

Beware of the Crocodile: Quantitative Evidence on How Universal Old Age Grants Distort the Social Assistance Systems of Low-Income Countries

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This article compares two approaches to establishing or improving social assistance systems in low- and lower-middle-income countries. Taking Eswatini and Lesotho as examples of the mainstream approach, it provides quantitative evidence on the social protection outcomes of social assistance systems that are based on categorical programs and are dominated by universal Old Age Grants. Both countries fail to provide social assistance to large sections of the poorest and most vulnerable households. An alternative approach has been pursued in Malawi and in a number of other African countries like Zimbabwe and Ethiopia. Malawi's social support system adopts a systemic, need-oriented, and inclusive approach with means-tested programs tailored to the needs of the poorest and most vulnerable households. Such an approach does not focus on a single program but considers an ensemble of programs, which together ensure that the most pressing social needs are covered. This approach gives a fuller meaning to the human rights requisites of universalism by requiring that the overall arrangement of social protection in a country be universalistic, not just a single program.

The comparison leads to conclusions with regard to how low-income and lower-middle-income countries should design or redesign their social assistance systems. The design process should start with a quantitative poverty and vulnerability assessment, leading to a detailed identification of the social assistance needs of different categories of poor and vulnerable households. The design should further be based on an assessment of to what extent the identified social assistance needs are covered by existing programs. The comparison of social assistance needs with the coverage of those needs by existing programs leads to the identification of social protection gaps. The results of the gap analysis provide the base for social assistance policy decisions and priority setting. When planning how best to close the prioritized social assistance gaps within the financial space available, different program options have to be assessed with regard to their impact on the performance of the social assistance system as a whole. The guiding principle should be to harmonize the system in such a way that the combined outcome of system components (programs) achieves a maximal welfare impact. This means shifting from "program universalism" to "systemic universalism," to ensure that social assistance systems cover all citizens in need while giving priority to cover the neediest.

KEY WORDS: coverage gaps, inclusiveness, program universalism versus systemic universalism, social assistance systems in poor countries, social cash transfers

本文比较了两个建立或提升低收入及中低收入国家社会援助系统的方法。以斯威士兰和莱索托作为此主流方法的研究案例，本文就基于不同分类计划、由全民老年补贴支配的社会援助系统的社会保护结果提供了定量证明。两国都未能对大部分最贫困、最脆弱的家庭提供社会援助。马拉维和一系列其他非洲国家、例如津巴布韦和埃塞俄比亚等国使用一项替代性方法。马拉维的社会支持系统采用一个系统的、以需求为导向的包容性社会支持方法，包括按收入调查进行支付的计划，适用于最贫困且脆弱的家庭的需求。这类方法不聚焦于单一计划，而是将所有计划作为整体考量，因此确保覆盖最迫切的社会需求。此法通过要求一个国家的整体社会保护安排具备普遍适用性，而不是单个计划，因此为以普世主义为要素的人权赋予更完整的意义。

关键词： 系统性社会援助，斯威士兰社会援助定量分析，莱索托与马拉维，单一计划普世主义对比系统性普世主义

Este documento compara dos enfoques para establecer o mejorar los sistemas de asistencia social en países de ingresos bajos y medios bajos. Tomando a Eswatini y Lesotho como ejemplos del enfoque general, proporciona evidencia cuantitativa sobre los resultados de protección social de los sistemas de asistencia social que se basan en programas categóricos y están dominados por las Subvenciones de Vejez universales. Ambos países no brindan asistencia social a grandes sectores de los hogares más pobres y vulnerables. Se ha seguido un enfoque alternativo en Malawi y en otros países africanos como Zimbabwe y Etiopía. El Sistema de Apoyo Social de Malawi adopta un enfoque de asistencia social sistémico, orientado a las necesidades e inclusivo con programas probados según los medios adaptados a las necesidades de los hogares más pobres y vulnerables. Dicho enfoque no se centra en un solo programa, sino que considera un conjunto de programas, que en conjunto aseguran que se cubran las necesidades sociales más apremiantes. Este enfoque da un significado más completo a los requisitos de universalismo en materia de derechos humanos al exigir que la disposición general de la protección social en un país sea universalista, no solo un programa único.

PALABRAS CLAVES: Asistencia social sistémica, Análisis cuantitativo de la asistencia social en Eswatini, Lesotho y Malawi, Programa Universalismo versus universalismo sistémico

Introduction

In 2010, the statement “Just give money to the poor” as a means of social protection was still a controversial and hotly discussed statement in social development circles (Hanlon, Barrientos, & Hulme, 2010). What Hanlon et al. called a development revolution has in the meantime become mainstream (Gentilini, Grosh, Rigolini, & Yemtsov, 2019). In accordance with the International Labour Organization (ILO) Recommendation 202 of 2012 regarding social protection floors (ILO, 2017), today nearly every country worldwide is establishing and implementing social assistance¹ programs in the form of noncontributory social cash transfers. Now the discussion has shifted to questions like the following: Who should receive social cash transfers? Should individuals be targeted or households? Should programs be universal or means tested? Should they be conditional or unconditional? Should poor countries take a different approach to establishing social assistance systems compared to middle-income and high-income countries?

