A CHANCE TO **GROW**

How social protection can tackle child malnutrition and promote economic opportunities

Save the Children

EVERY ONE

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Save the Children

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Cover photo: Alek and Ayel, age three, South Sudan. Since Alek joined a cash-for-work scheme supported by Save the Children, she and her three children now get enough to eat, and her two older children have started going to school. "The cash transfer project has changed my family's life," she says. (Photo: Jenn Warren/Save the Children)

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FOREWORD

The fight against poverty, hunger and malnutrition is a primary and an imperious duty of governments and societies all over the world, as well as a key issue established by the Declaration of the Millennium Development Goals. In such an economically wealthy world, encompassing technological achievements and plenty of knowledge and evidence on good practices, programmes and social projects to deal with hunger and its determinants, it is unacceptable that there still are 2.6 million children dying from malnutrition every year, not to mention the large amount of people affected by the consequences of this condition for the health and the productive lives of individuals already affected.

Despite the efforts that many countries have made in recent decades, we must dare, we must seek new ways and strategies to combat this injustice, especially in a context of rising food and fuel prices and the remaining uncertainty about the recovery of the global economy. This insightful report shows how countries such as Mexico, South Africa, Ethiopia, Bangladesh and Brazil have been exploring new ways to handle the fore mentioned issues

In fact, over the last ten years, the Brazilian experience has shown that strategic decisions to stimulate the economy with a set of integrated social programmes may prove very effective in the reduction of poverty and hunger. Besides building a strategy to develop a domestic consumer market and taking the right decisions to enhance the economy during the 2008–still-going crisis, the Brazilian government has expanded social spending with newer and broader social transfer programmes like *Bolsa Familia*. Over the last two years, even more advanced social programmes to protect the poorest have been implemented, such as *Plano Brasil Sem Miséria* (The Brazil without Extreme Poverty Plan) and *Brasil Carinhoso* (The Caring Brazil Action). The first one intends to enable 16.2 million people to rise above the extreme poverty line by 2014. The latter is specially addressed to poor and potentially malnourished children, providing additional cash transfers to families with children; more vacancies in early childhood schools; and free distribution of nutritional supplements and medications all over the country. It intends to promote 2.7 million children within 2 million families to overcome conditions of extreme poverty.

Malnutrition takes away lives and destroys the potential of millions of children. The world and government leaders must not postpone solutions for that. This report presents very consistent and up-to-date evidence, good practices and guidelines to design innovative social programmes and strategies to fight hunger and malnutrition and, thus, reach the target of facing this persistent challenge.

Tereza Helena Gabrielli Barreto Campello
Minister of Social Development and Fight Against Hunger, Federal Government of Brazil

EXECUTIVE SUMMARY

Social protection aims to make poor people less vulnerable and protect them from extreme deprivation.[1] It helps people living in poverty to meet their basic needs, including access to food. Social protection can tackle the immediate and underlying causes of malnutrition, thereby avoiding the lasting damaging effects that malnutrition has on children's lives.

Social protection also has the potential to empower people living in poverty to transform their livelihoods, so they can fully participate in their economies and societies.[2] It is therefore a strategy that, properly applied, addresses short-term needs of people living in poverty, while at the same time providing them with economic and social opportunities that can deliver sustainable returns for society as a whole.

Social protection plays a vital role in protecting vulnerable people during times of stability as well as in response to crisis. If introduced prior to crisis and sustained during crisis, social protection can play a role in preventing negative impacts on families. Given its potential to protect people from the devastating effects of poverty, to empower them and to transform their livelihoods, social protection should be viewed as a core long-term strategy.

This report focuses on one component of social protection – social transfers – which are particularly relevant to tackling malnutrition. Social transfers are "predictable transfers to households or individuals, both in-kind and cash, including public works programmes".[3] In other words, distributing cash, food or assets – sometimes in exchange for recipients' participation in employment or other activities – in order to protect those people from poverty and promote productive livelihoods.

The financial crisis that struck in 2008 continues to have global economic ramifications. These have been made worse by the unfolding economic crisis in the eurozone; slowing growth in other industrialised and emerging markets; and increasing global food and fuel prices. In this context of global economic crisis, this report:

- set outs the role that social protection can play in improving nutrition and tackling hunger
- outlines the importance of good nutrition in relation to long term economic growth
- presents five evidence-based guidelines for policy-makers on the design of social transfers to help tackle hunger and malnutrition, to adapt to country contexts
- assesses the implications of economic crisis for rates of hunger and children's nutritional status.

An estimated 925 million people globally experience hunger.[4] Our analysis, building on World Bank projections and using data for 98 developing countries, shows that an escalation of the eurozone crisis could push an extra 33 million people into hunger by the end of 2013. The devastating impact of economic crisis is not limited to the number of people going hungry – or to those who don't get enough calories. It also increases the number who suffer poor nutrition.

Families in crisis are often forced to adopt coping strategies that jeopardise their nutrition, such as substituting healthy food for cheaper, less nutritious staples, or cutting the frequency of meals. Children in particular suffer in this context. When the nutrition of young children, pregnant women or breastfeeding mothers is neglected, the damage to children's physical growth and cognitive development can be lasting, and in some cases irreversible.

Malnutrition is an underlying cause of the death of 2.6 million children each year – one-third of the global total of children's deaths.[5] The effects of malnutrition on the physical and cognitive development of children who do survive can have long-term negative effects on their life chances and the contribution they can make to society. It is estimated that adults who were malnourished as children earn at least 20% less on average than those who were not.[6]

Given the negative effects of malnutrition on children's development, and the potential of social transfers to boost nutrition and economic opportunities, this report argues that social transfer programmes should be integrated into the short-term recovery and long-term development plans of developing countries.

Social protection can have a number of economic benefits, some of which also promote nutrition and food security through, for example:
- increasing food expenditure and dietary diversity
- strengthening investments in productive assets (including agricultural inputs)
- stimulating demand in food markets.

However, despite the economic benefits and the potential positive impact social protection can have on hunger and nutrition, we find that even countries that have historically had strong commitments to social protection have failed to maintain spending levels on social protection during the economic crisis. Two-thirds of 15 countries identified as having historically invested significantly in social protection have cut expenditure since 2008, and several are planning further cuts. Given the growth-boosting, poverty-alleviating and nutrition-improving potential of social protection, these cuts constitute a false economy on a global scale.

In addition to national governments, there is a clear role for international donors and groups such as the G8 and G20 to play in investing in social protection. Richer countries must commit to support spending on social transfers in the poorest countries, in order to allow developing country governments to invest in long-term development. Given the potential of social transfers to prevent hunger it is vital that programmes are established before and that investment is sustained even during crisis.

RECOMMENDATIONS

Social transfers are an effective policy tool to combat hunger and malnutrition, both in times of stability and in times of crisis.

We call on developing country governments to:
- **strengthen social transfer programmes as a key policy tool to combat hunger and malnutrition**, both in times of stability and as an effective crisis-response tool that is easily scalable. Preparedness is the best insurance for crisis response.
- **consider the following guidelines** which should be adapted to the national context to enhance the impact of social transfers on nutrition.
  1. Social transfer programmes should be underpinned by long-term commitment and broad coverage.
  2. Cash transfers should reflect the cost of a nutritious diet and adjust to price increases.
  3. Delivery needs to be timely and convenient.
  4. Social transfers should be integrated with wider nutrition interventions, but conditionality should not be the default option.
  5. Ensure social transfer programmes work for women and children.

We call on the G20, bilateral and multilateral donors to promote social transfers in developing countries by:
- **scaling up multi-year funding to support the establishment of social transfer programmes** by:
  – calling on the World Bank to prioritise social transfers as one of the special themes for the World Bank IDA 17th replenishment round
  – providing additional funds in the short term to the Rapid Social Response trust fund managed by the World Bank.
- calling on the International Monetary Fund to ensure that their programmes contain **social spending floors** that allow low-income countries to finance their social protection programmes.
- supporting domestic revenue mobilisation in recognition of the importance of domestic revenues – such as social contributions and increased tax base – to fund long-term commitments to social transfer programmes. This will involve strengthening tax authorities and tackling international constraints to tax collection, by ensuring corporate transparency and tackling financial secrecy.
- tasking the **social protection cooperation body**, expected to be established at the June 2012 G20 summit, **to conduct an urgent assessment of social protection programmes** – including attention to their potential to achieve nutrition outcomes – in all low-income countries by the end of 2012. This assessment should be done in conjunction with the G20 Knowledge Platform, which is sharing social protection best practices from key G20 countries.
- evaluating impact of social transfer programmes on nutrition to increase the evidence base.

ABBREVIATIONS

CoD	Cost of the Diet
CSG	Child Support Grant
DAC	Development Assistance Committee
DRC	Democratic Republic of Congo
FAO	Food and Agriculture Organization (UN)
GDP	gross domestic product
GER	gross enrolment ratio
HEA	Household Economy Approach
IDA	International Development Association (World Bank)
NREGA	National Rural Employment Guarantee Act
ODA	official development assistance
PSNP	Productive Safety Net Programme
PWPs	public works programmes
SCTP	Social Cash Transfer Programme
SOAG	State Old Age Grant
UNICEF	United Nations Children's Fund

INTRODUCTION

Social protection has a vital role to play in minimising the impact of crisis, including natural disasters and conflict. However, it also provides an important set of policy instruments to protect those vulnerable to poverty and malnutrition during times of peace and relative stability, and to improve a range of human development indicators such as health and education.

Social protection can have broad positive impacts, increasing the effectiveness of investments in health and nutrition, education, and water and sanitation.[1] However, this report is predominantly focused on the benefits of social protection for hunger and nutrition, especially in the context of economic crisis.

Social protection helps people living in poverty and vulnerability to access their basic needs, including good-quality curative and preventative health services, as well as the means to sustain a productive livelihood. It can also contribute to tackling malnutrition by supporting families to access enough food to meet full nutrient requirements and improve child care and feeding practices. Social protection also has the potential to empower poor people to transform their livelihoods, so that they can fully participate in their economies and societies.[2] It is, therefore, a strategy that, if done right, can address the short-term needs of people living in poverty and provide them with economic and social opportunities that can deliver sustainable returns for themselves and for society as a whole.

Social protection policies aim to make poor people less vulnerable and protect them from extreme deprivation.[3] Social protection policies are broad and can impact on a range of human development indicators.[4] This report focuses on one component of social protection – social transfers – since these are most relevant to tackling child malnutrition.

Social transfer programmes – such as cash or in-kind transfers and public works programmes – can benefit communities in crisis and at risk of hunger in several ways. They can increase poor households' resilience to shocks, while ensuring they can continue to access services essential to human development – such as health and education – and enable poor households to avoid the need to adopt coping strategies that may be harmful in the longer term.[5]

Social protection programmes also have the potential to benefit the wider community and, where coverage is broad, even the whole country. By promoting consumer spending, they stimulate local and national economies.

SOCIAL PROTECTION: A HUMAN RIGHT

Social protection is a fundamental right in and of itself, as enshrined in article 9 of the International Covenant on Economic, Social and Cultural Rights.[6] It is also instrumental in the provision of other essential rights, including the rights to food, health and education.[7]

Children's rights to social security and an adequate standard of living are elaborated in articles 26 and 27 of the UN Convention on the Rights of the Child and in the Universal Declaration of Human Rights.

In 2012 the Committee on World Food Security's High Level Panel of Experts will draw attention to the right to social protection in a forthcoming report.[8]

DEFINITIONS OF KEY TERMS

Social protection. There are many definitions of social protection, but, broadly, social protection refers to "the public actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society".[9] Social protection is "the set of all initiatives, both formal and informal, that provide: *social assistance* to extremely poor individuals and households; *social services* to groups who need special care or would otherwise be denied access to basic services; *social insurance* to protect people against the risks and consequences of livelihood shocks; and *social equity* to protect people against social risks such as discrimination or abuse."[10]

Social transfers are defined as "...predictable transfers to households or individuals, both in-kind and cash, including public works programmes".[11] In other words, social transfers entail distributing cash, food or assets – sometimes on the condition that recipients participate in employment or other activities – in order to protect them from poverty and promote productive livelihoods. This includes short-term emergency or seasonal safety nets, which provide transfers for a more limited period of time.

Safety nets is a term that is often used interchangeably with social transfers. The emphasis of safety nets is on preventing the negative impacts of transient and chronic poverty. As the name suggests, safety nets are designed to 'catch people when they fall';[12] whereas social transfers are often defined more broadly to include promotive and transformative impacts on livelihoods.

Cash transfers are one type of social transfer. They are "predictable, regular transfers of cash to individuals or households by governments or others, for the purposes of addressing poverty, vulnerability and children's development."[13] Cash transfers can be conditional upon recipients attending certain health, education, or nutrition services, or they can be unconditional and provided without any such requirements.

Public works programmes (PWPs) are special types of social transfer in which cash, food or assets are given on completion of a work requirement. There are many different types of PWP,[14] but they often have similar objectives:

- jobs for workers to increase their income and reduce their vulnerability
- creation of a public good in the form of new infrastructure or improvements of existing infrastructure or delivery of services.[15]

TACKLING CHILD MALNUTRITION

Social protection programmes have been shown to contribute towards reductions in hunger and malnutrition. An estimated 925 million people globally experience hunger:[16] they lack sufficient primary macronutrients – carbohydrates, fats and protein. Undernutrition – which we refer to as malnutrition in this report[17] – refers to poor growth, manifested as low weight-for-height (wasting), low height-for-age (stunting) or low weight-for-age (underweight) due to a combination of deficits of food, care, water and sanitation, and health services.[18]

Given the potentially damaging impact of malnutrition on human development and economic growth, developing countries, particularly those with high rates of malnutrition, should make social transfer programmes 'nutrition-focused'. This report sets out to develop a set of five guidelines, based on the evidence for the benefits of social transfers for nutrition, for policy-makers to adapt to national contexts in order to maximise improvements in nutrition outcomes.

