

# Advocating for universal social security: how to win hearts and minds

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## Preface

Act Church of Sweden is committed to promoting everybody's right to social security. We see this as a key strategy in fighting poverty and promoting gender equality, resilience and most of the SDGs. Increasingly, we see the importance of social security as a tool to handle future risks and shocks – whether climate-related or not.

During the last decade, not least after the COVID-19 pandemic, the international consensus that greater investments in social protection are needed in low- and middle-income countries has grown stronger, for many reasons. However, there is still considerable controversy around the question on whether social protection should be based on rights-based and universal social security benefits like child benefits for all children or pensions for all persons above a certain age, or whether the focus should be on poverty-targeted benefits. This debate is technical, but at the same time, deeply political.

In previous reports, Act Church of Sweden and Development Pathways have provided evidence on how poverty-targeted schemes exclude large groups of the intended beneficiaries and why universal benefits, although more costly, are more likely to be sustainably financed.

In this paper we summarise this evidence and go a step further. We discuss how advocacy for universal social security can be carried out in the most effective way: *the words and arguments to use and who to approach to win hearts and minds*. Words are important. The language we use shapes our thinking, while also shaping the thinking of those with whom we communicate. If for example, we use inclusive words and avoid 'othering' recipients of social security, the case for universality may be received more easily.

We hope that this guidance can be useful for advocates of universal social security in different contexts, whether it be in civil society, governmental, political or international organisations or other spaces. You may agree with some, or all, of the suggestions given in this paper. Or you may not. There may be parts where your own thinking is challenged or even provoked. Above all, we hope that the document stimulates your own thinking.

## **Acknowledgements**

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Of course, the authors take full responsibility for the paper. We hope that it will be used to help promote universal social security globally, in line with the rights of everyone to access social security. We recognise that there are powerful figures that promote poor relief and small states – see Sibun (2022b) for an example of this – so we hope that this paper can make some difference when pushing against them. At a time of major crises across the globe, universal social security has never been more important. When the influence of demagogues and populists is growing and national economies, livelihoods and social cohesion are threatened by an invisible virus, universal social security has never been more important.

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## Executive summary

While there is a global consensus that all countries should build national social security systems, there is significant contestation over the type of social security that should be established. A key debate is whether universal social security is feasible in low- and middle-income countries, with policymakers often believing that universal social security is unaffordable. The aim of this paper is to offer advice on how to advocate for universality in contexts where policymakers need to be convinced. It also highlights some common pitfalls that advocates of universality can fall into, which can hinder the effectiveness of their advocacy and policy dialogue.

There are three components of advocacy examined within the paper:

- The language used when arguing for universal social security;
- The arguments with which to influence decision-makers; and,
- The identification of the real decision-makers within any country and directing advocacy towards them.

While the advice outlined in this paper will not guarantee that policymakers will be convinced, it is likely to enhance the chance of success.

### Employing terminologies that support universality

The language we use shapes our thinking, while also shaping the thinking of those with whom we communicate. Therefore, if we wish to argue for universality, we need to employ language that will build an understanding of the value of universal schemes among policymakers and others. Examples of the type of language to use – and avoid – when arguing for universality are set out below.

***Avoid talking about ‘the poor’ and focus on the needs and rights of everyone.*** In reality and, in contrast to what is often assumed in the international development debate, ‘the poor’ are not a group that many policymakers wish to prioritise. They prefer policies that support the majority of the population. Indeed, a focus on ‘the poor’ rather than benefits for everyone is likely to be interpreted as arguing in favour of targeting ‘the poor’. Therefore, advocates of universality, need to change the narrative to move away from a focus on the ‘poor’. They must demonstrate that most people in low- and middle-income countries require access to social security. For example, they can show that the vast majority of people in low- and middle-income countries have lower incomes than, for instance, the poorest 5 per cent of Swedes. If almost all Swedes require access to social security, the argument can easily be made that, within low- and middle-income countries, most people should access social security. In addition, the idea that ‘the poor’ are associated with a

very narrow, fixed group at the bottom of society is an illusion. Poverty is highly dynamic and affects very large proportions of the population in low- and middle-income countries.