Recent publications argue that for many reasons, universal social pensions (Old Age Grants [OAGs]) are the most appropriate way to establish social assistance

programs—irrespective of the poverty status of a country (e.g., Ansell et al., 2019; Cruz-Martinez, 2019; Kabairu, Frances, Heslop, & Hofmann, 2019; Tran, Kidd, & Dean, 2019). Only 20 percent of global social pensions are universal (Böger & Leisering, 2019), but in discourses, universal pensions are moving increasingly to center stage. Asked why social protection experts advise governments of low-income and lower-middle-income countries to establish universal social pensions, authors come up with a number of reasons. They argue that according to Human Rights Covenants, for example, Article 9 of the International Covenant on Economic, Social and Cultural Rights (United Nations [UN], 1948), all members of vulnerable groups like children and elderly persons hold the right to social protection.

This view is mirrored in the life-cycle approach, which some experts use to explain why children, the elderly, and a host of other “vulnerable groups” need to be protected against life-cycle risks by establishing categorical cash transfer programs. To some extent, the UN Social Protection Floors Initiative (ILO, 2012)—if narrowly interpreted—can also be seen as demanding universal categorical social programs. In the same line of argumentation, it is often stated that a universal pension will safeguard the dignity of the elderly and that universal child grants contribute to child-sensitive social protection.

A convincing political argument is that universal social pensions enjoy public support because everybody will benefit once he or she has reached a certain age. A universal OAG is expensive but affordable, a universal child grant would also be popular but is not affordable (in poor countries, the share of people aged above 60 or even 70 is below 10 percent, whereas the share of children is up to 50 percent of the total population). When discussing the popularity of the universal OAGs in Eswatini and Lesotho below, we will see that this argument is strong, but that the popularity of the OAG is at the same time dangerous for the performance of the social assistance system as a whole.

The economic argument is that universal categorical programs are cost-effective because they save the administrative costs of targeting. The social welfare argument is that elderly beneficiaries share their transfers with other household members and often contribute to the school fees for their grandchildren. A technical argument is that universal categorical programs avoid exclusion and inclusion errors and all the challenges associated with means testing. This argument has to be taken seriously because means testing in poor countries with a flat structure in the lower-income deciles and a weak administrative capacity may lead to targeting errors (see statement on targeting errors of the Malawi Social Cash Transfer Program [SCTP] below). In summary, social protection experts, who advise poor countries to establish universal social pensions as the first step to an effective, efficient, and inclusive social protection system, are comfortably swimming in the mainstream.

However, the evidence provided below indicates that following this advice can lead poor countries in a social assistance quagmire. By implementing “program universalism” for a categorical SCTP (like an OAG), poor countries tend to focus their financial resources available for social protection on one single category of people (like

the elderly), while other categories (like children, persons living with disabilities, etc.)—even if extremely needy—are not covered by the social assistance system.

The dark side of universal social pensions (or other universal categorical cash transfer programs) has seldom been explored (von Gliszczynski, 2015). Planners and evaluators are used to focusing narrowly on the feasibility, costs, and impact of a specific program (silo approach) without taking the role and effect of the specific program on the performance of the whole social assistance system of a country into account. This article argues that in poor countries, universal categorical programs are prone to cause massive collateral damage. The Kingdom of Eswatini (formerly called Swaziland) may serve as an example for the negative effects of a universal OAG on the performance of the social assistance system as a whole. Malawi may serve as an example of how a poor country can establish inclusive and comprehensive arrangements of social assistance using a systemic approach, which avoids the problems the social assistance sector in Eswatini is currently facing.

In more general terms, this article provides a critique of what I see as the mainstream approach to social assistance in poor countries, contrasted with a less common systemic and need-oriented approach. The latter approach differs from the mainstream approach by focusing on need rather than on membership in sociodemographic categories (categorical approach); by designing social protection in view of the overall arrangement of programs in the country rather than focusing on single programs (silo approach); by including means-tested rather than universal programs; and by targeting households rather than individuals. The mainstream approach is most tangible in the introduction of universal social pensions as the core of social cash transfers in a country (as found in Eswatini and Lesotho). By contrast, Malawi realizes a systemic, integrated, and need-oriented approach.

The Case of Eswatini

Poverty and Vulnerability in Eswatini

Eswatini is a small African kingdom with a population of 1.1 million living in 280,000 households. It has recently reached the status of a lower-middle-income country. But poverty in Eswatini is more widespread and deeper than in most much poorer neighboring countries (Social Policy Research Institute and UNICEF, 2018).