However, although social protection is a fundamental right, and in spite of the potential benefits it offers for economic opportunities and human capital, social protection programmes – including social transfers – receive inadequate investment. In order to be responsive to shocks and be ready to scale up to prevent increasing rates of poverty and malnutrition in the event of crisis, it is vital that such programmes are well-established, have the ability to reach those vulnerable to malnutrition, are well-administered, and have the flexibility and resources to adapt and increase coverage and scale during crisis. A 2011 World Bank study that assessed the extent of social protection programmes in 13 countries and their effectiveness and capacity to respond to food price volatility found that only one country had a strong basis for response, while three countries were unprepared. Of the other nine, eight were moderately prepared and one had a weak basis for response.[19] As the World Bank's Chief Economist said, "[d]eveloping countries need to evaluate their vulnerabilities and prepare for further shocks, while there is still time."[20]

The global economy is reeling from the impact of economic crisis in industrialised and emerging economies. The financial crisis in Europe, slowing growth in China, rising food prices and the impact of continuing tensions in the Middle East on oil prices are having drastic knock-on effects in developing countries, threatening children's lives and future chances, and with devastating consequences for poor people already facing a daily struggle to feed their families.

The World Bank and the International Monetary Fund have both downgraded projections for growth in the global economy in 2012 and 2013;[21] other commentators have been even more pessimistic in their forecasts.[22]

The risk of increasing poverty may translate into devastating effects for children worldwide, including increased incidence of hunger and malnutrition. Studies show that economic crisis can lead to increases in the risk of low birth-weight and low height-for-age or stunting – both indicators of malnutrition.[24] Child malnutrition has a devastating human impact, stunting children's physical and cognitive development.[25] By compromising human capital, malnutrition also damages the growth potential of a country:[26] the World Bank has estimated that "many countries lose at least 2–3 percent of their gross domestic product to undernutrition."[27] On top of the direct human costs, crisis-induced malnutrition can spark a vicious circle of contracting economic potential.

OVERVIEW OF THE REPORT

This report analyses the potential of social transfers to improve nutrition and identifies the implications of the poor global economic outlook for hunger and nutrition in developing countries. It sets out the importance of social transfer responses.

Chapter 1 identifies poverty as an underlying cause of malnutrition, and summarises the evidence of social transfers' potential to simultaneously boost economic growth, food security and nutrition. It analyses particular programmes that have successfully contributed to decreases in hunger and malnutrition.

Chapter 2 uses existing evidence to define key characteristics of social transfer programmes that can maximise positive nutrition outcomes. It provides five guidelines for policy-makers on the design of social transfer programmes.

Chapter 3 summarises the economic risks currently facing poorer countries in light of the eurozone crisis and downturn in industrialised and emerging economies. It discusses the ways in which financial and economic crises can affect developing countries, and considers their impact on economies, communities, and children, with a particular emphasis on their impact on hunger and malnutrition.

In Chapter 4 we present new evidence on the impact of projected economic growth downgrades on the numbers of children who are hungry, showing that 33 million more people are at risk of hunger if economic worst-case scenarios are realised. It goes on to demonstrate how social transfers, as an anti-inequality measure, more than mitigate against this risk.

The final chapter provides conclusions and key recommendations for national governments, donor countries, multilateral institutions and the G20 on investing in social transfers and measuring needs for capacity development. It includes five evidence-based guidelines on the design of social transfers for national governments to employ to improve hunger and nutrition outcomes. The final chapter goes on to argue that modest investments in social transfers, especially when directly challenging inequality, can deliver high returns on children's lives and their future chances.

1 HOW SOCIAL TRANSFERS HELP TACKLE CHILD HUNGER AND MALNUTRITION

The malnutrition crisis is not new; it is already an enormous problem globally, causing the deaths of 300 children every hour of every day.[1] Rates of stunting (see Box 1), for example, have remained high in many countries for 20 years, declining by an average of just 0.6% each year[2] during that period.

Economic conditions – including income poverty and low employment status – are a key underlying cause of malnutrition, as reflected in the UNICEF framework of the causes of malnutrition (see Figure 1). This was borne out by a Save the Children research study that assessed the extent to which poverty is a barrier to good nutrition. Using the Cost of the Diet[3] method, it measured the proportion of people who could not afford a minimum-cost nutritious diet in selected communities in Bangladesh, Ethiopia and Kenya. The study found that a significant proportion of families could not afford a nutritious diet, even if they spent all of their income on food.[4] Evidence shows that the impact of economic crisis hits chronically poor people as well as economically active 'working poor' people. Rising global and domestic food prices and increasing vulnerability to crisis among the 'working poor'[5] are compounding the threat of malnutrition.

BOX 1. MEASURES OF MALNUTRITION

Stunting: a child is too short for their age – a result of chronic malnutrition

Wasting: a child's weight is too low for their height – a result of acute malnutrition

Micronutrient deficiency: a lack of one or more essential vitamins and minerals, such as vitamin A, iron or zinc.

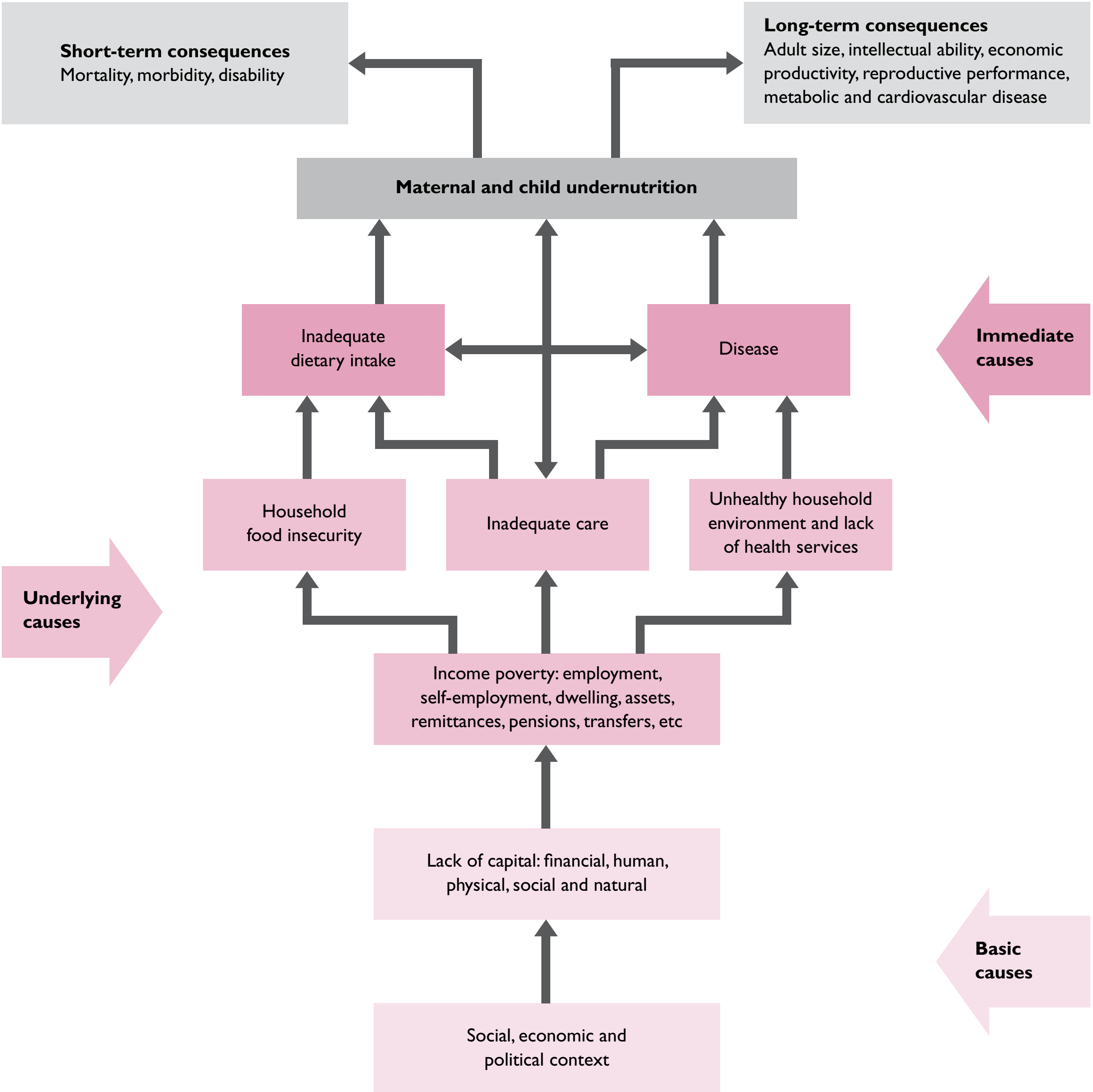
From *A Life Free from Hunger: Tackling child malnutrition*, Save the Children, 2012

Economic downturns force parents to work more hours (up to 10 extra hours a week to feed their families),[6] which can in turn have negative effects on childcare practices and the ability of parents to prepare nutritious meals, increasing the risk of malnutrition for children.

Given the importance of economic factors for progress against nutrition, continued global economic decline in 2012 and 2013 could exacerbate the situation for millions of children. Studies show that economic crisis can lead to increases in the risk of low birth-weight and stunting.[7,8] For example, the Indonesian economic and financial crisis in 1998 led to food insecurity spreading across the country, and the prevalence of underweight children aged 6–17 months increased between 1996 and 1998.

By providing access to a nutritious diet and enabling poor people to invest in and develop their own production, social transfers can lead to sustainable reductions in poverty and hunger, as well as boosting economic growth.[9] Studies show that the benefits of social transfer schemes for nutrition are concentrated more on the poorest groups of society than on the middle-income and better-off groups.[10,11] For example, conditional cash transfers in Honduras, Mexico and Nicaragua were found to have a greater impact on poorer households.[12] An early evaluation of the Mexican *Oportunidades* cash transfer scheme found higher food expenditure among beneficiaries, particularly among poorer people.[13] In South Africa, the Child Support Grant is taken up largely by vulnerable households in which adults are less well-educated and less likely to be employed.[14]

FIGURE 1. FRAMEWORK OF THE RELATIONS BETWEEN POVERTY, FOOD INSECURITY AND OTHER CAUSES OF MATERNAL AND CHILD UNDERNUTRITION AND ITS SHORT-TERM AND LONG-TERM CONSEQUENCES



Source: UNICEF framework, presented in Black et al (2008) 'Maternal and child undernutrition: global and regional exposures and health consequences', *The Lancet*, January 2008

Given the benefits of social transfers for food consumption and poverty reduction, it is no surprise that there is also strong and growing evidence of the potential for social protection programmes to tackle hunger and malnutrition – see the examples given in Box 2.

This chapter reviews how social transfer programmes can:

- increase poor households' expenditure on food and stimulate local markets
- improve productivity and self-reliance among poor communities
- strengthen human capital, thereby reducing the intergenerational transmission of poverty.

BOX 2. FIVE SOCIAL PROTECTION SYSTEMS THAT SHOW EVIDENCE OF IMPACT ON HUNGER AND NUTRITION:

- **Mexico**: The conditional cash transfer scheme *Oportunidades* (known as *Progresa* before 2002) is the country's main anti-poverty programme. More than 4 million families benefit from *Oportunidades*, which currently represents 46.5% of the Mexican government's anti-poverty budget.[17] The scheme recognises that affordability is a critical barrier that limits the extent to which poor families send their children to school. It therefore provides regular transfers of cash and focuses on improving human capital, by linking transfers to regular school attendance, health clinic visits and nutrition interventions.
- **Brazil**: *Bolsa Familia* is an innovative conditional cash transfer scheme that now reaches more than 46 million of the poorest people in Brazil.[18] Introduced in 2003, the programme is one of the most important strands of Brazil's multi-sectoral *Zero Hunger* strategy. At a cost of US$8bn (or just 0.5% of Brazil's GDP), this scheme has helped to reduce the proportion of people in extreme poverty from 12% in 2003 to just 4.8% in 2009.
- **Ethiopia**: The *Productive Safety Net Programme (PSNP)* is targeted at the most food-insecure *woredas* (districts) in rural Ethiopia, and aims to overcome many people's dependency on food aid. In 2009 it delivered cash and/or food transfers to 7.6 million rural Ethiopians for six months of the year,[19] either through public works (85%) or as direct support for beneficiaries who were unable to work (15%).[20] The scheme is set to be extended to cover 8.3 million people by 2015.[21]
- **South Africa**: *The Child Support Grant (CSG)* is one of the government's main initiatives to reduce child poverty. A monthly grant of R240 (around US$31) is paid to families with children under the age of 14 whose parents or caregivers earn less than the minimum wage. In 2009, 9 million children benefited from the CSG.[22, 23]
- **Bangladesh**: The *Chars Livelihoods Programme* is a public works programme that provides income-generating assets to 55,000 of the poorest households in the Chars region of Bangladesh. It is estimated that more than 900,000 people have benefited.[24] Members of Chars households are given cash in return for constructing a raised earthen plinth on which their homes are reconstructed and homestead gardens can be established.[25]