***Stress the importance of ‘reaching the poor’ rather than ‘targeting the poor’.*** In debates on universality and targeting, it is often forgotten that ‘poverty targeting’ is only a means to an end and not an objective. Rather, the objective should be to ‘reach the poorest’. As global evidence shows, when poverty targeting is used in social security, usually the majority of the poorest miss out. The most effective means of ‘reaching the poor’ is, in fact, through universal schemes. Therefore, if advocates of poverty targeting truly wish to ‘reach the poorest’ they should recognise that universal schemes are the best means of achieving this end.

***Avoid talking about vulnerable groups, as we are all vulnerable.*** The prevailing discourse on supporting vulnerable groups – such as ‘the elderly’ or ‘the disabled’ – is a form of othering. It identifies the recipients of social security as different from the rest of us and as groups to be pitied. It is, therefore, unsurprising that policymakers respond by establishing schemes for the most vulnerable, in other words the poorest members of the vulnerable groups. A universality discourse on vulnerability would highlight how we are all vulnerable across the lifecycle and, consequently, demonstrate how all of us require access to social security throughout our lives via universal lifecycle systems.

***Replace ‘social protection’ with ‘social security’.*** The definition of social protection is highly contested and poorly understood by policymakers. Given that social security is embedded within a rights framework, and is much easier to understand by policymakers, when advocates of universality refer to access to social security, arguments based on offering individual entitlements to everyone are much easier to make. In contexts where social security is regarded as synonymous with social insurance, advocates of universality should seek to re-interpret social security by stressing how it should be conceptualised as comprising both tax-financed and contributory schemes, within a ***multi-tiered, rights-based system***, as is common in countries with strong social security systems.

***There are five terms to avoid when advocating for universal social security.*** These are: social assistance, non-contributory, social safety nets, grants and cash transfers. Each of these terms have connotations of ‘charity’ or ‘handouts for the poor’ and their use should be restricted to poverty-targeted programmes. The terms used by advocates of universality to describe universal social security schemes should generate within the listener or reader a sense of entitlement. For example, a universal benefit for older people could be called a ‘Citizens’ Pension;’ or, disability benefits could be called ‘Personal Independence Payments’.

***Reshape the narrative on poverty-targeted programmes towards characterising them as ‘19<sup>th</sup> Century poor relief’.*** The model for today’s poverty-targeted schemes dates back to 1598

when England introduced its first Poor Law. Poor relief programmes in Europe reached their height in the 19<sup>th</sup> century before they were gradually replaced by universal social security systems. In fact, the World Bank's ideal model of social assistance – their social safety net – is based on the 19<sup>th</sup> century model of Poor Relief. Rather than offering support that is tailored to the requirements of *individuals* at different stages of the lifecycle, it targets – inaccurately – assistance to the poorest *households*. Referring to poverty-targeted programmes consistently as 'poor relief' or '19<sup>th</sup> Century poor relief' will, over time, create an entirely deserved negative image of them in the minds of policymakers and the general public.

***Address the conflation by advocates of poverty targeting of 'universal' with 'targeted'.***

Increasingly, advocates of poverty targeting argue that lifecycle, universal social security schemes are a form of 'targeting'. Consequently, they hold that there is no meaningful difference between their poverty-targeted benefits and, for example, a universal child benefit, as both are 'targeted' at a specific group within the population. The argument, however, has little merit. The key distinction in the debate on targeting is between programmes that use means-testing and those that do not. It is the latter schemes that we refer to as universal. Indeed, well-designed, inclusive lifecycle schemes are benefits for all of us and are therefore universal: for example, an old age pension is for all of us, when we reach old age.

***Avoid describing the objectives of universal benefits as tackling poverty and use more inclusive terms instead.*** When describing the purpose of universal benefits, advocates of universality need to focus on aims that resonate positively with policymakers. Options include language such as 'raising standards of living', 'addressing risks', 'ensuring everyone has a guarantee of a minimum income' or, 'ensuring everyone can experience lives of dignity'.

***Build an understanding of universal social security as an essential public service.*** In high-income countries, social security often comprises the largest area of government spending and is regarded as an essential public service. In contrast, in most low- and middle-income countries, government spending on social security is relatively limited and tax-financed schemes are often regarded more as 'projects' than essential services. They are rarely embedded within legislation. Therefore, when arguing for universality, social security should be portrayed to policymakers and others as an **essential** public service, alongside others such as health, education, and water and sanitation.