A quantitative assessment of poverty and vulnerability in Eswatini based on data from the 2016/2017 national household income and expenditure survey reveals that 59 percent of the population is poor and 20 percent is extremely poor (see Figure 1). A total of 35,000 households with a population of 230,000 persons suffer from extreme poverty and destitution. They live in a situation of chronic hunger and are unable to meet any of their basic needs. Of all the extremely poor households, 15,000 have unemployed or underemployed labor (adults of working age who are fit for productive work). These households (Category C in Figure 1)

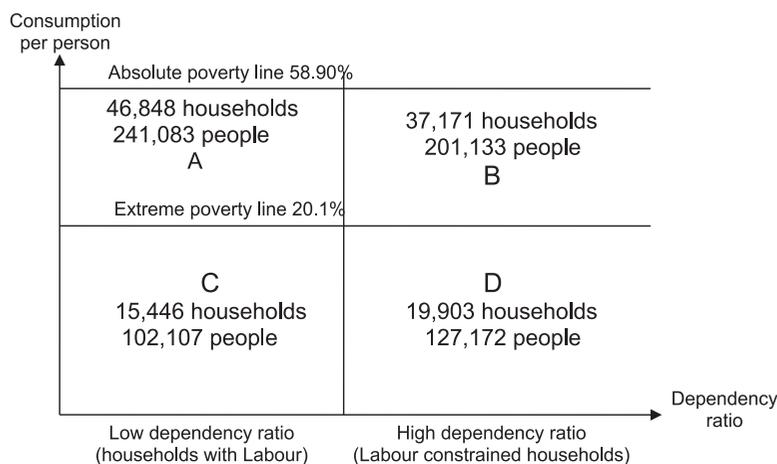


Figure 1. Households in Eswatini Suffering From Different Categories of Monetary Poverty. *Source:* Data compiled by the author from the 2016/2017 Eswatini Household Expenditure and Consumption Survey (Eswatini Central Statistical Office and UNICEF, 2016). *Note:* The absolute poverty line is based on the costs of a basket of basic food and non-food items (L 975.30 per person per month). The extreme poverty line (identical with the food poverty line) is based exclusively on the costs of a food basket that meets the minimum food energy requirements without providing for any non-food needs (L 463.40 per person per month). L stands for the Eswatini currency called lilangeni. It is pegged to the South African rand, which in 2018 was equivalent to US\$0.07.

require labor-based interventions like public works or livelihood programs to increase their productivity and earn income.

The other 20,000 households are not only extremely poor but are also labor constrained, which makes them very vulnerable (Category D in Figure 1). They have no household members who are of working age and are fit for productive work or have a high dependency ratio. They are not able to benefit from labor-based interventions. This category includes extremely poor elderly-headed households, disabled-headed households, child-headed households, and households headed by a single woman, who has to care for many dependents.

A closer look at the average household profile of the extremely poor households (Categories C and D) reveals that the composition of these households is significantly different from the average profile of all households in Eswatini (see Table 1).

Although the average share of children in all households is 49 percent, the share of children in the households that are extremely poor and also labor constrained is 66 percent (Category D). At the same time, the share of able-bodied people of working age (potential breadwinners) is 36 percent in all households, while the extremely poor and at the same time labor-constrained households have a share of only 15 percent. This means that 85 percent of household members in Category D households are dependents (children, elderly, or disabled persons—see Table 1). The average dependency ratio of Category D households is as high as 5.7 while the average dependency ratio of all households is only 1.8.

In summary, the analysis of monetary poverty shows that people and especially the many children living in extremely poor, labor-constrained households

Table 1. Demographic Profile of Extremely Poor Households Compared to the Profile of All Households in Eswatini

Type of Household Members	All People in Eswatini		People in Extremely Poor Labor-Endowed Households (Category C)		People in Extremely Poor Labor-Constrained Households (Category D)	
	Number	%	Number	%	Number	%
All HH members	1,139,370	100	102,107	100	127,172	100
Children 0–18	558,433	49	51,002	50	84,497	66
Children 0–3	116,427	10	12,234	12	14,016	11
Children 4–11	246,198	21	22,710	22	38,816	31
Children 12–16	147,067	13	12,609	12	24,323	19
Children 17–18	48,741	4	3,449	3	7,342	6
Elderly 60+	75,736	7	5,840	6	13,285	10
Disabled 19–59	100,509	9	3,305	3	9,891	8
Able-bodied 19–59	404,692	36	41,960	41	19,499	15
Average household size	4.0		6.6		6.4	

Source: Data compiled by the author from the 2016/2017 Eswatini Household Expenditure and Consumption Survey.

suffer from an unacceptable degree of deprivations. Their suffering can be reduced by income support combined with access to basic social services (see Figure 2).

The Structure and Performance of the Social Assistance System of Eswatini

In 2005, Eswatini followed the advice of HelpAge International (HAI) and of the Regional Hunger and Vulnerability Programme (RHVP)—both financially