INCREASING POOR HOUSEHOLDS' FOOD EXPENDITURE AND STIMULATING LOCAL MARKETS

There is robust evidence of social transfers improving the quantity and quality of food consumption.[26] Poor people in developing countries spend the majority of their income – up to 80%[27] – on food (compared with 8% on average for households in the UK[28]). Social transfer beneficiaries also tend to spend a significant proportion of any additional income they receive on food. For example, in Bangladesh, over 99% of beneficiaries of the Chars Livelihoods Programme reported spending money earned from the programme on food.[29]

In Brazil, rural households on the *Bolsa Familia* scheme spend as much as 88% of the cash from that scheme on food.[30] In Ethiopia, 80% of PSNP beneficiaries used the cash to buy food.[31] And in South Africa beneficiaries of the Child Support Grant say that they spend most of it on food, with 70% of beneficiaries reporting that they use the grant to ensure that children do not go hungry.[32]

There is strong evidence to show that this increased spending leads to improved calorie intake and, often, greater dietary diversity.[33] In Ethiopia, PSNP beneficiaries were significantly more likely to consume the required 1,800 calories per day than non-beneficiaries.[34] Beneficiaries of *Oportunidades* were shown to consume 6.4% more calories than non-beneficiaries, and most of these 'extra' calories came from animal and vegetable products.[35] In Bangladesh, the Chars programme brought about significant increases in the consumption of nutrient-rich foods such as eggs, meat, fish, pulses, green leafy vegetables, milk and fruit among beneficiaries.[36] A recent review of social cash transfers found that "almost without exception", they had increased dietary diversity.[37]

By enabling poor people to spend more, social transfer programmes stimulate the local economy and can boost overall economic growth.[38] The stimulation of food markets by social transfers has also been shown to benefit the wider community. For example, non-beneficiaries in villages where *Oportunidades* operates have increased food expenditure compared to people in other villages, probably due to the stimulation the scheme has given to the local economy.[39] This market stimulation provided by social transfers also supports markets in times of seasonal or economic shocks. Social transfer beneficiaries who have the means to maintain consumption in the face of such shocks can help reduce fluctuations in demand, again benefiting non-recipients.[40]

INCREASING PRODUCTIVITY AND IMPROVING SELF-RELIANCE AMONG POOR COMMUNITIES

Social transfer programmes lead to investment by beneficiaries in productive assets. For example, the PSNP in Ethiopia has been shown to lead to investments by beneficiaries in livestock holdings.[41] Employment schemes such as NREGA in India can lead to creation of productive assets such as water systems, which promote future productivity.[42]

These investments lead to longer-term increases in productivity and micro-level economic growth.[43] Sustainable growth among poor people builds increased resilience to future shocks and creates the potential for a permanent exit from poverty.[44] The growth-promoting aspects of social transfers make them an essential tool for policy makers in low-income and middle-income countries.[45]

Social transfers provide a stimulus to entrepreneurialism. In the face of economic uncertainty and risk, people are more reluctant to start up new businesses or invest in their livelihoods. Social transfers help reduce risk and enable poor people to improve their potential to generate income in the long term by investing in assets.[46] For example, the *Bolsa Familia* programme in Brazil enables beneficiaries to protect themselves against the adverse effects of shocks, with the result that they are more likely to participate in new entrepreneurial activities.[47] Beneficiaries of Ethiopia's PSNP are able to own more productive assets – such as tools or livestock – and borrow money for productive purposes, making them better equipped to contribute to faster recovery after economic crisis,[48] boost consumption and stimulate the local economy.

Social protection also has employment-promoting effects, which can be essential in protecting people from acute emergency needs: for example, the PSNP protected many Ethiopian families from hunger during 2011 food price rises, through provision of temporary employment and cash provisions.[49]

While some have voiced concerns regarding disincentive effects of social transfers on the local labour supply, these are not borne out by the evidence.[50] Instead, several studies show that by reducing credit and family care constraints, social transfer programmes can encourage more economic activity among adults.[51] Following the introduction of the Basic Income Grant in Namibia, employment rose by 11 percentage points (from 44% to 55%) within the space of one year.[52] In South Africa, labour force participation was 13–17% higher in households with a pension compared with similar households not receiving a benefit.[53]

STRENGTHENING HUMAN CAPITAL

Long-term recovery from economic crisis is reliant on strong 'human capital'. Stunting in children (see page 4) reduces human capital because it constrains both physical and cognitive development, and reduces future earnings in adulthood: stunted children may earn as much as 20% less than their non-stunted counterparts.[54] Several studies have demonstrated that social transfers can lead to significant reductions in stunting (ie, improvements in height-for-age scores), mainly among children who are beneficiaries during their first 36 months of life.[55] See Box 3 for examples from different countries of the impact of social transfers on stunting and other nutritional indicators.

BOX 3. THE IMPACT OF SOCIAL TRANSFERS ON STUNTING AND OTHER NUTRITIONAL INDICATORS: MEXICO, BRAZIL, SOUTH AFRICA AND BANGLADESH

Stunting

- **Mexico**: Children who are part of the *Oportunidades* scheme have been shown to have mean growth rates that are up to 16% faster than similar children not on the scheme, corresponding to an extra 10mm of height.[56] This effect is noted both among very young infants[57] and children up to age three.[58] Child beneficiaries of the scheme were protected from negative effects on their height-for-age during a coffee price shock, when coffee growers' earnings were badly affected.[59]
- **Brazil**: Children who are part of the *Bolsa Familia* have a 26% better chance of not being stunted than non-beneficiaries, rising to 41% for 36–59 month-olds.[60, 61]
- **South Africa**: The unconditional Child Support Grant has been shown to lead to increases in children's height, making beneficiaries on average 2% taller than non-beneficiaries.[62]
- **Bangladesh**: A recent evaluation of the Chars public works programme has shown that children under five of beneficiary women are 7mm taller on average than non-beneficiaries.[63]

Other nutritional indicators

- **South Africa**: The Child Support Grant in South Africa has been shown to improve recipients' weight-for-height.[64]
- **Mexico**: *Oportunidades* has been shown to have strong positive effects not only on weight-for-height,[65] but also on birth-weight (reducing the incidence of low birth-weight by 4.6%[66]) and levels of anaemia.[67]
- **Brazil**: An evaluation of *Bolsa Familia*[68] showed a positive effect on weight-for-height, although this was not significant (perhaps due to the size of the analytical sample).
- **Bangladesh**: The Chars programme increased both weight-for-age (beneficiaries being 210g heavier) and mid-upper arm circumference (1.39mm higher) among beneficiaries under five.

This chapter has shown that social transfer programmes can have important effects on poverty, hunger and malnutrition. Vitally, extra cash enables poor people to access more and better-quality food. Social transfers are also proven to increase access to water and sanitation facilities, and to improve financial access to health services, which is also critical for tackling malnutrition.[69]

The evidence for nutrition effects is strong in the well-evaluated cash transfer programmes from Latin America, and evidence cited in this chapter from other schemes in Africa and Asia has shown similar results. Evidence available for both cash transfers and public works programmes shows their impact on nutrition, particularly if the programmes are established as a 'right' rather than a temporary safety net.

Social transfers and safety net programmes are also very important for nutrition in the context of humanitarian crises – see Box 4. In those emergency settings, social protection programmes again protect households' ability to maintain their expenditure on food and on a variety of food types, and build their resilience to future shocks.

BOX 4. STOPPING FOOD CRISES BEFORE THEY HAPPEN: HOW SOCIAL TRANSFERS CAN HELP

Food prices rocketing while your crops fail and animals die: this is the deadly combination that has pushed millions of people across the Sahel and the Horn of Africa into crisis from 2009–12. Even in non-crisis years, 50% of children under five in the Sahel suffer chronic malnutrition,[70] and malnutrition is the underlying cause of 300,000 deaths in the region each year.[71]

In this context, a shock such as drought or a food price spike that slashes the availability of food can mean that children already weakened by undernourishment and disease are dangerously vulnerable to sickness and the threat of sudden, acute malnutrition. When the production of staple foods fell across the Sahel by 25% in 2012 compared with 2011, and food prices simultaneously rose beyond the means of the poorest families, a Save the Children study found that thousands of the poorest families in Niger could only afford 40% of their basic survival needs for the year.[72] Against a background of long-term chronic malnutrition, an acute nutrition crisis unfolded which is now affecting 6.3 million people.

Social transfer programmes help protect communities in high-risk areas from being adversely affected by crisis, and help to build their resilience. Ensuring families have a basic income or food basket means they don't have to sell their productive assets or sacrifice school fees or healthcare costs to feed their children if crisis hits. For example, in Ethiopia in 2011 the PSNP protected millions of people from an acute hunger crisis that was affecting the region. In 2008, the government of Niger started a pilot social transfer programme to help 80,000 people avoid the worst effects of shocks like drought or food price spikes.

In areas at risk of food crisis, social transfers provide a platform for a more efficient response to the first early warning signs. Rather than wait for rates of acute malnutrition and mortality to rise – and for the media to pick this up – social protection programmes can scale up when the warning signs come. Social protection programmes should include agreed triggers – based on established relationships and local understanding – so that if the food and nutrition security outlook for families becomes a concern, contingency plans are put into action involving pre-positioned funds and stocks. With this kind of flexibility built in, the negative impacts of crisis can be prevented.

To be as effective as possible, these programmes should be targeted at the most vulnerable families. One of the best available tools for this is the Household Economy Approach (HEA)[73] analysis, which captures how families are likely to respond to shocks, including:

- the extent of reliance on food purchases rather than their own food production
- how families' income is generated
- how the market is functioning.

Save the Children's past and current experience in working with governments in Mali and Niger demonstrates that the HEA can be invaluable in helping target social transfer programmes effectively. HEA helps to identify who has the greatest need, who should be prioritised in social transfer programmes, and when. By identifying when families cut back, when they consolidate, and when they trade, HEA can ensure that social transfer programmes complement families' means of coping, making them more sustainable.

Social transfers can stop crises before they happen, and can play a crucial role in promoting communities' resilience to future shocks. They are not the whole solution to building resilience. But by protecting people from the worst effects of hunger crises, social transfers can provide a solid platform from which longer term, transformative livelihoods work can build.

2 ENSURING SOCIAL TRANSFERS SUPPORT NUTRITION: FIVE POLICY GUIDELINES

As the previous chapter sets out, there are a number of cases where social transfer systems have been shown to improve various aspects of child well-being, including reducing poverty and hunger; and building and sustaining livelihoods, especially in crisis. There are also strong examples of the impact of social transfers on human development indicators, such as health, education and nutrition, and in stimulating investment in productive assets and demand in local markets.

However, although these kinds of impact have been found across a number of programmes, they are not guaranteed. While the impact of social transfers on food consumption and dietary diversity is reasonably robust, the evidence of its impact on nutrition indicators such as stunting is not as clear-cut.[1] To achieve improvements in child nutrition through social transfers, a number of design and implementation characteristics of these programmes must be considered.

The design and implementation of social protection programmes need to be aligned with long-term national objectives and goals. In developing countries, where coverage of social protection is generally low, governments will need to define priorities and strategies for progressive realisation of social protection programmes,[2] consistent with need and broader policy frameworks.

In countries with high burdens of malnutrition, it is crucial that social protection programmes include nutrition as one of the stated objectives and that programmes are designed based on a comprehensive analysis of the causes and context of malnutrition. This chapter draws on existing evidence to set out five broad guidelines for policy-makers to use in developing social transfer programmes that will help maximise improvements in nutrition, and that are appropriate for national contexts and priorities.

1. SOCIAL TRANSFER PROGRAMMES SHOULD BE UNDERPINNED BY LONG-TERM COMMITMENT AND BROAD COVERAGE

Social protection programmes – including transfer programmes – should be institutionalised as part of a system, within a national social protection strategy and domestic law.[3] In this way the programme guarantees access to social protection for those people who require it, according to the eligibility criteria. Beneficiaries should only leave the programme as a result of no longer meeting the eligibility criteria – eg, no longer fitting the demographic criteria, such as those based on age; or 'graduating' beyond the poverty criteria. By contrast, short-term programmes that only operate for a period of months are unlikely to have sustained impact on nutrition or other indicators.

In many developing countries, child malnutrition is a huge challenge. Over 40% of children under the age of five are stunted in India, Pakistan, Bangladesh, Nigeria and Ethiopia,[4] with high levels in many other developing countries. In these countries **broad coverage is critical to reducing national rates of malnutrition**. This in turn requires long-term domestic financing strategies for social protection programmes, complemented where necessary by multi-year funding commitments from donors.

In order to effectively deal with crises, social transfers need to be well-established prior to the crisis and be sustained during the crisis.[5] Social transfers should also be flexible to provide seasonal or crisis-related support to shock-affected socio-economic groups to protect households and prevent loss of human and productive capital. Household Economy Analysis (HEA) can be used to identify the crucial time in the year when families most need support (see Box 4).

Many of the programmes that have had the most impressive impacts on nutrition are those that achieved significant coverage – ie, that have reached a large number of people – irrespective of how they are targeted. For example, Brazil has experienced one of the most impressive declines in child undernutrition in the developing world. Its conditional cash transfer programme, *Bolsa Familia*, reaches 46 million people as part of an integrated nutrition strategy, *Fome Zero* (Zero Hunger). The cash transfer programme is recognised as playing an important role in reducing child malnutrition, with increased purchasing power acknowledged to account for 15% of the decline in malnutrition.[6] The South African Child Support Grant reaches around 9 million households; and Mexico's *Oportunidades* programme reaches more than 4 million households.[7]

In many developing countries, particularly in sub-Saharan Africa, social protection programmes reach a small proportion of those who are poor and vulnerable to malnutrition. These programmes tend to focus on selected vulnerable groups that are often narrowly defined, such as orphaned and other vulnerable children, or people who are unable to work due to old age, chronic sickness or disability.[8]

In summary

Long-term commitment to social protection is essential to ensure a sustained impact on nutrition.