***Debunk the use of jargon such as 'shock-responsive social protection', 'cash-plus' and 'social registries'.*** There is a growing tendency for jargon to be added to the term social protection as descriptive adjectives, which runs the risk of the core message of universal social security being lost in translation. One of the chief culprits is the term 'shock-responsive social protection', yet 'shock-responsive' is, in reality, a redundant term since

social protection – or, rather, social security – is, by its very nature, shock-responsive. Therefore, rather than employing the term ‘shock-responsive social protection’, advocates of universality should consistently stress, as an advocacy message, the benefits of universal social security and demonstrate that it is the most effective means of addressing shocks. Further, if universal social security is in place, there would be no need for ‘cash-plus’ programmes: rather the focus of governments would be on strengthening other universal public services, such as health and education, so that all members of society can access all services equally. Indeed, a major failing of cash-plus programmes is that they often deny access of non-recipients of the ‘cash transfer’ to a range of valuable services. Finally, advocates of universality should push back against social registries. Rather than being systems of inclusivity, as their advocates insist, they are merely tools for poverty targeting across multiple programmes and, in fact, have failed wherever they have been used.

***Accept a role for residual poor relief within universal systems.*** An argument increasingly used by proponents of poverty targeting is that all countries should have a mix of universal and targeted schemes. Their aim is to legitimise their advocacy for poor relief by highlighting that even high-income countries have means-tested programmes. When promoting universality, advocates need to address this argument by accepting that not every social security scheme within a universal system should be universal. In countries where universality is the norm, old age, child and disability benefits constitute the lion’s share of social security spending, alongside other universal lifecycle benefits such as maternity, sickness, caregivers and unemployment benefits. However, there is always some form of small-scale residual poor relief. Just because high-income countries have some small means-tested programmes, this is no justification for promoting poor relief as the basis of social security systems in low- and middle-income countries.

### **Identifying and communicating arguments to policymakers**

Countries will only introduce universal social security schemes if policymakers are committed to universality. Therefore, advocates of universality need to identify arguments that will be attractive to policymakers. Some examples are given below.

***Winning elections.*** In countries with free elections, the fact that universal social security schemes can help politicians win elections is a strong argument. This is because they are offered to all income classes, including those most likely to vote. In contrast, poverty-targeted benefits do not create the same incentive since they are given to a small proportion of the population – ‘the poor’ – who are much less likely to vote than those on middle- and high-incomes. Advocates of universality should, therefore, ensure that policymakers understand how universal social security schemes can help them win

elections. The most propitious moment to do this is, obviously, in the run-up to an election.

**Popularity.** A related argument to winning elections for politicians in both democratic and authoritarian contexts is that universal benefits are popular. While poverty-targeted benefits are unpopular with most of the population, since they exclude most of them, the introduction of universal benefits is usually very popular, with the political benefits accruing to the politicians who promote these schemes.

**Building trust in government and a strong social contract.** Politicians committed to building strong and cohesive nation-states are likely to be attracted to universal benefits. While poor-quality, poverty-targeted benefits undermine trust in government, universal benefits build trust since they are delivered on a fair and equitable basis to everyone. Greater trust in government is a necessary component of a strengthened social contract and helps create the more effective, fair and socially cohesive nation states desired by progressive politicians.

**Tackling high inequality.** High inequality is recognised as causing a wide range of social and economic ills – including lower economic growth – and there is broad acceptance that countries should take steps to create more equal societies. While it is often believed that poverty-targeted programmes are the best means of reducing inequality, in reality, universal schemes are much more effective. This is the result of the greater expenditures on universal social security, which deliver higher transfers to the majority of the population, while demanding higher taxes from the better-off members of society. It is no coincidence that some of the largest reductions in inequality found globally are in the Nordic countries, where universality reigns supreme.

**Compensating the main losers from reforms of fossil fuel subsidies.** The reform of fossil fuel subsidies is a real opportunity for the introduction of universal benefits. These reforms are usually very unpopular among those on middle- and high-incomes since they are the main beneficiaries. As a result, fossil fuel reforms can often provoke significant social unrest and it is important for governments to put in place compensation schemes to mitigate the increase in costs. However, governments often make the mistake of introducing poverty-targeted compensation programmes. Since these schemes exclude the main losers from the reforms – both middle- and high-income families – they do little to stop social unrest. In contrast, if governments used the savings from subsidy reforms to introduce universal benefits to compensate for the rise in fuel costs, they are likely to reduce the likelihood of social unrest since the main losers from the reforms would be included.

**The promise of greater economic growth from universal social security.** Many policymakers view tax-financed social security as a cost and as contributing nothing to the economy.