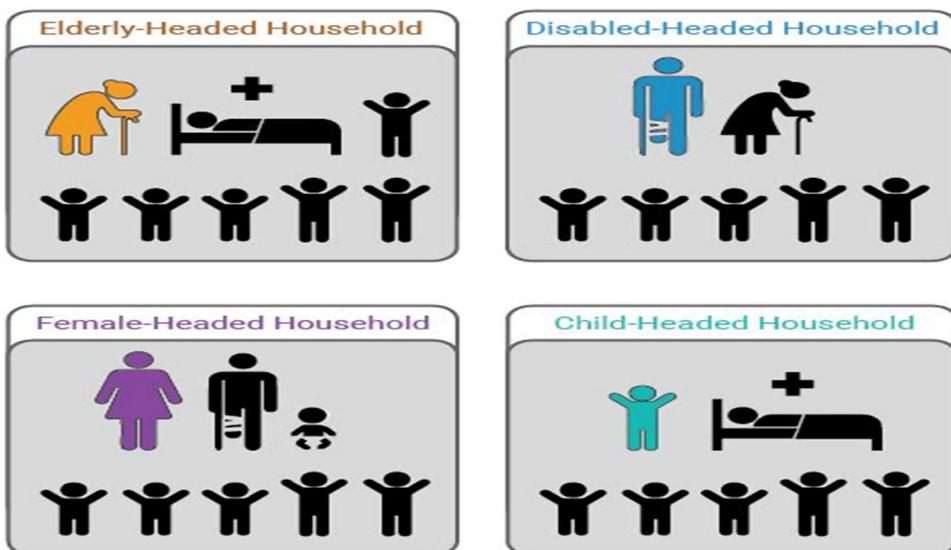


Figure 2. Types of Extremely Poor and Labor-Constrained Households. Source: Schubert (2018b).

supported by the UK Department for International Development (DfID)—to launch a universal OAG. Every citizen aged 60 and older became entitled to a monthly grant, which increased from L 60 in 2005 to L 400 in 2018.²

The growing number of elderly persons combined with the growing costs per person resulted in fast-growing costs for the OAG. As the funds for the OAG were ringfenced because it was seen as the flagship social assistance program of the country and as additional government funding for social assistance was not forthcoming, the OAG started to crowd out the other social assistance programs like Public Assistance, Child Welfare, Foster Children, and Handicapped Children, among others. These programs are still listed in the government budget, but without any allocation of funds. The OAG grew and is still growing like the famous crocodile, which became bigger and bigger eating all the other crocodiles on their small island while shedding lots of crocodile tears.

In 2018, the OAG reached 69,697 beneficiaries and absorbed 67 percent of the social assistance budget. The only other social assistance program remaining is a Disability Grant (4,744 beneficiaries), which is capped and has not approved new beneficiaries for years, and an Education Grant for Orphans and Vulnerable Children (51,000 beneficiaries). That is all the social assistance system provides to the needy (see Table 2).

What effect did the growth of the OAG have on the performance of the social assistance system as a whole? All households that have an elderly person receive a monthly grant of L 400. Some households that have a disabled person receive a monthly grant of L 180. Some of the needy school-age children receive an Education Grant (EG), which is paid directly to the schools. In 2011, the EG fully covered the fees charged by the schools. By 2018—due to inflation—school fees had doubled while the EG remained at the 2011 level. The grant now covers less than half of the fees actually charged by the schools. This means that the EG mainly benefits children from non-poor households and moderately poor households instead of benefiting the extremely poor.

Due to the fact that the OAG is universal and that the means-tested Disability Grant as well as the Education Grant are not well targeted, the Eswatini social assistance system spreads its meager resources nearly randomly over all income categories, leaving big social assistance gaps. Although 38 percent of the social transfers go to households that are not poor, the majority of moderately poor households and even the majority of the extremely poor households are not reached by any social assistance program (Figure 3). An elderly person living in a well-to-do family receives monthly L 400, which he or she does not really need, while next door an extremely poor female-headed household with five children, who go to bed hungry, receives no social assistance at all.

The impact of the social assistance system is further reduced by the fact that categorical programs like the OAG and the Disability Grant do not take the household size into account. This leads to a situation where an elderly person living in a one-person household receives a monthly transfer of L 400, which he or she can spend all on themselves. An elderly person living in a poor seven-person household (the average size of extremely poor households) has to share the transfer with six other household members. This results in an additional monthly income of only

Table 2. Main Social Assistance Programs in Eswatini (August 2018)

Name of Program	Type	Target Group	Transfer Volume per Month	Number of Beneficiaries	Annual Costs in million L	Implemented by	Source of Funds
Old Age Grant	Universal	People 60+	L 400 per month paid quarterly	69,697	350	DPMO-DSW	Government
Disability Grant	Means tested	Poor disabled people	L 180 per month	4,744	11	DPMO-DSW	Government
OVC Education Grant paid to 260 schools	Means tested	Poor OVC in secondary and high schools	L 1,950 per year	51,000	103	DPMO-DSW	Government

Source: Data are compiled from Department of Social Welfare statistics. They are not fully comparable with the data from the Eswatini Household Income and Expenditure Survey conducted in 2016/2017.

Note: L stands for the Eswatini currency called lilangeni. It is pegged to the South African rand, which in 2018 was equivalent to US\$0.07. DPMO-DSW, Deputy Prime Minister's Office—Department of Social Welfare.

