangements to involve community members in identifying beneficiaries of social protection programmes, and monitoring programme implementation. It can arguably increase the utilisation of local knowledge, generate community agreement, and reduce scope for corruption and favouritism.

Conditional Cash Transfers (CCTs) are social cash transfers provided to poor households on the condition that they invest for example in child education or health. CCTs arguably reduce the intergenerational transmission of poverty as they combine income support for poor families with investments in human capital.

Conflict states are those states that presently experience violent conflicts.

Conditionalities accompany conditional cash transfers (CCTs) and require beneficiaries to meet for example predetermined education or health targets, such as school attendance, visits to health clinics and regular immunisation.

Decommodification is a term used by Esping-Andersen (1990) to denote the ability of welfare policies to enable individuals to maintain a livelihood without participation in the labour market.

Developmental states are states that have the appropriate mix of ability, leadership and capacity to achieve a positive transformation in a society within a condensed time period.

Disarmament, Demobilisation and Reintegration (DDR) is the process of removing weapons from the hands of combatants, taking the combatants out of military structures and helping them to integrate socially and economically into society. Its objective is to contribute to peace building, stabilisation and the long-term development of post-conflict environments (<http://www.unddr.org/whatisddr.php>).

Informal in/security regimes framework has been advanced by Wood and Gough (2006) for conceptualising welfare arrangements in developing countries. In informal security regimes, people rely on informal relationships to meet their security needs. Citizens have limited social rights and hence limited ability to derive income security through formal social protection. Informal in-security regimes generate conflict, insecurity and uncertainty and suppress the emergence of stable formal and informal mechanisms to provide income and livelihoods security.

Legitimacy is defined by OECD (2010) as people's acceptance of a particular form of rule, political order, institution or actor as being legitimate. A lack of legitimacy contributes to state fragility as it undermines state authority, and thus its capacity to perform its functions.

Local governance funds refer to CDD projects that provide grant financing for small-scale projects (micro-projects) generated and managed by local agents, including community groups, local governments, and NGOs. In addition to their service delivery objective, they seek to strengthen local governance by promoting citizen participation, and accountability and transparency in local service delivery.

Microinsurance provides protection to low-income households in exchange for regular premium payments. It is based on the principle of social solidarity in that it requires collective resource pooling and risk-sharing among group members. There are various microinsurance models, including health, life, disability, agricultural and livestock insurance.

Peacebuilding is understood by OECD (2008) as actions undertaken by international or national actors to institutionalise and sustain peace. Peacebuilding is primarily associated with post-conflict environments, and state-building is regarded as a key element of peacebuilding required to institutionalise peace.

Post-conflict (or conflict affected) states are the states that have suffered a severe and long-lasting conflict, or a short but highly intensive conflict.

Poverty targeting refers to the distribution of cash or in-kind transfers to a target group that has been identified below an agreed national poverty line. It arguably allows reaching out to the poorest individuals in a situation where most governments in low-income countries experience severe budget constraints and cannot afford to support the entire population of the poor and vulnerable.

Social capital commonly refers to norms and networks that facilitate collective action (Woolcock and Narayan 2000). 'Bonding' social capital refers to social relations within primary social group solidarity, whilst 'bridging' social capital indicates the cross-cutting ties between different social groups (Narayan 1999)

Social categorical targeting refers to the distribution of cash or in-kind transfers to individuals in a defined social demographic category, e.g. children, the elderly, the disabled, refugees and ex-combatants.

Social cohesion is defined by the Council of Europe (2004) as the ability of a society to ensure the welfare of all its members and to reduce social and economic inequalities.

Social exclusion refers to the inability of individuals to participate fully in their society and to enjoy a standard of living that is considered normal in that society. Social exclusion implies that people may be excluded from productive resources and economic opportunities, but they can have limited access to essential services, education and health, social and cultural participation, political rights, voice and representation.

Social Funds or **Social Investment Funds** are CDD projects that provide grant financing for small-scale projects (micro-projects) generated and managed by local agents, including community groups, local governments, and non-governmental organisations (NGOs). Social funds pursue multiple objectives that vary from country to country. Most commonly, they provide finance for the construction and rehabilitation of essential social and economic infrastructure, including schools, clinics, irrigation systems, water supply and sanitation, roads and communal areas. Social funds have been seen as instruments for empowering individuals, strengthening local institutional capacity, and social capital.