Consequently, they often perceive tax-financed social security as a waste of money and, for this reason, prefer to reduce the cost and target the poorest members of society. Yet, there are many pathways through which social security contributes to greater economic growth. Since levels of spending are much higher with universal social security compared to poor relief, the impacts on economic growth are also much greater. It is important that advocates of universality consistently refer to universal social security as an **investment** rather than as a cost.

***Work disincentives associated with poverty targeting.*** Universal social security does not generate the disincentives to employment that can be caused by means-testing, which should also be attractive to policymakers. There is good global evidence that poverty-targeted programmes discourage people from working, especially when income from work is only marginally higher, or even lower, than the income received through the programme. Self-evidently, there are no disincentives to work associated with universal schemes, since people receive the benefits whether or not they work.

***Universal social security addresses the needs of those in the informal economy.*** Informal economy workers, often predominately women, and their families – who in many countries comprise a substantial component of the population – are sometimes characterised as ‘vulnerable but not poor’. Yet, informal workers and their families are usually excluded from the social insurance that formal jobs give access to, as well as from poverty-targeted support. This large group is often characterised as the ‘missing middle’. While efforts to expand social insurance should continue, it should also be recognised that informal economy workers – and their families – also benefit from universal old age, disability and child benefits. Indeed, in many countries they are the main beneficiaries.

***Convincing policymakers about the availability of fiscal space for a universal social security system.*** A common concern of policymakers is that, since universal social security is more expensive than targeted poor relief, it is more challenging to find the fiscal space. There are at least three arguments that can be deployed by advocates of universality to address this concern: universal social security is popular so citizens are more likely to accept higher taxation, thereby expanding government revenues; universal social security will contribute to economic growth and, therefore, higher government revenues from tax; and, if a universal social security system is introduced gradually, the level of additional investment required each year will be minimal.

***Arguing for the right of the rich to access social security.*** A common argument against universal social security from policymakers and others is: “*why should the rich receive a tax-financed benefit?*” Yet, the right to social security encompasses all people, including the rich. Consequently, advocates for universality need to build a credible case for why the rich should access social security, going beyond the simple statement that social

security is a right for all people. Potential arguments include: universal schemes, with the middle class and rich included, build legitimacy for higher budgets, while also delivering higher transfer values; the rich deserve the benefit, since they are often the main funders of universal schemes through their taxes and, when the value of both the taxes paid and the benefits received are taken into account, the rich usually end up as net financial losers; the rich should not have to pay for social security twice (firstly through their taxes and secondly through private insurances for themselves); the cost of universal benefits can be clawed back from the rich through tax; and, universal coverage can be achieved through a multi-tiered system, with many of the rich accessing their benefits via the social insurance tier.

### **Identifying the targets for advocacy**

Too often, advocates of universality invest much time and effort in undertaking advocacy with governments, but do not reach the real decision-makers. Frequently, they engage with high-level civil servants who, in reality, have little influence over the actual decision-makers. Similarly, often advocacy is undertaken with Ministries of Social Affairs. Yet again, they – even their ministers – often have minimal influence with the real decision-makers. Therefore, prior to commencing advocacy, political economy analysis should be undertaken to determine the real decision-makers in any context. In addition, analysis needs to be done on how best to reach the decision-makers. This may not necessarily mean meeting with them directly since there are many other channels through which they can be reached indirectly, such as the media.