In countries with the highest burdens of malnutrition, coverage of social protection is insufficient and targeting is narrow. Coverage of social protection in these countries must be urgently scaled up.

2. CASH TRANSFERS SHOULD REFLECT THE COST OF A NUTRITIOUS DIET AND BE ABLE TO ADJUST IN RESPONSE TO PRICE INCREASES

Across the different types of social transfer programmes (emergency and developmental, including public works programmes) transfers of cash, as opposed to in-kind transfers (such as food and assets), have grown in popularity. There has been a growing consensus in favour of cash transfers over food aid or other 'in kind' transfers in most circumstances, with EC, UN agencies and the UK government all increasing their use of cash-based transfers.

Transfers of cash, as opposed to food distribution or other 'in kind' transfers, provide a range of benefits for the beneficiary, and allow greater choice of use of the transfer; they are more empowering and can allow a greater diversity of food choice. In addition, cash transfers are better able to strengthen local markets and are likely to be more cost-effective than food transfers. Save the Children's cash transfer programme in Swaziland found higher dietary diversity among cash plus food recipients compared to food only recipients.[9] An evaluation of Save the Children's programme in Niger found that cash transfers were used in buying the staple food, millet, as well as other products available locally such as cow's milk, meat, groundnut oil, cowpeas and pancakes. Spending on nutritious foods increased considerably after distribution of the transfer.[10] Evidence from a synthesis of World Vision's cash transfers in emergencies found that cash is spent on more diverse food and allows more flexibility in how beneficiaries spend cash.[11]

Beneficiaries may also use the cash transfer for non-food expenditure such as health and education, which will increase impact on nutrition and child development in the short and long term. The flexibility of cash allows families to prioritise according to need, between nutrition, healthcare and other basic needs. For example, evidence from the PSNP in Ethiopia found that for the households that received food transfers the overwhelming majority consumed all the food they received, whereas cash transfers are used in a much more diverse way, with significant numbers spending some cash on health, education or investing in farming.[12]

Transfer size is critical in determining the impact of social transfers on hunger and nutrition. Evidence shows that by tackling the underlying poverty constraint, a larger cash transfer leads to young children eating more and better food, which is likely to have a positive impact on height-for-age and stunting.[13] For example, simulations of doubling the transfer size in Mexico's *Oportunidades* programme found lower prevalence of stunting.[14] The inadequate transfer size in Mozambique's Food subsidy programme (*Programa Subsídio de Alimentos*) has been a key challenge that has undermined impact;[15] there is now a commitment to align the transfer size better with prevailing prices.

In order to maximise impact on nutrition, it is crucial that the cost of a nutritious diet and the household's purchasing power are considered in determining appropriate transfer size. Cost of the Diet analysis undertaken in DRC, Bangladesh and Pakistan[16] found a huge gap between the cost of a nutritious diet and household income, particularly for very poor groups. In DRC, a diet that provides sufficient energy for children is four times cheaper than a diet that provides the required nutrients for optimal growth and development of children. The poorest families (those who are 'very poor' and 'poor') can barely afford a diet that merely fulfils their energy requirements; most people, including better-off households, cannot afford the essential micronutrients.

In Pakistan, Cost of the Diet analysis found that availability of nutrient-rich food is not a main cause of malnutrition. Rather, the annual income of very poor households is able to meet only 31% of the total estimated cost of the minimum nutritious diet. In order to increase access to and affordability of a nutritious diet, any cash transfer that aims to impact on nutrition needs to assess affordability – and bridge the gap accordingly.

In some contexts, particularly fragile states and in areas affected by drought or a natural disaster, cash transfers may be less suitable because of the poor availability of food – especially of certain types of food – on the market, and rising food prices. In these contexts, the decision on transfer modality should be informed by a market assessment, including Cost of the Diet analysis, which can assess the foods that are not available or are only available at high cost.

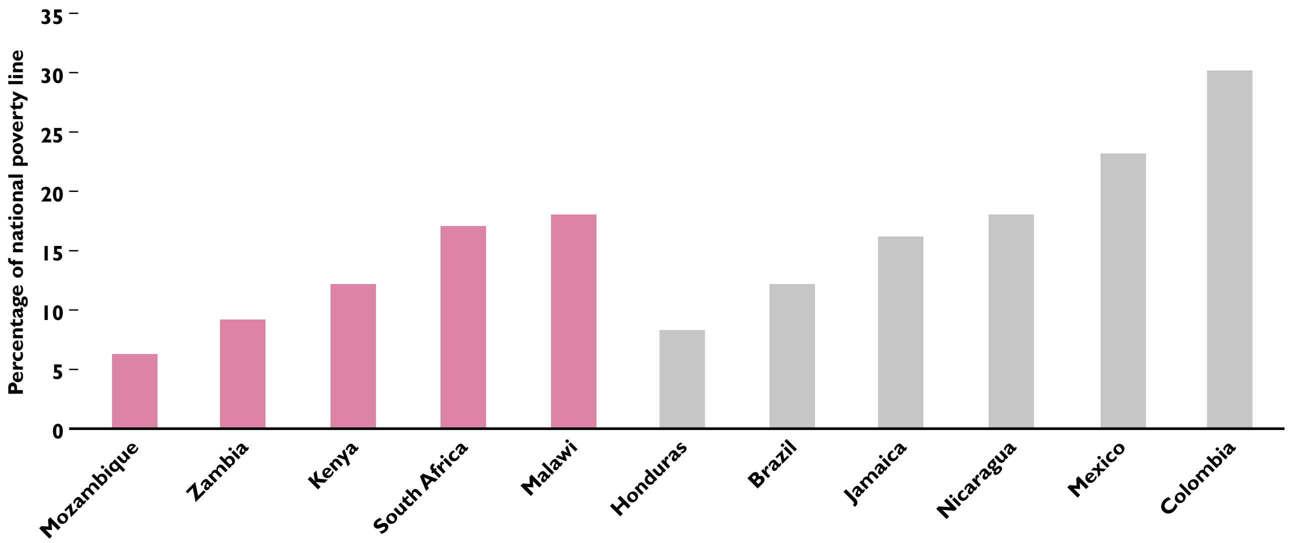
Where food transfers are provided, these transfers should be designed to meet energy and micro-nutrient needs of households, particularly of children.

The appropriateness of cash versus food depends on key aspects such as transfer size and the extent to which transfer size is able to adjust to changing food prices. In Ethiopia, when the cash wage rate was undermined by rising food prices, beneficiaries increasingly expressed a preference for food over cash transfers.[17] The Cost of the Diet analysis for Pakistan showed that fluctuating food prices and wage rates risk widening the gap between income and the cost of a nutritious diet.

In the light of rising food prices, decisions on transfer amount should be informed by an understanding of seasonal variations in prices and production levels. It may be necessary to index-link transfer size to food price inflation; consider alternative payment types such as vouchers, a combination of cash and food or switching to food transfers; or introduce other policies to stabilise food prices.[18]

Cash transfer programmes typically transfer an amount equal to about 20% or less of the poverty line.[19] The five African programmes shown in Figure 2 provide benefits ranging from 5–20% of the national poverty line. Since the African programmes typically target the ultra-poor, whose consumption is no more than half the poverty line, these values represent 10–40% of the per capita consumption of recipient households.[20]

FIGURE 2. VALUE OF TRANSFER AS A PERCENTAGE OF THE POVERTY LINE



Source: Blank, L and Handa, S (2008) 'Social Protection in Eastern and Southern Africa: A framework and strategy for UNICEF'. Nairobi: UNICEF

Input or asset transfers impact on nutrition in a number of ways, including by improving livelihoods opportunities, thereby boosting income, food security and nutrition. Particular livelihoods interventions may impact directly on nutrition, such as kitchen gardens that produce nutritious food and livestock transfers that may increase consumption of protein-rich foods.

In summary

Cash, rather than in-kind, transfers have a number of advantages, including allowing greater choice and diversity of food and other consumption.

Transfer sizes should be large enough to have a sufficient and sustained impact on nutrition and other outcomes. In particular, they should support households to meet the costs of a nutritious diet, taking into account food prices and purchasing power.

Cash transfers should be indexed to food price inflation, particularly in contexts of rising food prices; or alternative payment modalities and policies to stabilise food prices should be considered.

3. DELIVERY NEEDS TO BE TIMELY AND CONVENIENT FOR BENEFICIARIES

Timeliness of social protection mechanisms is critical to ensuring impact. Delayed transfers may not be able to prevent asset depletion and other harmful coping strategies.

The delivery of transfers should be designed in a way to minimise cost and the time burden for accessing the transfer, particularly for women, who are the primary recipients and tend to be overburdened by domestic responsibilities. Security issues and the availability of transport must also be considered. Cash transfers are increasingly delivered through mobile finance and digital solutions, including e-payment and mobile phone-based money transfer systems. Innovative mobile finance and digital solutions have the potential to transform the delivery of cash transfer systems (see Box 5).

In summary

It is critical that social transfers are regular and predictable. In addition transfers should be delivered in a cost-effective way that minimises the burden on beneficiaries. Innovative delivery systems should be explored.

BOX 5. MALAWI – DELIVERING CASH TRANSFERS THROUGH MOBILE FINANCE AND DIGITAL SOLUTIONS

The Government of Malawi's Social Cash Transfer Programme (SCTP) is currently delivered manually and requires beneficiaries to travel to a fixed place at a set time each month to collect the full value of their transfer. The process is time-consuming and restrictive, with high 'opportunity costs' in terms of the time that it takes to access the transfer.

There are also problems with the security of cash when it is physically counted and transported. In addition, there are high transport costs and a large burden on district staff who administer and distribute the transfers each month.

Save the Children is working in partnership with Opportunity International Bank Malawi (a commercial bank that targets the poor in under-served areas) and Airtel (a mobile phone operator) to pilot an innovative e-payment delivery mechanism. Beneficiaries will be able to access their funds through one of two e-payments systems: electronic banking (where they visit a bank, local agent, or mobile van) or a mobile phone-based money transfer system (where beneficiaries access their transfer via a mobile phone with a local agent).

These e-payment solutions will largely eliminate the problems associated with the security of cash. Beneficiaries will also not have to withdraw all their money at once, making it easier to save. The e-payments system will allow beneficiaries to pay for services and products directly, potentially including school fees.

The innovative delivery solutions are intended to reduce the time burden – particularly on women, who are primarily responsible for collecting the transfers – and to introduce participating households to new tools, skills and technologies. For example, households will get regular training in money management, and the programme will run awareness-raising campaigns to promote better financial practices.

4. INTEGRATE SOCIAL TRANSFERS WITH WIDER NUTRITION PACKAGES, BUT CONDITIONALITY SHOULD NOT BE THE DEFAULT OPTION

Social transfers must meet multiple goals; the nutrition component should be seen in that light. The potential for social transfers to impact on nutrition can be maximised by combining with complementary programmes and by strengthening links to national nutrition policies.[21] As represented in the malnutrition causal framework (see page 5), poverty is not the only contributing factor to malnutrition – inadequate care and an unhealthy household environment are also important factors. Consequently, it is critical to introduce a holistic and integrated approach that includes promotion and support of good nutrition, such as breastfeeding and promotion of hygiene practices, as well as micronutritent or nutritional (vitamins, minerals, protein and energy) supplements for pregnant women, lactating mothers and young children, drawing on the 13 interventions recommended by *The Lancet*.[22]

Many programmes, particularly conditional cash transfer programmes in Latin American countries, are combined with breastfeeding promotion and support, and provision of supplements or fortified foods. These 'direct interventions' have been shown to effectively impact on the non-income causes of malnutrition, such as poor-quality diets and specific nutrient deficiencies.

Social transfer policies can be linked to nutrition policies in a number of ways. For example, nutrition can be enhanced by using social transfer structures and processes to promote behaviour that supports good nutrition (for example, at payment points, in programme communication and in community committees). There is potential for public works programmes to support a cadre of community nutrition workers to promote good nutrition. Different targeting systems can also be linked up to ensure that those targeted for direct nutrition interventions have access to social transfers and vice versa.

It is known that particular feeding practices and nutritional supplements lead to better child nutrition.[23] However, the extent to which these interventions impact on nutrition when combined with social transfer programmes, and the relative contribution of each component, is unclear. *Oportunidades* provides a wide range of nutrition- and health-related components (enforcing uptake through a conditionality), including nutritional supplements and promoting behaviour that supports good nutrition. Initial findings from *Oportunidades* reported a limited impact on nutrition. However, once the fact that many households had not used nutritional supplements was taken into account, it was found that those who did use the supplements experienced an increase in mean growth and lower probability of stunting.[24] The uptake of nutritional supplements was a key challenge in the *Oportunidades* programme, and utilisation increased with education messages.[25] A further study on *Oportunidades* recommended that the programmme develop a more integrated approach involving promotion and support of appropriate breastfeeding and nutritional supplements, and infection control.[26] Therefore, overall, the evidence from *Oportunidades* points to the necessity of complementary nutrition interventions or links to national nutritional policies as essential to enhancing impact on nutrition.

Other programmes, particularly in Latin America, have included several similar components. It was found there were different impacts from programmes in several Latin American countries.[27] Based on an assessment of programme characteristics, a study across Latin American countries recommended encouraging exclusive breastfeeding and iron folate or micronutrient supplements alongside a cash transfer programme.

In sub-Saharan Africa, social transfers are normally 'stand alone'.[28] In a recent evaluation, one of the recommendations for the South African Child Support Grant (one of the most developed programmes in the region) is for it to be complemented by a stronger national nutrition programme.[29] In some areas of Ethiopia, the PSNP has linked the public works component with nutrition promotion activities through community health workers and promoters.