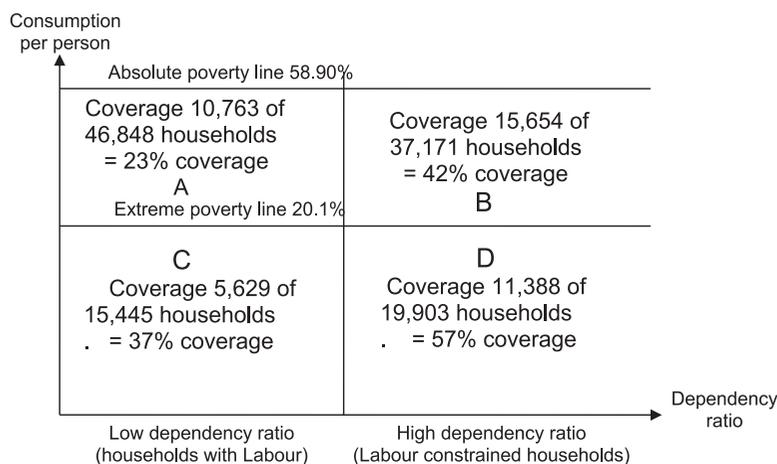


Figure 3. Coverage of Different Categories of Poor Households in Eswatini by Social Cash Transfer Programs (Old Age Grant and Disability Grant). *Source:* Data compiled by the author from Eswatini Central Statistics Office and World Bank (2018). *Note:* The absolute poverty line is based on the costs of a basket of basic food and non-food items (L 975.30 per person per month). The extreme poverty line (identical with the food poverty line) is based exclusively on the costs of a food basket that meets the minimum food energy requirements without providing for any non-food needs (L 463.40 per person per month). L stands for the Eswatini currency called lilangeni. It is pegged to the South African rand, which in 2018 was equivalent to US\$0.07.

L 57 per person per month (equivalent to US\$4), which is not sufficient to have any poverty reduction impact. In other words, many of the extremely poor households reached by the OAG do not benefit much from this program.

In summary, the social assistance system is not tailored to reach the majority of extremely poor children and other extremely poor household members and to meet their most basic needs. For this reason, the social assistance system in Eswatini is not able to contribute significantly to achieving the policy objectives of the government as formulated in the National Social Development Policy (Government of Swaziland, 2012) and to reaching the Sustainable Development Goals. In its present form, its impact on reducing monetary poverty and on mitigating the multiple nonmonetary deprivations faced by the majority of children in Eswatini is marginal.

What Is Done to Improve the Performance of Social Assistance?

During the last several years, a number of reports and assessments by international organizations have suggested converting the OAG from a universal to a means-tested program and using the saved funds for poverty-focused interventions.³ One recent proposal for redesigning the social assistance system (Schubert, 2018b) is summarized in Table 3. These suggestions are blocked by vested interests, which are difficult to overcome. Old people and the members of their households are voters. Chiefs and elders—most of whom are over 60 years of age—are politically important local power structures. It may well be that the crocodile has become too big to be stopped from growing further.

Table 3. Redesigning the Social Assistance System in Eswatini—A Systemic Approach

Type of Interventions	A		B		C		D	
	Non-Poor Households 164,000 HHS	Moderately Poor Labor Endowed 47,000 HHs	Moderately Poor Labor Constrained 37,000 HHs	Extremely Poor Labor Endowed 15,000 HHs	Extremely Poor Labor Constrained 20,000 HHs			
Natural disaster relief in case of droughts, floods, etc.		X	X	X				X
Insurance for health, disability, death of breadwinner, etc.	X	X	X					
Employment (public works, productive safety net)		x			X			
Social cash transfers plus case management								X
Education grant		x	x		X			X

Source: Schubert (2018a).

Note: HHS, households.

Will the government of Eswatini make additional funds available for programs that close the most serious social assistance gaps? Following the political processes of recent years, this is not very probable. Will donors provide financial assistance for additional programs? Donors hesitate to provide financial assistance to a lower-middle-income country when the country itself does not seem to prioritize social assistance funding.

Donors and multilateral organizations provide abundant technical assistance in the form of consultants. They assist the government in drafting policies and action plans, organize conferences, conduct trainings, and finance visits of politicians and government officers to learn how other countries organize their social assistance. Ambitious policies are drafted and meetings are held to discuss them. But these activities have no observable effect on the delivery of social assistance. Plans and policies have remained on paper while the implementation gap is widening.

Are There Similar Developments in Other Countries—How About Lesotho?

Lesotho is an African lower-middle-income country with a population of 2 million. Poverty and inequality are high—similar to Eswatini. It implements a universal OAG for all persons aged 70 or above (compared to 60 and above in Eswatini), which reaches 85,000 beneficiaries (Table 4). In 2013/2014, the OAG absorbed 28 percent of the social assistance budget. This share increased steadily to 49 percent in 2016/2017. “Interestingly, while all other social assistance programs were affected by the economic downturn in 2016/17, the budget of the Old Age Grant was not affected” (UNICEF, 2017). The crocodile keeps growing. The OAG is so popular that politicians may be tempted to lower the eligibility age to 65 or even 60 and/or further raise the volume of the transfers, which would dramatically accelerate the cost explosion (Pelham, 2007).

Table 4. Social Assistance Programs in Lesotho

Program	Target Population	Disbursement	Starting Year and Coverage	Scale	Organizations Involved
Lesotho Old Age Pension	Individuals aged over 70, except those already receiving a government pension	M750 (US\$54) a month	2004 85,000 beneficiaries by 2016	2.4% of GDP	Administration: Ministry of Finance Funding: Lesotho Government
Lesotho Child Grants Program	Poor households with at least one child—22% of households in program areas	M360 (US\$26) a quarter for households with 1–2 children, M600 (US\$43) for 3–4 children, M750 (US\$54) for 5+ children	2009 (limited areas) Expanded to 37,000 households across all 10 districts	0.2–0.8% of GDP	Administration: Ministry of Social Development Funding: EU and (from 2013) Lesotho Government

Source: Ansell et al. (2019).