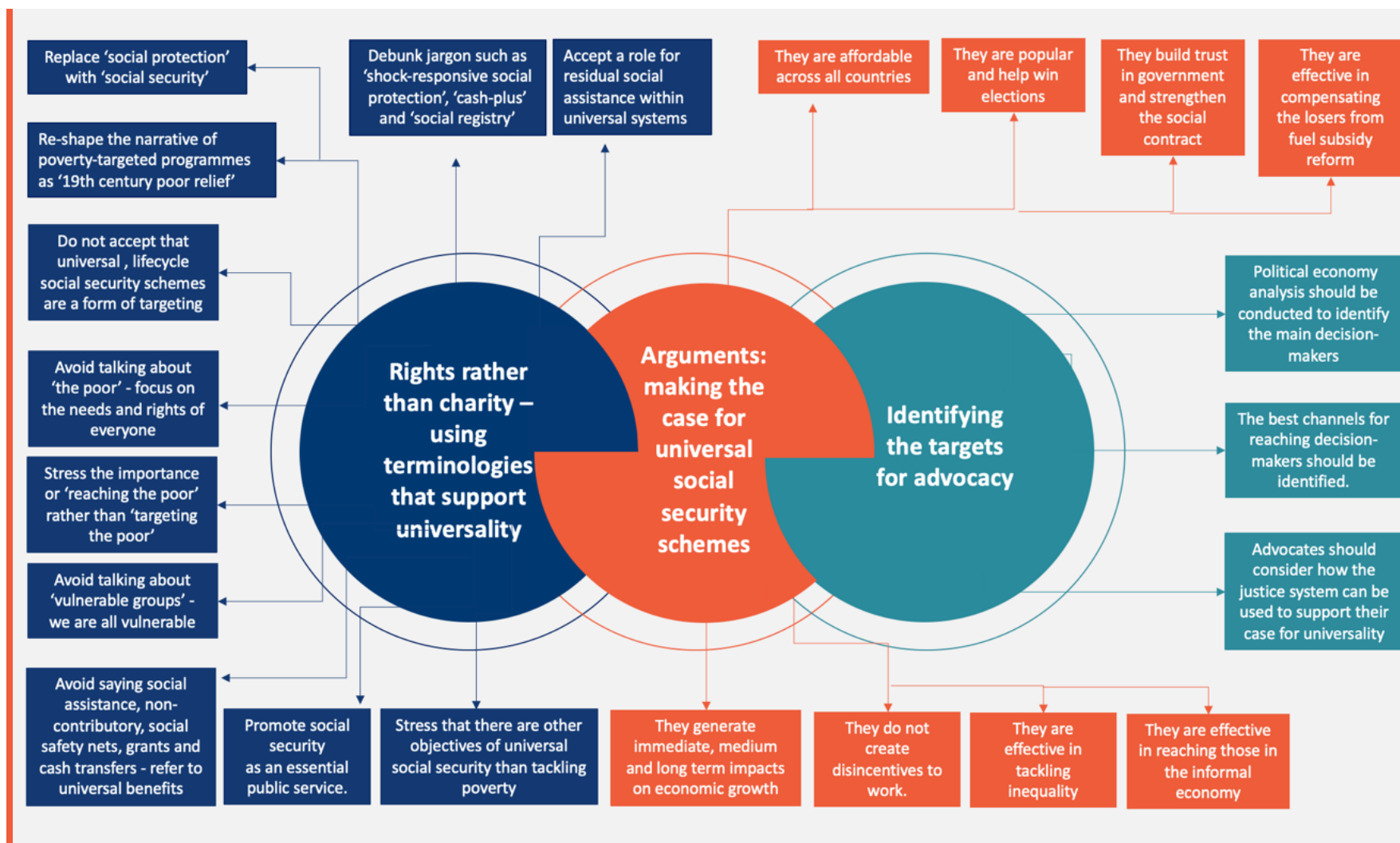
Advocates should also be willing to test whether the justice system could be used as a means of coercing governments to expand social security, in particular in countries where the right to social security for all is embedded within national constitutions.

### **Conclusion**

This paper outlines a number of strategies that advocates of universality can use when engaging in policy dialogue with governments. The list is not at all exhaustive but, hopefully, provides some useful hints. The most important argument to remember, though, is that universal schemes are highly popular and it is this fact that has underpinned their successful expansion globally over the past century. If the arguments in favour of universality can reach the real decision-makers in any country, there is a good chance that they will give them serious consideration. In the aftermath of COVID-19, universal social security has never been more important.

A summary of the advice on how to advocate for universality is set out in Figure ES-1.

Figure ES-1: Summary of advice on how to advocate for universality



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## List of Acronyms

APIS	Annual Poverty Indicators Survey
CRPD	Convention on the Rights of Persons with Disabilities
DFID	Department for International Development
GDP	Gross Domestic Product
HSES	Household Socio-Economic Survey
ILO	International Labour Organisation
ISSPF	Inclusive Social Security Forum
IMF	International Monetary Fund
MDGs	Millennium Development Goals
4Ps	Philippines' Pantawid Programme
PPP	Purchasing Power Parity
PSNP	Ethiopia's Productive Safety Net Programme
SDGs	Sustainable Development Goals
UCB	Universal Child Benefit
UNICEF	United Nations Children's Fund
WHO	World Health Organisation