There is some debate on whether the cash or the condition matters more for nutrition outcomes.[30] A meta-analysis of impacts of cash transfers on nutrition did not find statistically significant evidence that *health-related* conditionalities, including those related to nutrition, increased height-for-age scores. However, programmes with non-health-related conditions, such as participation in public works, saw a decrease in child height, compared to unconditional programmes.[31]

Conditions may make programmes more politically acceptable, and, if enforced, may focus the programme on poorer groups as non-poor people may not comply with the conditions.[32] In spite of positive impacts from some conditional cash transfer programmes on nutrition-related outcomes, there are powerful reasons to query the use of conditionalities as a general approach. There is evidence that some of the assumptions underlying conditionality are questionable, such as the assumption that poor people neglect nutrition and education.[33] Other challenges to conditionalities include:

- **Conditions involve extra administrative costs.** For the Mexican *Oportunidades* programme, it is estimated that monitoring adherence to conditionality amounts to 26% of the programme cost (excluding the cost of the transfers themselves).[34]
- **Enforcing and administering the conditions may require additional institutional capacity** on the part of the implementing agencies, which may be unrealistic in many low income countries.
- **Beneficiaries may face additional burdens** in meeting conditions, and there is greater risk that they will be disempowered or stigmatised.[35]
- **Conditions will not be feasible in some contexts where supply of services is insufficient.** For example, if payment of the transfer is conditional upon attending a health centre or clinic, there must be an adequate number of clinics within a feasible and affordable travelling distance for families.[36] Making transfers conditional on attending clinics may risk further marginalising those people who are poorest or most remote, who are likely to be less able to comply with the conditions.

In summary

In order to ensure impact on nutrition, it is essential to link social transfers with nutrition policies or complementary interventions.

Given the costs, risks and challenges associated with conditionality, and the lack of consistent evidence of benefits, conditionality should not be the default option when designing social transfer programmes. *Context-specific analysis and substantial resources are required* to support the introduction of conditionality in any given programme. When definitive evidence of benefits is absent, a combination of the disempowering effect of conditions and the associated monitoring costs indicates a presumption against their use.

5. ENSURE SOCIAL PROTECTION WORKS FOR WOMEN AND YOUNG CHILDREN

In order to improve nutrition, social transfer programmes must take into account the specific vulnerabilities and risks faced by beneficiaries – particularly those that affect women and young children.

Research has shown that a child's chances of survival increase by 20% when the mother controls the household budget. Women, therefore, play a decisive role in food security, dietary diversity and children's health and nutrition.[37] Consequently, where possible, **social transfers should be delivered in a manner that increases women's control over family resources** and supports their contribution to ensuring a nutritious diet for the family.

There is positive evidence that making women, or the primary care-giver, the primary recipient of the transfer can improve nutrition outcomes. For example, the impact of the old age pension in South Africa on nutrition of girls was greater when the pension was given to a woman.[38] A recent study of the impact of the Mexican social protection programme, *Oportunidades*, concluded that, since the scheme was introduced, the proportion of households' budget that was spent on food either remained the same or increased,[39] confounding expectations that it would fall as a proportion of an increased budget. This was attributed to the fact that the cash was put directly into the hands of women.[40]

It is critical that in any social protection programme seeking to improve nutrition outcomes, the design is gender-sensitive and treats women's empowerment as an objective. Therefore, programmes must also avoid any negative impacts on women and children, such as increased work burdens for women or inadvertently reinforcing gender stereotypes. One concern around public works programmes is the impact on childcare. The PSNP includes specific provisions to promote women's participation given time constraints, with provisions to lighten the burden on pregnant and lactating women, and childcare facilities; however, these are unevenly implemented.[41]

Entry to social protection programmes is often impeded by barriers to access, such as lack of birth registration and limited awareness of programmes, which is likely to impact more on younger children and poorer families. Evidence from South Africa's Child Support Grant shows that early access to the programme was associated with an effective and sustained impact on children's nutrition.[42] Consequently, more needs to be done in many programmes to minimise the barriers that delay access to the programme, particularly those barriers that affect poor households.

Developing countries should ensure that eligibility criteria effectively include groups that are particularly affected by undernutrition. These groups include children under the age of two, pregnant women and breastfeeding mothers, very poor households, and adolescent girls, who are particularly vulnerable to anaemia and can benefit from improved nutrition prior to first pregnancy.[43]

Targeting depends on programme objectives; government capacity, including available data systems; and political will, government priorities and financial resources.[44] Targeting mechanisms can be based on individual or household assessments, categorisations (for example, based on age or geography) or self-selection. The different targeting approaches, their advantages and disadvantages and implications for malnutrition are included in Table 1 opposite.

Different countries take different approaches to targeting. Many middle-income countries, predominantly Latin American countries, target families in extreme poverty, based on means testing or proxy means-testing (see Table 1), with specific components targeted at pregnant and lactating women, and children in certain age groups. Much of the evidence from Latin America has found positive impacts on nutrition from this targeting methodology. Developing countries – for example, countries in sub-Saharan Africa – have tended to target more diverse groups, often using multiple targeting methodologies. There is often a geographical targeting component, either based on regional income disparities, rural areas or administrative factors. Programmes target people who are food insecure (who struggle to access food due to living in poverty), those who are unable to work, households with orphaned and other vulnerable children, and the poorest households, based on proxy means-testing or community-based targeting (see Table 1).

The evidence is very strong that nutritional gains of interventions are usually greater for young children, and that any nutritional deficits at this age cannot easily be later recovered.[45] Therefore, while cash transfers can be aimed at children of ages as high as 18 years, studies of Mexico's *Progresa-Oportunidades*, South Africa's Child Support Grant, Colombia's *Familias en Acción*, and Brazil's *Bolsa Familia* show that measurable nutrition-relevant impacts are often most significant for children under two.[46]

In summary

Social transfers must avoid any negative impact on intra-household dynamics and should support their role in ensuring a nutritious diet for the family. However, programmes must also be mindful of the risk of increasing the workload of women by introducing impractical conditions or reinforcing traditional gender roles.

It is critical that social protection effectively reaches those most vulnerable to malnutrition, such as the critical window of pregnant and breastfeeding women and children under the age of two,[47] and adolescent girls.

For developing countries, given high burdens of malnutrition and limited data systems, categorical targeting aiming at broad coverage is likely to be the most cost-effective and politically-acceptable option.

SUMMARY

Save the Children has developed a set of five evidence-based guidelines on the design of social transfers to help improve child nutrition – to be adapted to suit the national context. Where malnutrition is a key challenge and policy priority, impact on nutrition should be an explicit objective of social transfer programmes, which should in turn be monitored and evaluated.

1. **Social protection programmes should be underpinned by long-term commitment and broad coverage.** Social transfer programmes should be institutionalised and should guarantee access for those who require it. Broad coverage is critical to reducing national rates of malnutrition and to developing long-term domestic funding strategies, complemented where necessary by multi-year funding commitments by donors aiming at progressive realisation of broad coverage. In order to ensure effective crisis response, social transfer programmes should be developed in stable times and be designed to respond flexibly in crisis situations.

TABLE 1. TARGETING MECHANISMS AND IMPLICATIONS FOR ADDRESSING MALNUTRITION

Targeting mechanism	Advantages	Disadvantages	Implications for addressing malnutrition
Individual or household assessments			
Means-tested – eligibility based on income levels	Relatively effective at determining eligibility based on income poverty (limited exclusion and inclusion errors)	Requires strong data systems Does not take into account other dimensions of poverty	The countries with highest burden of malnutrition do not tend to have good data systems, and malnutrition is not based solely on income poverty
Proxy means-tested – eligibility based on observable characteristics (asset ownership, housing) that are associated with poverty	Can be effective at determining eligibility, less data intensive, and therefore less costly than means testing	Requires a good understanding of characteristics of poor or vulnerable households	Care needs to be taken to ensure that the proxies are accurate, including at identifying those vulnerable of malnutrition
Community-based targeting – community members determine which households are eligible	Can be relatively cost-effective and can increase community empowerment	Potential manipulation by local elites, limited transparency and understanding by communities	Malnutrition is not easily identified within communities, particularly if there are large numbers of malnourished children
Categorisation			
Categorical – eligibility based on broad categories such as age, disability and gender	Administratively simple, broad-based political support and buy-in from middle classes, able to target particularly vulnerable groups	Inclusion errors, as non-poor are able to benefit; and exclusion errors of poor people who do not meet the criteria Requires extensive birth registration	Allows programmes to be targeted to age groups that are particularly vulnerable to the effects of malnutrition, particularly pregnant and breastfeeding women, young children, adolescent girls
Geographical – selects beneficiaries by location	Administratively simple, particularly where poverty is concentrated	Inclusion and exclusion errors may lead to tensions if related to historically marginalised areas	It is possible to select the regions with the highest burdens of malnutrition, although this will miss malnourished children in other regions
Self-selection			
Self-selection – beneficiaries identify themselves by choosing to participate in the programme (eg, public works programmes)	No need to select beneficiaries and therefore limited capacity and resources required	Likely high inclusion and exclusion errors; possible stigma	May be difficult to ensure those vulnerable to effects of malnutrition self select, without overburdening these groups

2. **Cash transfers should reflect the cost of a nutritious diet and be able to adjust to price increases.** Transfers of cash, as opposed to in-kind transfers, are preferred as they provide a range of benefits for the beneficiary (such as diversity of food choice) as well as stimulating markets and being more cost-effective. Transfer size matters and should be based on the cost of a nutritious diet and households' purchasing power. Cash transfers should be adjusted to food prices increases.

3. **Delivery must be timely and convenient.** It is important that transfers are predictable in order to impact on households and avoid harmful coping strategies. Delivery through innovative e-payment mechanisms can reduce burden and costs on beneficiaries and allow for other benefits, such as access to financial services and savings.

4. **Social transfers should be integrated with wider nutrition interventions, but conditionality should not be the default option.** There is considerable potential for enhancing impact by combining social transfers with complementary programmes to promote and support good nutrition practices, and by strengthening linkages to national nutrition policies. This can be achieved by:
   - using social transfer structures and processes to promote and support good nutrition practices
   - supporting and training community nutrition workers through public works programmes
   - linking targeting and identification systems to effectively deliver an appropriate package of direct nutrition interventions and access to social transfers for those people that need them.

   Although conditions may enhance impact on nutrition, there are many costs and risks that are associated with conditionality, and conditions should therefore not be the default option.

5. **Ensure social transfers work for women and children.** Social transfers should be delivered in a way that supports the intra-household allocation of resources in favour of child nutrition and avoids any negative impacts on women and children. Access for vulnerable children is essential; effort should be made to minimise the barriers to access for young children or poor households. It is critical that social transfers effectively reaches those who are vulnerable to the long-lasting effects of malnutrition, such as pregnant and breastfeeding women, children under the age of two and adolescent girls.

3 THE IMPACT OF THE FINANCIAL CRISIS ON DEVELOPING COUNTRIES

This chapter summarises the ways in which economic and financial crisis in Europe and other industrialised and emerging economies is affecting national economies and poor people in developing countries. It highlights threats to 'fiscal space' – or government's ability to respond to shocks by adjusting tax or spending – threats to revenue and, at the community level, threats to remittances and food price inflation.

Evidence shows that financial crisis can push high numbers of people into poverty thereby increasing their vulnerability to malnutrition. In Indonesia, the number of households vulnerable to poverty more than doubled after the economic crisis of 1997–98.[1] Vulnerability to poverty increases as families are forced to adopt harmful coping mechanisms, such as selling productive assets and reducing investments in health, nutrition and education.[2] The recent global economic crisis and food price spike has pushed 100 million more people into poverty,[3] and made them more vulnerable to any subsequent shocks than they were four years ago. Food prices remain highly volatile, and recent analysis estimates that the 2011 food price spike alone pushed 48.6 million people into poverty.[4] Furthermore, developing countries' capacity to respond to a sharp downturn in global growth is more limited than before the 2008/09 global economic and financial crisis.[5,6] Many countries expended substantial fiscal resources to weather the impact of global increases in food and fuel prices, and have yet to rebuild fiscal buffers to counter the impacts of further economic crisis.[7] This increased vulnerability is particularly concerning given analysis of the global financial and economic context, which suggests that crises such as this are likely to become more frequent in the future.[8]

SLOWER GROWTH AND UNCERTAIN ECONOMIC OUTLOOK

Following a peak in GDP growth in the third quarter of 2011, growth in developing and emerging economies slowed more than forecast.[9] While growth prospects in developing countries are higher than in high-income countries, the former continue to be negatively affected by economic turmoil in Europe.[10] Early 2012 saw projections for global, developed country and developing country growth significantly downgraded (see Table 2).

Despite large bailouts for struggling European economies, the economic outlook in Europe remains extremely bleak: eurozone GDP is expected to decline by 0.3% in 2012.[11] Over the subsequent years to 2016, enforced austerity as a result of the eurozone fiscal pact will mean that recovery remains extremely weak, with predicted growth of only 0.5% per year over those three years.[12] The World Bank predicts that, in the event of a serious deterioration of economic conditions in the eurozone, developing country GDP could decline by 4.2% by 2013, relative to its current forecasts.[13] This scale of impact would be achieved in a variety of ways, largely related to changes in revenue flows to developing countries.

"The downturn in Europe and weaker growth in developing countries raises the risk that the two developments reinforce one another, resulting in an even weaker outcome."