The UNICEF (2017) Lesotho Social Assistance Budget Brief summarizes the effects of the dominating role of the OAG as follows: “There is no social assistance program to address the vulnerabilities during pregnancy and early childhood; or for disability and chronic illness. The Government committed to implementing a universal infant grant of M100 per month, for all pregnant women and mothers with under-2s, with the transfer value indexed to inflation; and a disability grant of M250 per person per month, phased in over four years, to all those with severe disabilities, with the transfer value indexed to inflation; but none of the committed programs has been launched yet.”⁴

The Case of Malawi

Poverty in Malawi and the Structure of the Social Support Program

In 2004, Malawi had a population of 12,328,400 living in 2,731,440 households. According to the 2004/2005 Integrated Household Survey (IHS2), 44 percent of all households were poor and 17 percent were extremely poor. The Malawi Social Support Policy (MSSP) was from the start based on a systemic approach. Its main objectives are to reduce and eventually eliminate extreme poverty and to prevent moderately poor households and non-poor households from falling into extreme poverty. The policy states: “Social Support is defined as all public and private initiatives that provide income or consumption transfers to the poor, protect the vulnerable against livelihood risks, and enhance the social status and the rights of the marginalised, with the overall objective of reducing extreme poverty as well as economic and social vulnerability of the poor and marginalised groups” (Republic of Malawi, 2010).

In order to reduce and eventually eliminate extreme poverty (food poverty) in the context of scarce financial resources and limited implementation capacity,

planners and policymakers had to decide which programs would be appropriate to reach which categories of poor households. To facilitate this decision, planners and policymakers analyzed a number of different universal as well as means-tested program options with regard to:

- number of extremely poor households that would be reached;
- number of extremely poor households that would be excluded;
- the estimated total costs (cash transfers plus administrative costs) of the respective option; and
- other pros and cons of each option.

One option analyzed was a universal old age pension for all households that had one or more citizens aged 65 and above. Approximately 388,000 households (14 percent of all households) include an elderly person aged 65+. All of these households would receive the pension. Of the 388,000 households, 202,000 are non-poor, 116,000 are moderately poor, and 74,000 are extremely poor. This means that 19 percent of the total benefits of the program would reach the extremely poor households. If this were the only cash transfer scheme in Malawi, 84 percent (380,000 of the 454,000) of the extremely poor households (all those with no elderly person) would be excluded (see Figure 4). Annual program costs were estimated at US\$78 million (equivalent to 2 percent of GDP). The analysis revealed that implementing this program would use up all the funds the Government of Malawi would be willing to allocate for social support. At the same time, 84 percent of extremely poor households would not benefit from the program. In the same way, other options were analyzed.

Figure 5 summarizes the design of the Malawi social assistance system. Based on the analysis described above, the system distinguishes between three categories of poor households and identifies the main social needs of each category. For each category, it allocates a number of need-oriented programs. Ultra-poor households with labor capacity are covered by public works and other labor-based programs. Labor-constrained (incapacitated) ultra-poor households are covered by an SCTP. Children in all ultra-poor households receive school feeding. Moderately poor households are covered by more self-help-oriented programs. In 2007, an evalua-

Type of households	Covered	Not covered
Non-poor households (households above the poverty line)	13%	87%
Moderately poor households (Households below the poverty line but above the extreme poverty line)	16%	84%
Extremely poor households (Households below the extreme poverty line)	16%	84%

Figure 4. Coverage of Extremely Poor, Moderately Poor, and Non-Poor Households If Malawi Would Implement a Universal Old Age Pension Program. *Source:* Schubert (2009).

tion of the SCTP in the pilot district Michinji identified an inclusion error of 24 percent. With regard to the exclusion error, the report states: “Experts warn that calculating exclusion rates may not be useful given that the exclusion rate reflects the size of the budget, rather than the quality of the targeting” (Miller & Toska, 2008). Budget constraints had forced the government to limit the coverage of the program to the neediest 10 percent of the population in each community.

Performance of the National Social Support Program in Malawi (MNSSP)

A European Development Fund Action Document of 2017 gives the following assessment of the Malawi National Social Support Program: “The MNSSP has a number of strengths. The Social Cash Transfer Program (SCTP), which targets the most vulnerable members of Malawi’s population, is a highly effective social support intervention. Despite the ‘arbitrary’ targeting cap of 10 percent per district, which has resulted in higher exclusion errors of potential and deserving beneficiaries, it has genuine nationwide coverage (it will soon be operating in every rural community in every district). Its impact has been robustly evaluated and found to be generally very

