**Equity Approach: Implications for Financing, Universal Access vs Targeted Interventions.**

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(My presentation is based on the “Narrowing the Gaps” document.)

Cash transfers seem to form a key part of the new ‘equity’ approach proposed by UNICEF, and this will be the focus of my presentation here today. According to UNICEF, cash transfers targeted to the most marginalised and vulnerable are intended to remove demand side barriers to using social services, and as such increase equity –or equality of opportunity.

Research is indeed showing the many benefits that cash transfers have on children in terms of improved health and nutrition, and various education outcomes. I will not mention examples here as I believe this is well known to Unicef and probably to most in the audience. Cash transfers have also proven to reach the poorest and most vulnerable children, and as such they go well with the ‘equity’ thinking.

An equity approach the way UNICEF defines it, however, seems to argue for cash transfers targeted only to the most vulnerable groups. This seems to contrast with their general (or previous?) focus on more comprehensive social protection measures. They mention ‘cash transfers to the poorest to cover transport, subsistence and other indirect costs known to prevent them from utilizing services’. This is problematic both in terms of how to define “the poorest”, and also in terms of the narrow focus of the intended use of the grant.

First – the means-testing: How do you define the poorest or most vulnerable? And how do you identify them? It is difficult, time consuming and very expensive to identify and categorise individuals based on income or assets, and this is especially so for the poorest and most vulnerable.

Also, the most vulnerable today might not be the most vulnerable tomorrow, and vice versa. Negative economic shocks, accentuated by climate change, are frequent amongst the poor. Often they send families just above the poverty line into permanent poverty. Very narrow targeting could easily exclude such households (even though a cash grant could prevent them from falling below the poverty line in the first place).

And how do you monitor such means-testing? Do you throw people out if they manage to improve their earnings slightly, perhaps as a result of receiving the grant (because the grant is starting to increase productivity)?

Second – the narrow intended use: Introducing separate cash transfers for various needs, such as the one just mentioned for transport and subsistence costs, can become extremely resource demanding. I think we have to be careful of ending up in a situation with separate cash transfer for every challenge, and rather promote transfers that are 1) large enough to matter, and 2) can be used where most needed, at parents’ discretion, be it to pay for improved nutrition, for school fees or transport costs.

(I will not talk much about Human Rights here, since I know Margot will address this thoroughly later on). But also within a HR framework, more universal programmes would be preferable to more targeted approaches, as human rights are universal and all people are entitled to them. A degree of targeting is necessary, of course, but it should be based on more *objective* criteria, such as age. This will also make is less open to inclusion and exclusion errors, and to perverse incentives like keeping your income down to ensure eligibility.

Universal child benefits are a good example. In interest of cost, such grants can be gradually extended as the fiscal space increases. To begin with, the Child Support Grant in South Africa was given to all children up to 7 years of age, and since 2010 it has been extended to all children up to the age of 18. Research shows great benefits to poor and marginalised children, especially girls.

Universal programs are also more transparent and as such less prone to corruption. And they have one additional benefit; they can contribute to building a notion of citizenship. If the middle class benefits from a child grant, it is more likely to be supportive of the programme and as such ensure its sustainability. This will be increasingly important as countries introduce private income taxes.

The one question that probably pops up in all this, though, is the affordability of universal programmes. Although more research is needed, some estimates have been done by the International Labour Organisation (ILO). They estimated costs of a basic social security package in seven African and five Asian countries. The package consists of universal basic old age and disability benefit, universal child benefits, universal access to essential health care, and social assistance.

The level of the child benefit is a maximum of half a US dollar a day paid to up to two children under the age of 14 per woman. The projected costs vary greatly between countries, yet there is a trend of lower costs in the longer run in most countries. For the year 2010, the cost remains below 3.6% of GDP in all countries (e.g. Tanzania), being as low as 1.2% of GDP in India. And costs can be further reduced by lowering the cufoff age of the children.

Affordability is not only about costs, however. Political will is key, as is support from the international community. As I mentioned, targeting is difficult and expensive, and they might not be the best way to reach the poorest and most vulnerable. And also universal programmes can start out small scale and gradually expand.

In a conference on social policy held in Norad some years back, Professor Kalle Moene at our department, reminded us that “Nordic countries were poor when social policy measures were introduced, but these countries understood that productivity produce earnings and vice versa”. This is true not least because income improves nutrition which again improves productivity. Providing people with income grants is one way to ensure pro-poor growth and development in the long run. We have to be bold enough to think in such terms.

One note extra note on equity: Although universal programmes seem to do well in reaching marginalised and vulnerable children, complementary efforts is most probably needed to reach the worst off. Cash transfers should always be seen in a context of more comprehensive social policies, which include education, health, and broader social protection measures.

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