(World Bank, 2012)[14]

TABLE 2. DOWNGRADES TO ECONOMIC GROWTH PROJECTIONS

	June 2011: projected 2012 growth	January 2012: projected 2012 growth	Change in 2012 growth projections	June 2011: projected 2013 growth	January 2012: projected 2013 growth	Change in 2013 growth projections
Global economy	3.6%	2.5%	-1.1%	3.6%	3.1%	-0.5%
High income country growth	2.7%	1.4% (-0.3% for eurozone countries)	-1.3%	2.6%	2% (1.1% for eurozone countries)	-2%
Developing country growth	6.2%	5.4% (3.8% excluding India and China)	-0.8%	6.3%	6% (4.5% excluding India and China)	-0.3%
World trade	6.6%	4.7%	-1.9%		6.8%	

Source: World Bank 2012 Global Economic Prospects: Uncertainties and vulnerabilities.

THE ECONOMIC OUTLOOK FOR DEVELOPING COUNTRIES

First, private capital flows will remain depressed. As European banks experience significant losses and need recapitalisation, developing countries reliant upon them for lines of credit will be negatively affected. 2011 already saw capital flows to developing countries weaken sharply as investors withdrew substantial sums from those markets in the second half of the year.[15] This followed a period of higher investment (which some termed a 'bubble'), which resulted from rounds of quantitative easing in rich economies, and so was not sustainable.[16] This in turn had followed a sharp drop-off in investments in developing countries in the immediate aftermath of the crisis, as risks were swiftly reappraised, and may indicate a period of lower flows in future if quantitative easing has ended.

Quantitative easing in rich countries had other important effects. One was to bolster the acceleration of commodity prices after the crisis, seeing a quick re-establishment of the previous levels and upwards trends.[17] This includes prices in key food markets. So while some developing countries have benefited from higher prices for their exports, most have also suffered from higher prices for food imports. Long-standing pressure to become cash-crop exporters means that more developing countries rely on food imports than was once the case, so this problem is more widely felt.[18]

Quantitative easing also led to the phenomenon of carry trade, by which investors borrow at low interest rates in developed countries and lend at a higher rate in developing countries. The effect is to upwardly value those countries' currencies and, as such, undermine the competitiveness of their exports.[19]

2011 saw global food prices reaching record highs and domestic food prices fluctuate dramatically. After a decline during the last quarter of 2011, the first quarter of 2012 saw global food prices on the rise again. In March 2012, they were only 6% below their February 2011 historical peak which, according to the World Bank, underscores 'the need to remain vigilant and improve the monitoring of early signals of global and regional crisis'.[20]

Many household responses to crisis – such as substituting cheaper staples for nutritious food or cutting down the number of meals – will have a negative impact on child hunger and nutrition. Save the Children estimates that 2011 high food prices may have put an additional 400,000 children's lives at risk.[21] Malnutrition is a key factor in anticipated increases in child mortality.

Finally, with regard to private capital flows, the number of European banks in low-income countries has grown significantly during the last decade – from 2000–06, 56% of foreign-owned banks in sub-Saharan Africa were European. In times of economic crisis, this has led to increased vulnerability as European banks repatriate capital to headquarters.[22] As investors with less appetite for risk during extended recession cancel or delay investments, capital flows to developing countries are likely to remain unpredictable and volatile.

Turning to trade, the picture is also a concern. Although China has overtaken Europe as developing countries' main trading partner, the eurozone crisis has already impacted on developing countries' import and export markets. Global trade volumes declined at an annualised pace of 8% during the three months ending October 2011, reflecting a 17% decline in European imports.[23] Developing country exports declined at a 1.3% annualised pace in the third quarter of 2011 and continued to decline through November, particularly sharply in south Asia (where they fell by 9.7%). This is a reversal of the pre-crisis trend: in 2007 developing country exports grew by 10.7%.[24] Certain developing countries are particularly dependent on European countries for their export markets. For example, 61% of Mozambique's exports and 56% of Madagascar's exports were for the eurozone in 2011.[25] Such countries as these are extremely vulnerable to further downturn in Europe and associated decline in demand.

Prospects for official aid to fill the gaps from lower private capital flows and trade receipts are bleak. In sub-Saharan Africa almost two-thirds of all net (public and private) capital inflows come from Official Development Assistance (ODA).[26] Rapid and significant reductions in aid, therefore, have the potential to force economic contraction in many countries with a high burden of poverty and hunger.

At the aggregate level, international aid flows over the last three years have been less hard hit by the economic crisis than originally expected. The OECD's Development Assistance Committee (DAC) reported a real-terms increase in global ODA of 0.7% in 2009, lifting it to US$119 billion (and the rise was 6.8% once debt relief, a volatile item, is excluded). However, this increase is partly because 2009 ODA was budgeted in 2008, in many cases before the economic crisis began. In April 2012, the OECD-DAC announced that major donors' aid to developing countries fell by nearly 3% in 2011, breaking a long trend of annual increases. Disregarding years of exceptional debt relief, this was the first drop since 1997. Analysis of aid flows following previous economic crises in a range of countries shows that aid flows from countries that experience such crises can fall by as much as 25% relative to those countries with no crisis, and that this effect can continue for as long as a decade.[27]

The picture in labour markets is no more encouraging. The eurozone crisis could seriously impact on already high global unemployment. The International Labour Organisation estimates that there is global unemployment of 200 million, an increase of 27 million since the start of the crisis. Their estimate is that if downside risks materialise as projected and global growth falls to below 2% in 2012, global unemployment would rise more rapidly to more than 204 million in 2012, at least 4 million more than under the baseline scenario (if risks do not materialise), with a further increase to 209 million in 2013, 6 million more than under the baseline scenario.[29] With reliable sources of income for poor families at risk, the need for social transfers to prevent poverty and destitution is stark.

> "The fall of ODA is a source of great concern, coming at a time when developing countries have been hit by the knock-on effect of the crisis and need it most. Aid is only a fraction of total flows to low-income countries, but these hard economic times also mean lower investment and lower exports. I commend the countries that are keeping their commitments in spite of tough fiscal consolidation plans. They show that the crisis should not be used as an excuse to reduce development cooperation contributions."
>
> OECD Secretary-General Angel Gurría[28]

Such labour market scenarios would impact on remittances from family members living and working overseas, which played a significant role in protecting poor people from the impact of the food price crisis in 2008/09.[30] Remittances represent on average 8% of low-income countries' GDP, with peaks in Tajikistan (39%), Nepal (22%) and the Gambia (14%).[31] Europe remains a key source of migrant remittances for the developing world. The level of remittances will be affected by rising unemployment in Europe and euro devaluation. The World Bank estimates that a severe economic crisis – in which several European countries were denied the willingness of markets to finance their debts and, as a result, private banks in Europe were engulfed – could cause remittances to developing countries to decline by 6% or more, impacting particularly on the 24 countries where remittances represent 10% or more of GDP.[32]

SUMMARY

Overall, the continuing effects of the financial crisis in Europe will be to reduce available resources in developing countries at the level of the state and of households. In addition, evidence from Mexico, Bangladesh and the Philippines has shown that the effects of crises such as this are unequally distributed, affecting the incomes of the poorest most.[33] With depleted household reserves from coping with earlier crises and high food prices, this makes the role of social transfers mechanisms all the more vital. Global leaders recognise the role social protection – including social transfers – plays in responding to economic crisis (see Box 6).

Global economic decline threatens progress in reducing malnutrition in two key ways. First, it exacerbates underlying household and community poverty. Second, it weakens the national defences – countries' 'fiscal space' to provide social transfers and to invest in more direct nutritional interventions delivered through the health system. Global levels of malnutrition were already extremely serious before the beginning of the financial and food price crisis.[34] Any worsening of this situation must be addressed as a matter of priority.

BOX 6. GLOBAL LEADERS FOCUS INCREASINGLY ON SOCIAL PROTECTION

"Any adjustment program must be accompanied by aggressive social programs to protect the poorest. We must break the link between crisis and increased poverty. In Mexico, we managed this through the conditional cash transfer program known as *Oportunidades*."

Felipe Calderón, President of Mexico and 2012 G20 President, 2012

"Social transfers contribute to stabilizing aggregated demand in times of crisis and increasing the capacity of recovery in the face of economic shocks, helping to accelerate this process and creating paths for development that are more inclusive and sustainable."

Michelle Bachelet, Under-Secretary General and Executive Director of UN Women, at the Presentation of the Report on Social Transfers in Brasilia, December 2011

"At a time of global economic turmoil and uncertainty, investment in social protection is necessary, feasible and effective."

Ban Ki Moon, United Nations Secretary-General, October 2011

"Economies fare better when there are efficient social protection schemes, because they help improve worker productivity and promote balanced and sustainable growth."

Nicolas Sarkozy, former President of France, May 2011

"We know from experience, developed since 2003 in Brazil, that investing in social protection is an extremely effective way to fight poverty, to reduce inequalities, to improve living standards, and to foster social cohesion and stability."

Dilma Rousseff, President of Brazil, December 2011

"Developing countries need to evaluate their vulnerabilities and prepare for further shocks, while there is still time."

Justin Yifu Lin, the World Bank's Chief Economist and Senior Vice President for Development Economics, January 2012

"…well-designed systems of social protection have acted as important shock absorbers in the crisis and need to be invested in and widened in the future."

Kemal Dervis, Chair, and John Evans, Vice-Chair, Global Agenda Council on Employment and Social Transfers, January 2012

"Social protection measures have cushioned the impact of the crisis among the vulnerable population, served as a macroeconomic stabilizer fuelling demand and enabled people to better overcome poverty and social exclusion in developing and developed countries."

Juan Somavia, ILO Director General, 2011

4 SOCIAL TRANSFERS – NEEDED NOW MORE THAN EVER

Given the negative outlook of the global economy, and the economic threats to households and communities in developing countries, children are faced with the very real threats of increasing poverty, hunger and mortality.

As noted in Chapter 3, the most recent food price spike in 2011 is estimated to have pushed 48.6 million people into poverty.[1] Such shocks have devastating effects on the ability of families to afford the amount of food that they need: for example, it has been estimated that the 2008/09 food price crisis pushed an additional 63 million people into hunger, making them unable to afford the minimum necessary amount of calories. This chapter updates that analysis to estimate the direct human costs of recent downgrades to economic growth, and of the risks of a further slowdown.

We estimate that 6.3 million extra people are at risk of hunger worldwide as a result of the growth downgrades made in January 2012, compared to what would be the case had growth continued as had previously been projected. Furthermore, should the World Bank's worst case scenario of the impact of eurozone crisis be realised, we estimate that the number of additional people hungry globally will leap by a staggering 33 million by the end of 2013, as discussed in Box 7.[2] Evidence from Mexico and elsewhere has shown that the effects of crises such as this are unequally distributed, affecting the incomes of the poorest most.[3] At times of crisis, social transfers are more essential than ever to address the threat of hunger, poverty and inequality.

Overall, the results in Box 7 demonstrate two key points. First, that the interconnectedness of economies and societies means that a sharp return to financial crisis in Europe will have a direct impact on the developing world, driving up the numbers of people in hunger by an estimated 33 million by 2013. Second, however, we have seen that social transfers aimed at reducing extreme inequality provide a highly potent weapon – so transfers to provide just a 10% increase in the incomes of the poorest two quintiles give rise to a 55 million reduction in the numbers of people living in hunger, if enacted in the worst-case scenario. The total cost of such a scheme stands at 1.5% of the GDP of countries included in our model, so should be seen as a feasible option.

BOX 7. ESTIMATING THE EFFECT OF THE EUROZONE CRISIS ON GLOBAL HUNGER

Our starting point for this analysis is that projected rates of growth for 2012 and 2013 have been downgraded between June 2011 and January 2012.[4] For developing countries as a whole, predicted growth has been downgraded from 6.2% in 2012 and 6.3% in 2012, to 5.4% and 6.0%. Furthermore, it is estimated that if markets were to refuse finance for major European countries such as Spain or Italy, forcing them into unregulated defaults, a much wider financial crisis could result, engulfing private banks and other financial institutions. The World Bank estimates that the impact of such a shock would be to reduce developing country growth by a further 4.2% by 2013.

In order to estimate the effect of the eurozone crisis on hunger, we extended World Bank research.[5] The approach uses an income–calorie relationship along with data on average income and income distribution (from the World Development Indicators[6]) to estimate the number of people globally living with insufficient income to meet their calorie requirements, under different growth scenarios. We use this approach to estimate the impacts of growth scenarios on hunger (defined here as unable to meet their minimum dietary energy requirements[7]). The methodology that we use is detailed in Appendix 1.

The results from these analyses are shown in Table 3. As can be seen, the recent downgrade to economic growth in developing countries is expected to lead to 6.3 million more people in 'hunger' by the end of 2013 than would have been the case had growth continued as had previously been projected. The potential impact of a severe shock to the eurozone would be an additional 32.8m more people in 'hunger', relative to the pre-downgrade growth scenario.

TABLE 3. IMPACT OF 2012 GROWTH DOWNGRADES ON 2013 DEVELOPING WORLD HUNGER

Region	**Population (2013, thousands)**	**Population in hunger (2010, thousands)***	**Most recent downgrade**	**Worst-case scenario in Europe**
			Increased number in hunger (2013, thousands)	**Increased number in hunger (2013, thousands)**
Asia and Pacific	4,045,868	578,000	3,655.7	19,165.0
Latin America and Caribbean	609,495	53,000	581.4	3,046.1
Middle East and North Africa	465,681	37,000	338.6	1,774.9
Sub-Saharan Africa	876,081	239,000	1,690.2	8,849.5
Total	**5,997,125**	**926,000**	**6,266.0**	**32,836.0**

* Source: FAO

BOX 7 *continued*

Estimating the effect of social transfers to reduce inequality

We now use the same model to consider the effects of a programme of social transfers to increase the share of income going to each of the poorest two quintiles. In several African countries, social transfer schemes have been shown to increase the incomes of their beneficiaries by between 10% and 40%.[8] We take the bottom of this range, and envisage a programme of transfers that increases the income share of the bottom two quintiles by 10%. We explore the extent to which addressing inequality in this way could counter the effects of the worst-case scenario.