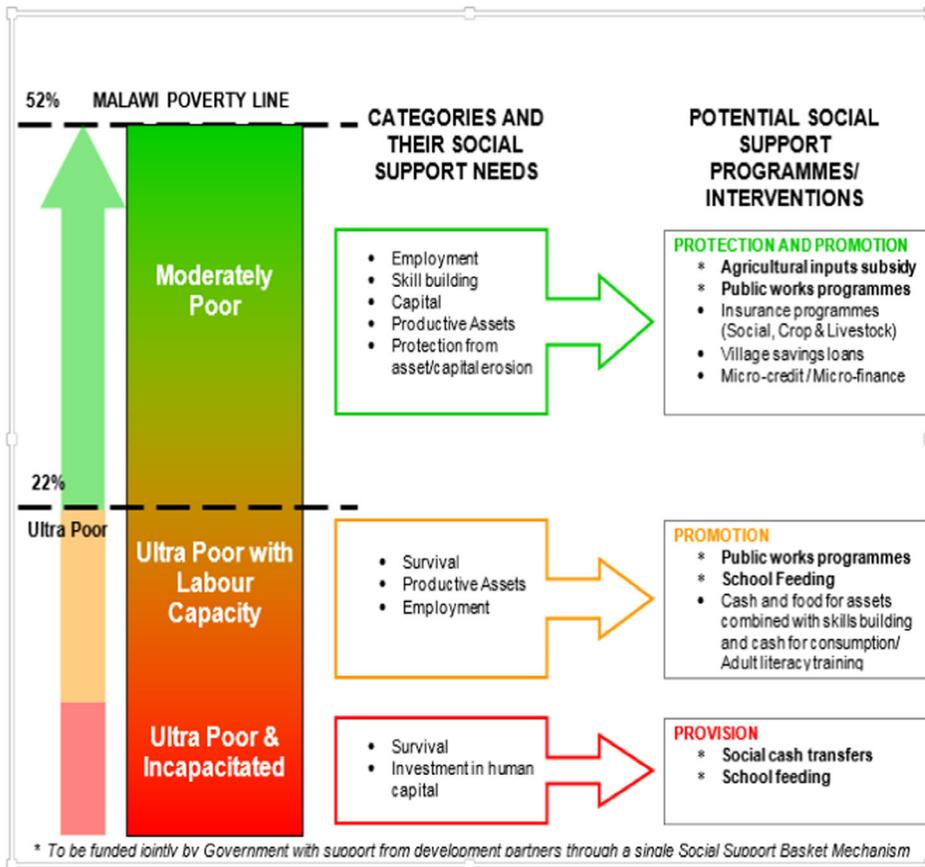


Figure 5. Malawi National Social Support Program 2010. Source: Republic of Malawi & Ministry of Economic Planning and Development (2010).

positive, especially in terms of food security and asset accumulation, important indicators of resilience. Evidence from the evaluation shows that the SCTP has lightened the burden of women's poverty, improved women's nutrition, and enabled them to do the same for their families as well. It found strong effects of the program on children's school attendance across all age ranges and gender, and on delaying sexual debut, childbearing, and early marriage among young girls, thus breaking an intertwined cycle that heightens vulnerability to each condition, decreasing future potential productivity and wellbeing. The SCTP has high support and visibility among both Government and development partners; and it has, over the last few years, developed advanced systems for targeting, implementation, operation and monitoring" (European Development Fund, 2017, p. 6).

Discussion: Factors of Success and Failure in Malawi and Eswatini

Systemic Approach Versus Silo Approach

A systemic and needs-oriented approach does not focus on a single program but considers an ensemble of programs, which together ensure that all most pressing social needs are covered. This approach gives a fuller meaning to the human rights requisites of universalism by requiring that the overall arrangement of social protection in a country be universalistic, not just a single program.

When Malawi in 2010 started to consider and eventually introduce social protection, it based it on a quantitative and qualitative analysis of the poverty and vulnerability of different population groups. This made it possible to identify which categories of households require which types of social assistance interventions. Then it was identified which of the social assistance needs of different categories of poor and vulnerable households were already covered by existing programs and what were the social assistance gaps. Finally, Malawi assessed options for filling the most serious social assistance gaps with interventions that are affordable given the financial constraints. In this way, Malawi designed a social support program (see Figure 5) that determines which programs will reach which categories of needy households. A systemic and needs-oriented approach laid the foundation for the success of the Malawi social assistance system.

When Eswatini in 2005 started a universal Old Age Grant, this intervention was simply added to the existing mixture of programs without an analysis of the needs of different categories of poor and vulnerable households, without considering if and how the OAG complements the existing programs and without considering what the financial implications would be. It followed the mainstream attitude, which could be characterized as: "Let's just do it—a universal old age grant is always a good start for establishing a social assistance system." Establishing (or evaluating) an intervention without considering the systemic implications is a silo approach.

An example of this kind of approach is the "Swaziland Old Age Grant Impact Assessment" conducted in 2010 by the Regional Hunger and Vulnerability Program in cooperation with HelpAge International (Regional Hunger and Vulnerability Program & HelpAge International, 2010). This evaluation analyzes

exclusively how the OAG is organized and what impact it has in beneficiary households. Households that do not have an elderly person and who are as needy or even needier than households with an elderly person, like disabled-headed or child-headed households, are not even mentioned. The role of the OAG in the social assistance system is not addressed. The fact that the universal OAG is crowding out other more poverty-oriented programs has escaped the attention of the evaluators. In the last sentence of their conclusions, the evaluators applaud the government for consistently increasing the value of the OAG transfers and propose that these values should be further increased—which actually happened, leading to the current situation where the OAG absorbs 67 percent of the social assistance budget. This evaluation laid the foundation for the subsequent failure of the Eswatini social assistance system to effectively reduce poverty and vulnerability of the neediest population groups.