Social inclusion is the process of enabling individuals to gain the opportunities and resources necessary to participate fully in economic, social and cultural life and to enjoy a standard of living that is considered normal in the society in which they live.

Social pensions are non-contributory social assistance transfers for older persons.

Social protection refers to policies and programmes that help reduce poverty and vulnerability to social risks. It encompasses a broad range of policies and instruments, including basic social protection (e.g. social transfers, social services and Cash for Work), social insurance (e.g. pension insurance), community based approaches, and microinsurance.

Social protection has four important functions (Devereux and Sabates-Wheeler 2004):

- Protection – to relieve deprivation and help individuals maintain livelihoods (e.g. social assistance, social services)
- Prevention – to help avert deprivation (e.g. formal and informal social insurance)
- Promotion – to enhance real incomes and capabilities (e.g. 'livelihood enhancing' programmes)
- Transformation – to enhance social equity and tackle exclusion (e.g. upholding rights, sensitisation campaigns, special programmes to deal with stigma)

Social rights refer to citizens' entitlement to welfare provision, including adequate minimum income, education, housing and health. Social rights developed after the establishment of civil and political rights, and signify individual rights for minimum material resources and opportunities required to maintain wellbeing.

State fragility is defined by OECD (2010) as a lack of organisational, institutional and financial capacity to perform basic state functions.

State-building is a process of developing the capacity, institutions and legitimacy of the state. A key precondition to successful state-building is the ability to negotiate, establish and manage an agreement between the state and citizens on their mutual roles and responsibilities (OECD 2008).

State-society contract (also referred to as social contract or social compact) is an agreement between the state and society on their mutual roles and responsibilities (OECD 2008). A state-society contract emerges from the expectations of people of their state, which are shaped by the state's capacity and political will to finance and deliver important public goods and services.

Stratification is a term used by Esping-Andersen (1990) to capture the impact of the welfare state on societal inequalities. It can be expressed in differences in income distribution as well as in the degrees of social fragmentation based on individual characteristics, such as social status, age, gender, ethnicity, race and others.

Welfare regimes theory is a framework advanced by Esping-Andersen (1990) to classify industrialised states based on the strength of their welfare provision ('decommodification') and their impact on societal inequalities ('stratification'). Esping-Andersen divided the modern welfare states into three 'ideal regime types': Liberal Anglo-Saxon, Corporatist Continental European, and Social-Democratic Scandinavian regimes.

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Abbreviations

ASIF	Armenian Social Investment Fund
AusAID	Australian Agency for International Development
BMZ	German Federal Ministry for Economic Cooperation and Development
CCT	Conditional Cash Transfer
CDD	Community Driven Development
COE	Council of Europe
CPRC	Chronic Poverty Research Centre
CSG	Child Support Grant
CPIA	Country Policy and Institutional Assessment
DDR	Disarmament, Demobilisation and Reintegration
DFID	Department for International Development
DRC	Democratic Republic of the Congo
EC	European Commission
ECLAC	Economic Commission for Latin America and the Caribbean
FY	Fiscal Year
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
GAPVU	Gabinete de Apoio à População Vulnerável
GNI	Gross National Income
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH
HSNP	Hunger Safety Net Programme
IDB	Inter-American Development Bank
ILO	International Labour Organization
IMF	International Monetary Fund
LOC	Local OVC Committee
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
NGO	Non-Governmental Organisation
NPC	National Planning Commission
NSP	National Solidarity Program
OECD	Organisation for Economic Co-operation and Development
OVC	Orphans and Vulnerable Children
PNPM	Program Nasional Pemberdayaan Masyarakat
PRA	Participatory Rural Appraisal
PSNP	Productive Safety Net Programme
RC	Rights Committee
SEWA	Self Employed Women's Association
SPR	Social Protection Rights
SSN	Social Safety Net
TI	Transparency International
UNDP	United Nations Development Programme
UNRISD	United Nations Research Institute for Social Development
VIP	Village Investment Programme
WBI	World Bank Institute
WGI	Worldwide Governance Indicators

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