Table 4 shows that in this case, the number of people globally unable to afford their minimum dietary energy requirements would in fact fall, by approximately 23 million. This represents a reversal from the underlying worst-case scenario of some 56 million people lifted out of hunger, with reductions by region of between 5.6% and 9.0%. This shows the importance of income inequality in determining this measure of hunger, and the importance of policy responses that address such poverty in ensuring that the poorest are protected from economic shocks and remain able to afford their minimum dietary energy requirements.

The total cost of the social transfers averages within our sample at 1.51% of GDP, ranging from 1.15% in Latin America and the Caribbean to 1.67% in Asia. In India, for example, the cost is 1.94%, and in Niger 2.03%; in Angola 0.77% and in Brazil 1.05%. These costs are reasonable and, indeed, are not dramatically more than is already spent on social protection systems by a number of states. Brazil's *Bolsa Familia* programme, for example, cost approximately 0.5% of GDP in 2006.[9]

TABLE 4. IMPACT OF 2012 EUROPEAN GROWTH DOWNGRADES ON 2013 DEVELOPING WORLD HUNGER

Region	**Population (2013)**	**Population in hunger (2010, thousands)***	**Worst-case scenario, with social transfers**		**Total swing due to social transfers**	
			Additional people in hunger	**Percent change in numbers in hunger**	**People out of hunger**	**Percent change**
Asia and Pacific	4,045,868	578,000	-14,404.9	-3.72%	33,569.90	8.63%
Latin America	609,495	53,000	-2,150.4	-3.17%	5,196.50	7.69%
Middle East and North Africa	465,681	37,000	-1,334.0	-3.85%	3,108.90	9.00%
Sub-Saharan Africa	876,081	239,000	-5,061.6	-2.04%	13,911.10	5.60%
Total	**5,997,125**	**926,000**	**-22,951**		**55,786.40**	

* Source: FAO

DECLINING INVESTMENTS IN SOCIAL TRANSFERS: A FALSE ECONOMY

The evidence for the pro-poor growth-promoting effects of social transfers is strong. A number of leaders are drawing attention to the vital need for social transfers as the threat of continuing economic downturn becomes a reality (see Box 6 on page 22).

However, Save the Children analysis shows that despite this, investments in social protection have been declining since the start of the global economic crisis. Save the Children investigated the budgets of 15 IDA-lending countries, each of which have an historic commitment to social protection and available budgetary information. Countries were selected on the basis of policy commitments.[10] Of the 15 countries selected, seven have reduced the amount they planned to spend on social protection (as a proportion of GDP) since the financial crisis (see Table 5).[11]

If we look only since 2009, this figure rises, as two countries (Rwanda and Vietnam) that increased social transfers spending dramatically in 2009 have both cut it in each subsequent year, meaning two-thirds of these 15 countries have been cutting expenditure.[12] Four of these countries have budget data for 2013 available, and all of those countries are planning to cut expenditure on social transfers.[13] This analysis is in line with other analyses of government spending, which have found 70% of countries are set to undertake austerity measures in 2012 with potentially damaging results for children and poor households.[14]

Perhaps more worryingly, six out of seven countries with data on actual (as well as planned) expenditure failed to deliver on spending the amount that they had budgeted in the years following the crisis (see Table 6).[15]

Not only can social transfers protect poor people from the impact of shocks; as discussed above, social transfers can contribute to pro-poor growth and strengthen human capital. Therefore, the decline in social transfers investments could represent a false economy on a global scale. Rather than responding

TABLE 5. GOVERNMENT EXPENDITURE ON SOCIAL PROTECTION

	Absolute expenditure (billions – local currency; constant prices)		Expenditure as a percentage of GDP	
	2008	**2012**	**2008**	**2012**
Bangladesh	82.62	91.25	1.42	1.27
Cape Verde	0.58	0.35	0.46	0.26
Ghana	0.03	0.02	0.09	0.06
India	137.82	225.88	0.25	0.34
Kenya	22.24	26.58	1.07	1.09
Malawi	15.64	11.36	2.60	1.60
Mozambique	1.01	2.19	0.42	0.70
Nepal	8.58	8.01	0.98	0.79
Nicaragua	1.37	1.07	1.11	0.78
Nigeria	8.69	10.45	0.04	0.04
Papua New Guinea	0.16	0.27	0.74	1.00
Rwanda	16.65	25.72	0.65	0.78
Senegal	11.73	6.15	0.18	0.09
Vietnam	11.97k	15.14k	0.81	0.80
Zambia	71.15	111.30	0.13	0.17

to economic downturn by cutting social transfers, developing countries would benefit from boosting programmes.

There is evidence that those countries with pre-existing social transfer programmes were more able to scale up during crisis years in order to afford better transfers to their populations, as economic shocks pushed millions into poverty. For example, during and immediately following the Asian financial crisis of 1998, South Korea was able to use its existing social transfers scheme as a base from which to rapidly scale up social transfers and the employment insurance schemes,[16] with the result that the number of recipients of unemployment benefits rose from 50,000 in 1997 to half a million in 1998.

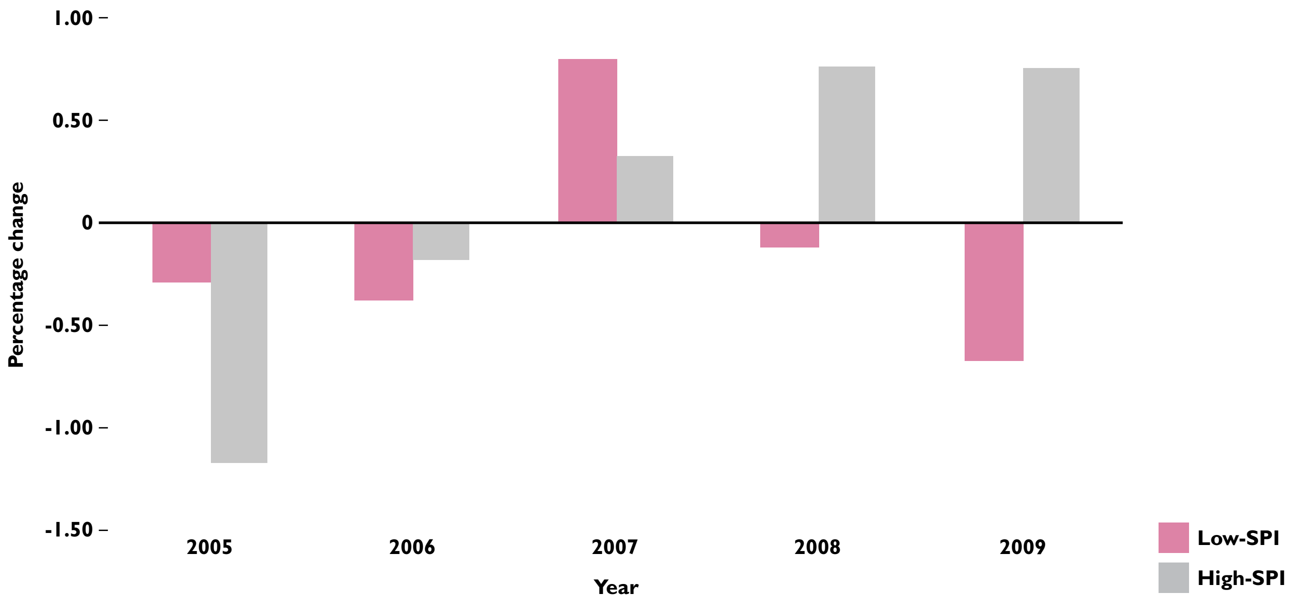
Similarly in Indonesia, evidence suggests that social transfer programmes that were established following the 1997 financial crisis were important in cushioning the effects of the 2009 downturn.[17]

In addition, Save the Children analysis suggests that Asian countries with a strong social protection performance going into the crisis were better able to defend against potential negative impacts of economic crisis, such as a decline in school enrolment. Evidence from 28 Asian countries (see Appendix 2 for methodology) shows that those countries which had above-average scores on the Asian Development Bank's *Social Protection Index*[18] in 2006 (ie, before the economic crisis hit) saw their primary school enrolment rates[19] rise on average

TABLE 6. PERCENTAGE DIFFERENCE BETWEEN PLANNED TO ACTUAL EXPENDITURE ON SOCIAL PROTECTION

	2008	2009	2010	2011
Bangladesh	-4.56%	-21.65%	7.77%	–
Kenya	40.17%	-5.18%	-4.30%	–
Mozambique	-10.75%	-1.94%	-0.33%	-8.43%
Nepal	–	-2.16%	-4.38%	–
Papua New Guinea	119.31%	-0.69%	-2.16%	–
Rwanda	-3.93%	-17.62%	-8.88%	–
Zambia	11.69%	-19.31%	-45.43%	–

FIGURE 3. PERCENTAGE CHANGE IN SCHOOL ENROLMENT, ACCORDING TO SOCIAL PROTECTION INDEX SCORE BEING HIGH OR LOW



during the economic crisis. Countries with below-average scores saw their enrolment rates decline.

Unfortunately, only 16% of countries reviewed by the World Bank's Independent Evaluation Group had any social protection systems in place that allowed them to scale up during the 2008/09 crisis.[20] Detailed case studies show that the overall social transfers response to that crisis was too weak to prevent large increases in poverty and inequality in the medium term.[21]

It is important that lessons are learned from previous crises and that countries prepare themselves, by developing strong social transfers systems as early as possible, so that they are able to scale up in response to shocks; donors must consider the implications for the level and predictability of their aid.

In the midst of a crisis, and facing renewed high food prices, the global problem of malnutrition is exacerbated. And yet we find developing countries unable to resist pressure to cut social transfers – just when they are needed most. A worsening scenario for European and global growth poses further risks, despite evidence of the importance of social transfers.

CONCLUSIONS AND RECOMMENDATIONS

Social transfer programmes can have important effects on poverty, hunger and nutrition. These effects occur through various channels; an essential one is increased cash via social transfers that enables poor people to access more and better-quality food.

While evidence for nutrition effects is strongest in the well-evaluated cash transfer programmes from Latin America, evidence from other schemes in Africa and Asia, such as that presented in this report, are increasingly showing similar results. Social transfers are also very important for nutrition in the context of humanitarian crises, as discussed in Box 4 on page 9, and the effects in those settings again occur by protecting the ability of households to maintain their expenditure on food, including a variety of food types, and to build their resilience to future shocks.

There are a number of threats to effective social transfer schemes. In the midst of a crisis, and facing renewed high food prices, the global problem of hunger and malnutrition is currently being exacerbated. And yet we find evidence that governments have been unable to resist pressure to cut social protection, just when it is needed most. Of 15 countries with a historic commitment to social protection policies, seven have made cuts as a percentage of GDP since the 2008/09 crisis, and two more joined the ranks of countries cutting social protection in the years after 2009. Furthermore, all four countries for which there are data for 2013 have budgeted to make cuts next year.

Cuts to social protection in response to economic crisis constitute a false economy. This report highlights the growth-boosting potential of social transfers and the long term benefits for children and ultimately the labour force. It finds, for example, that school enrolment rates suffer less in Asian countries with higher scores on the Asian Development Bank's Social Protection Index.

A worsening scenario for European and global growth poses further risks, reducing available resources in developing countries at the level of the state and of households. In addition, evidence from countries such as Mexico has shown that the effects of crises such as this are unequally distributed, affecting the incomes of poorest most.[1] Given the depleted household reserves from coping with earlier crises and high food prices, the role of social transfers is even more crucial.

Our evidence shows that a sharp return to financial crisis in Europe would drive up the numbers of people in hunger by an estimated 33 million by 2013. But there is also a positive message. Social transfer policies to reduce inequality would not only negate but even reverse this threat. In the event of the 'worst case scenario' in the eurozone, social transfers that provide a 10% increase in the income share of the poorest two quintiles could – if implemented in advance of such a crisis – lead to a net reduction of 55 million people living in situations of hunger. The total cost of such a scheme stands at just 1.5% of the GDP of countries included in our model, so should be seen as a broadly feasible option.

In order to scale up rapidly in times of crisis, a social transfer system needs to be well-established. But social protection coverage in developing countries remains low. The World Bank estimates that only 20% of households in sub-Saharan Africa and just over 30% in south Asia have access to social protection[2] and this includes social insurance that is likely to be targeted to better-off formal sector employees. Therefore, developing country governments should develop national social protection strategies, based on an inclusive national dialogue. This should aim for the progressive scale-up of broad and comprehensive social protection programmes, determined by national priorities. This requires long-term domestic financing strategies, complemented by multi-year funding commitments from donors.

The World Bank's Rapid Social Response program is specifically designed to help low-income countries to design social protection systems. However, it is oversubscribed and, without more resourcing, unable to help additional countries. Support to build the foundations for timely response when a crisis hits is being neglected in favour of setting aside funds to scale up programmes during a crisis.

Given the evidence in this report on the effectiveness of social transfers in protecting vulnerable groups and the wider economy from shocks, we call on donors to provide top-up funding for the Rapid Social Response Trust Fund, to support low-income countries to establish social transfers systems now. In addition, efforts must be redoubled to assist low-income countries in domestic revenue mobilisation to fund social transfer programmes in the long term. This will involve strengthening tax authorities and tackling the international constraints to tax collection by promoting corporate transparency and tackling financial secrecy.