Universal Versus Needs-Oriented Approach

When Malawi analyzed the costs of different types of interventions, it made sure that all programs included in the social support system are appropriately financed. To be affordable, the SCTP had to restrict the coverage to the neediest 10 percent of the households in a community. Therefore, a targeting mechanism was developed, which first identifies all labor-constrained households in a community and subsequently ranks these households according to their poverty status. Then the neediest of the labor-constrained households are approved—up to 10 percent of the total number of households in the community. Once more funds for social assistance are available, the 10 percent capping can be relaxed. Extremely poor labor-endowed households are targeted by public works and livelihood programs. In this way, the MNSSP consists of a combination of interventions for different types of poor households, which ensures that the neediest of all extremely poor households are covered. Malawi uses a combination of means-tested programs to achieve systemic universalism from below.

In Eswatini, the costs of the universal OAG have been increasing to an extent, which has crowded out other programs and which leaves no funds for programs tailored to reach extremely needy households that have no elderly person. Policymakers seem to be unable to take measures to control the cost explosion of the OAG. In this way, the social assistance system in Eswatini distributes its meager resources to a large extent to non-poor households, leaving no money to close serious social protection coverage gaps.

Targeting Households Versus Targeting Individuals

In general, vulnerable individuals like children, the elderly, the disabled, and chronically ill persons live in households where they are cared for by their families. But households that are extremely poor and are at the same time labor constrained—the target group of Malawi's SCTP—are unable to care for their vulnerable

members. They have no or very few fit adults to care for the many dependents (see Table 1). By empowering these households with cash transfers that take the household size into account—bigger households get bigger amounts of monthly transfers compared to smaller households—Malawi supports the poorest of the poor of all vulnerable persons using an inclusive approach.

Eswatini's OAG ensures that all elderly persons receive a monthly grant of L 400. Some of the households with a disabled person receive a monthly grant of L 180. The household size is not considered. For a one- or two-person poor household, L 400 is a substantial increase of the household income. For a household with seven or more members (the average household size of extremely poor households is 6.5), a grant of L 400 is insignificant. Extremely poor households that have neither an elderly person nor a disabled person receive no social assistance at all. In other words: Reliance on one or two categorical social assistance programs is an approach that excludes a large number of extremely needy households. It fails to provide inclusive social assistance.

Conclusions

The comparison of the structure and outcome of different social assistance systems given above leads to conclusions with regard to how low-income and lower-middle-income countries should design or redesign their social assistance systems. The design process should start with a quantitative poverty and vulnerability assessment (using household income and consumption survey data, which are readily available in most countries), leading to a detailed identification of social assistance needs of different categories of poor and vulnerable households. The design should further be based on an assessment of to what extent the social assistance needs of different categories of households are covered by existing programs. The comparison of social assistance needs with the coverage of these needs by existing programs leads to the identification of social protection gaps.

The results of the gap analysis provide the base for social assistance policy decisions and priority setting. When planning how to close the prioritized social assistance gaps, different program options have to be assessed with regard to their impact on the performance of the social assistance system as a whole. The guiding principle should be to harmonize the system in such a way that the combined impact of system components (social assistance programs) improves the living conditions of all extremely poor and vulnerable households and achieves a maximal welfare impact. This means shifting from “program universalism” to “systemic universalism,” to ensure that social assistance systems cover all citizens in need while giving priority to cover the neediest.⁵

Similar to Malawi, countries like Mozambique, Zambia, Liberia, Zimbabwe, Ghana, and Ethiopia have used this approach when establishing their social assistance systems. They all avoided universal categorical programs. They target extremely poor labor-constrained households with means-tested unconditional

cash transfer programs while extremely poor labor-endowed households are targeted with labor-based programs like public works and livelihood programs. None of them has yet been able to end extreme poverty. But like Malawi, they are making progress, and the performance of their social assistance systems is by far better compared to the performance of the social assistance systems in Eswatini and Lesotho.

In summary, the evidence-based analysis provided in this article points to shortcomings of the mainstream designs of social assistance for poor countries, such as neglecting need orientation, narrowing the view to categorical programs, assuming incorrectly that means-tested programs are not rights based and therefore not desirable, and conceiving of universalism in terms of the universal coverage by one program rather than by the ensemble of all programs, resulting in social assistance systems that fail to cover a large share of the neediest people and households.

Notes

1. In this article, the term *social assistance* is not confined to means-tested benefits but is used in a broad sense, which includes all kinds of social transfers in cash and kind and public works.
2. L stands for the Eswatini currency called lilangeni. It is pegged to the South African rand, which in 2018 was equivalent to US\$0.07.
3. Blank, Mistiaen, and Braithwaite (2012, p. 107) remark: "Introducing some form of targeting to the OAG would make the program more pro-poor and free up resources for other safety net programs."
4. The value of the Lesotho currency is pegged to the South African rand, which in 2018 was equivalent to US\$0.07.
5. For a detailed discussion of the terms and concepts of *program universalism* and *systemic universalism*, see Leisering (2019, pp. 354–383).

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