There is also a range of ways this funding need can be addressed within existing World Bank resources. Although country allocations are pre-defined, the Bank can seek to reallocate funding to the Rapid Social Response Program; prioritise social transfers within country assistance strategies; and direct a greater share of the Bank's net income to social transfers for low-income countries. The G20 should seek recommendations from the World Bank on how to prioritise social transfers better, including through the process of replenishing the concessional arm of the World Bank, IDA, that will begin in 2013.

At present, there is a shortage of systematic data on the coverage, scale and impacts of social transfer schemes around the world. This review has shown the enormous benefits that social transfers can bring, sometimes to the poorest and most marginalised people. At sufficient scale, and with appropriate design, social transfers offer a set of tools to combat malnutrition and many other elements of the damage done by poverty and inequality.

Without the collation and analysis of that systematic data, however, and without the promotion of best practice globally, it is difficult to draw powerful recommendations about, for example, whether countries should aim for a minimum scale in a range such as 1–3% of GDP, and so on. This step forward in global knowledge of social transfers must be an urgent priority.

RECOMMENDATIONS

Social transfers are an effective policy tool to combat hunger and malnutrition, both in times of stability and in times of crisis.

We call on developing country governments to:

- **strengthen social transfer programmes as key policy tools to combat hunger and malnutrition**, in times of stability and as an effective crisis response tool that is easily scalable. Preparedness is the best insurance for crisis response.
- consider the following guidelines, which should be adapted to the national context to enhance impact of social transfers on nutrition:
  1. Social protection programmes should be underpinned by long-term commitment and broad coverage.
  2. Cash transfers should reflect the cost of a nutritious diet and adjust to price increases.
  3. Delivery needs to be timely and convenient.
  4. Social transfers should be integrated with wider nutrition interventions, but conditionality should not be the default option.
  5. Ensure social transfer programmes work for women and children.

We call on the G20, bilateral and multilateral donors to promote social transfers in developing countries by:

- **scaling up multi-year funding to support the establishment of social transfer programmes** by:
  – calling on the World Bank to prioritise social transfers as one of the special themes for the World Bank IDA 17th replenishment round
  – providing additional funds in the short term to the Rapid Social Response trust fund managed by the World Bank.
- calling on the International Monetary Fund to ensure that their programmes contain **social spending floors** that allow low-income countries to finance their social protection programmes.
- prioritising the need to tackle international obstacles to domestic revenue mobilisation in recognition of the importance of domestic revenues – such as social contributions and increased tax base – to fund long-term commitments to social transfer programmes.
- tasking the **social protection cooperation body**, expected to be established at the June 2012 G20 summit, to **conduct an** urgent **assessment of social protection** – including attention to nutrition outcomes – in all low-income countries by the end of 2012. This assessment should be done in conjunction with G20 Knowledge Platform that is sharing social protection best practices from key G20 countries.
- evaluating impact of social transfers on nutrition to increase the evidence.

APPENDIX 1

ESTIMATING THE EFFECTS OF THE EUROZONE CRISIS ON HUNGER

In order to estimate the effect of the eurozone crisis on hunger, we extended World Bank research.[1] This approach uses an income–calorie relationship along with data on average income and income distribution (from the World Development Indicators) to estimate the number of people globally living with insufficient income to meet their calorie requirements, under different growth scenarios.

We use this approach to estimate the impact on hunger of recent downgrades and potential future downgrades to growth in developing countries (defined here as the inability to afford the minimum requirements of calories[2]). It is estimated that as many as 32 million people could be pushed into hunger if the eurozone crisis was to worsen.

METHODOLOGY

We used the income–calorie relationship that was calculated by Tiwari and Zaman (2010), according to the model below:

$$C_{it} = \vartheta + \delta log(Y_{it}) + \mu_i + \varepsilon_{it}$$

Where:

C_{it} = the per capita calorie consumption in country *i* in year *t*,

Y_{it} = the per capita income for country

μ_i is the time invariant country fixed-effect

ε_{it} is the random error.

The coefficients in the model (θ and δ) were calculated by Tiwari and Zaman as 201.2 and 330.0, respectively, on the basis of a fixed-effects regression of 83 countries and 742 country years.

Based on this relationship, and the minimum energy requirements per person from FAOSTAT,[3] we calculate an estimation of the minimum income that would be needed to acquire the minimum required number of calories, as shown in Table 7.

TABLE 7. MINIMUM INCOME REQUIREMENTS FOR CALORIC INTAKE, BY CONTINENT

Region	**Minimum income required to meet minimum caloric requirements (US$, annual)**	**Number of countries with income distribution data**
Asia and Pacific	153.5	24
Latin America	172.1	20
Middle East and North Africa	161.9	12
Sub-Saharan Africa	131.0	40
Total		**96**

For the 96 countries for which income distribution data are available in the World Development Indicators, we then calculate the proportion of the population whose income is below this level at baseline (2010), following the methodology of Tiwari and Zaman. This methodology implies that both low–average incomes and large income inequality within a country can lead to large numbers defined as 'hungry'. Based on the countries with data on income distribution, we calculate subregion-specific averages (weighted by population size) of the number of people who are hungry. These are in turn applied to the total population of those sub-regions in order to give total numbers of people who are hungry. Our baseline estimates are somewhat lower than the FAO's estimates of the number of hungry people,[4] but as Tiwari and Zaman note,[5] this discrepancy is not important as we are interested in the difference between two growth scenarios that both use this baseline, rather than in the total numbers of hungry people.

The projected rates of growth over the next two years have been downgraded between June 2011 and January 2012.[6] For developing countries as a whole, predicted growth has been downgraded from 6.2% in 2012 and 6.3% in 2012, to 5.4% and 6.0%. Furthermore, it is estimated that if markets were to refuse finance for several European countries, forcing them into unregulated defaults, a much wider financial crisis that could engulf private banks and other financial institutions on both sides of the Atlantic could result. The World Bank estimates that the impact of such a shock would be to reduce developing country growth by a further 4.2% by 2013.

To estimate the effects of these various growth projections on the number of people hungry globally, we re-estimated the number of people who would remain unable to afford their minimum calorie requirements[7] if the old estimates were realised, and repeated the same estimations using the revised estimates from January 2012. The difference between these two estimates is an estimate of what the impact of the downgrade on economic growth in January 2012 will be on global hunger.

Finally, we estimated what would happen if the World Bank's 'serious scenario' was realised, but policy measures responded by redistributing income within each country, to the effect of raising the income shares of the two lowest quintile by 10% (and the top income quintile's share falling by an equivalent amount).

RESULTS

The results from these analyses are shown in Table 8. The first column shows the projected population of each region in 2013. The next two columns show the number of people who have been made 'hungry' (ie, become unable to afford their minimum dietary energy requirements) by the most recent growth downgrades; and the percentage change relative to the baseline. The following two columns present the impact of a hypothetical severe eurozone crisis scenario, relative to the pre-downgrade growth trends. The final columns estimate what the impact of a severe eurozone crisis would be relative to previous trends, if income was distributed so as to

TABLE 8. IMPACT ON HUNGER OF DIFFERENT ECONOMIC SCENARIOS

Region	Population (2013)	Most recent downgrade		Worst-case scenario in Europe		Worst-case scenario, but reduced inequality	
		Number	Percentage change	Number	Percentage change	Number	Percentage change
Asia and Pacific	4,045,868	3,655.7	0.94%	19,165.0	5.0%	-14,404.9	-3.72%
Latin America	609,495	581.4	0.86%	3,046.1	4.5%	-2,150.4	-3.17%
Middle East and North Africa	465,681	338.6	0.98%	1,774.9	5.1%	-1,334.0	-3.85%
Sub-Saharan Africa	876,081	1,690.2	0.68%	8,849.5	3.6%	-5,061.6	-2.04%
Total	**5,997,125**	**6,266**		**32,836**		**-22,951**	

increase the income share of the two lowest quintiles by 10%.

As can be seen, the recent downgrade to economic growth in developing countries is expected to lead to 6.3 million more people in 'hunger' by the end of 2013 than would have been the case had growth continued as had previously been projected. The region with the most affected number of people is Asia and the Pacific (3.7m more people unable to afford their minimum dietary energy requirements), followed by sub-Saharan Africa (1.7m more people).

The potential impact of a severe shock to the eurozone would be an additional 32.8m more people in 'hunger', relative to the pre-downgrade growth scenario.

Finally, if the eurozone crisis were to severely worsen, but policy responses succeeded in redistributing income in such a way as to increase the income share of the two lowest quintiles by 10%, the number of people globally unable to afford their minimum dietary energy requirements would in fact fall, by approximately 23 million. This shows the importance of income inequality in determining this measure of hunger, and the importance of policy responses that address such poverty in ensuring that the poorest are protected from economic shocks and remain able to afford their minimum dietary energy requirements.

APPENDIX 2

ANALYSIS OF THE EFFECT OF SOCIAL PROTECTION PROGRAMMES ON NATIONAL RESILIENCE TO ECONOMIC SHOCKS

Here we investigate the importance of having a social protection system in place, by plotting the extent to which such schemes can protect countries' school enrolment rates from negative effects of the 2008/09 economic crisis.

METHODS

We assess the extent to which countries were affected by the global economic crisis by looking at changes in their school enrolment rates, an important indicator for children's well-being. We used data on Asian countries' social protection systems from the Asian Development Bank's *Social Protection Index* as the main measure of 33 countries' social protection systems. The index was constructed using data from 2006–07, and as such can be taken as a reasonable estimate of the social protection policies of these countries in the lead-up to the economic crisis. These variables are detailed below.

We had both enrolment data and social protection index data for 28 Asian countries. We divided countries into 'low' or 'high' social protection groups, based on whether their overall social protection index score was above or below the average for Asia. We then calculated the average change in primary school enrolment within each of these groupings, and plotted that separately for the two groups.

RESULTS

The resulting chart is shown in Figure 3 on page 27.

As can be seen, the dramatic reduction in GDP in 2008/09 was associated with a reduction in school enrolment figures in those Asian countries that have below-average social protection index scores. However, the darker bars show that **in countries that scored in the top half of the social protection index, the 2008/09 crisis in fact saw an increase in school enrolment**.

That is to say, for countries with poor social protection systems in the run-up to the crisis, school enrolment fell during crisis years. However, being in the top half of the social protection index strongly reduced this effect, suggesting a protective effect against the effects of economic crisis.

Variable	Description
Annual percentage change in primary school enrolment	This was calculated from UNESCO primary gross enrolment ratio (GER) figures. GER refers to the number of pupils enrolled in a given level of education regardless of age, expressed as a percentage of the population in the theoretical age group for that level of education. Where data were missing they were imputed by linear interpolation if there were data for other surrounding years. Percentage change in enrolment was calculated based on these figures.
Social protection index: overall indicator made up of four sub-indices: • expenditure • coverage • distribution • impact	These variables were taken from the Asian Development Bank's *Social Protection index for Committed Poverty Reduction*. These indicators were coded into binary variables depicting whether countries were above or below the mean for Asia as a whole. The overall score ranges from 0.01 (Papua New Guinea) to 0.96 (Japan). The index is provided for 33 countries.

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Data from the HEA can be effectively combined with data from the Cost of the Diet tool in order to give solid information both about the size of the shortfall that families face in order to afford a nutritious diet, and which parts of the population are most at risk. With a combination of these tools it is now possible to target effective aid towards the most vulnerable families and children

2 ENSURING SOCIAL TRANSFERS SUPPORT NUTRITION: FIVE POLICY GUIDELINES

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3 THE IMPACT OF THE FINANCIAL CRISIS ON DEVELOPING COUNTRIES

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4 SOCIAL TRANSFERS – NEEDED NOW MORE THAN EVER

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CONCLUSIONS AND RECOMMENDATIONS

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APPENDIX 1: ESTIMATING THE EFFECTS OF THE EUROZONE CRISIS ON HUNGER

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[7] FAO State of Food Insecurity 2008. Minimum Dietary Energy Requirements are defined as follows: Dietary energy requirements differ by gender and age. They also vary for different levels of activity. Accordingly, MDERs, the amount of energy needed for activity and a minimum acceptable weight for attained height, vary by country and from year to year depending on the gender and age structure of the population. For an entire population, the MDER is the weighted average of the MDERs of the different gender– age groups in the population. It is expressed in kilocalories (kcal) per person per day. Particularly in countries with a high prevalence of undernourishment, a large proportion of the population typically consumes dietary energy levels close to the cut-off point, making the MDER a highly sensitive parameter.

A CHANCE TO **GROW**

How social protection can tackle child malnutrition and promote economic opportunities

An estimated 925 million people are facing hunger. This widespread hunger feeds into the hidden crisis of malnutrition, which is an underlying cause of 2.6 million children's deaths a year.

Now, global economic and financial crisis threatens to leave millions more people in developing countries hungry and malnourished.

As *A Chance to Grow* demonstrates, social protection programmes are a vital tool in tackling hunger and malnutrition – in times of crisis and of relative stability.

Social protection can address both the immediate and the underlying causes of malnutrition – and prevent lasting damage to children's lives. Focusing on social transfers, this report:

- set outs the role social protection can play in tackling hunger and improving nutrition
- outlines the importance of good nutrition for long-term economic growth
- presents five evidence-based guidelines on the design of social transfers to tackle hunger and malnutrition – to be adapted by policy-makers to their country contexts
- assesses the implications of the economic crisis for rates of hunger and children's nutritional status.

This report closes with a series of recommendations calling on developing country governments and donors to promote and strengthen social protection programmes – and thereby reduce child hunger and malnutrition.

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