# 1 Introduction

While there is a global consensus that all countries should build national social security systems, there is significant contestation over the type of social security that should be established. Many national governments in low- and middle-income countries easily accept the arguments of the proponents of poverty targeting that fiscal space is constrained and, consequently, universal social security is unaffordable. As a result, rather than implementing simple and effective universal social security schemes, governments naturally opt for the alternative of low-cost poverty-targeted programmes, even though accurate poverty targeting has been shown to be impossible in low- and middle-income countries. The impacts of poverty-targeted programmes on national indicators – such as the national poverty rate or inequality – are usually negligible.<sup>1</sup> As Richard Titmuss, a notable architect of the UK's social security system said: “*Services for the poor are poor services*”.<sup>2</sup>

Given that universal social security schemes and systems are higher cost than poverty-targeted programmes, it is clearly challenging to convince many policymakers to accept universality. Indeed, many policymakers naturally, or unthinkingly, lean towards protecting the interests of elites and are attracted by the low costs of poverty-targeted social security, which means a reduced tax burden on the wealthy.<sup>3</sup> Nonetheless, given that many high-income countries introduced universal social security schemes when they were relatively poor and there are at least 35 universal social security schemes in low- and middle-income countries, it must be possible to convince policymakers to introduce universality if effective arguments can be found.<sup>4</sup> Of course, it also needs to be recognised that many progressive policymakers themselves have driven the establishment of social security schemes without needing to be convinced by others.

This paper offers advice on how to argue for universality in contexts where policymakers need to be convinced. It also highlights some common pitfalls that advocates of universality can fall into, which can hinder the effectiveness of their advocacy and policy dialogue. While the paper mainly focuses on tax-financed social security schemes, it does so within a broader recognition that social security systems should be multi-tiered, comprising both tax-financed and contributory schemes.

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<sup>1</sup> Kidd (2012; 2017a); Kidd and Athias (2020); Kidd et al (2022).

<sup>2</sup> Stubbs and Kentikelenis (2015).

<sup>3</sup> Kidd (2018a; 2018b).

<sup>4</sup> This number includes some schemes that provide universal coverage through benefit testing (see Sibun and Seglah 2023).

There are three components of advocacy that are examined within the paper:

- The language used when arguing for universal social security;
- The incentives and arguments with which to influence decision-makers; and,
- The identification of the real decision-makers within any country and directing advocacy towards them.

While the advice outlined in this paper will not guarantee that policymakers will be convinced, it is likely to enhance the chance of success. The advice is not comprehensive – the authors could have continued but felt they had to stop at some point! – but it is hoped that it gives useful hints that advocates of universality can, themselves, build upon.

The intended users of this paper are those who are promoting universality within their own country, whether it is in the context of government, politics, civil society, or academia, as well as those engaged in international dialogue on approaches to social security.

## **2 Employing terminologies that support universality**

The language we use shapes our thinking, while also shaping the thinking of those with whom we communicate. Therefore, if we wish to argue for universality, we need to employ language that will generate the right kind of thinking among policymakers and others. Unfortunately, advocates of universality too easily fall into the trap of using language that would naturally lead policymakers to support poverty targeting. This section, therefore, focuses on the type of language to use – and avoid – when arguing for universality.

### **2.1 Avoid talking about ‘the poor’ and focus on the needs and rights of everyone**

A common mistake made by advocates of universality is to argue in favour of universal social security schemes by focusing on the needs of ‘the poor’. This is unsurprising given that the language used in international development has been shaped by the poverty paradigm that has dominated policy thinking over the past 30 years and which arose during the ‘neoliberal’ hegemony that began in the 1980s. This paradigm of thinking is deeply embedded in, for example, the Millennium Development Goals (MDGs) and Sustainable Development Goals (SDGs).

We have all learned to talk in this way. Yet, it contrasts markedly with the post-Second World War ‘rights’ paradigm that drove social security policy development in high-income countries, with its focus on universality (as encapsulated in the Universal Declaration of Human Rights – see Box 1).

The ‘poverty paradigm’ has deeply influenced the language we use when debating approaches to social security, even when promoting universality. If advocates of universality argue for universal social security to ‘help the poor’, we should not be surprised when policymakers conclude that ‘targeting the poor’ is the best option. Targeting the poor to help the poor appears intuitive and most policymakers are unaware of the evidence on the ineffectiveness of poverty targeting and the harm it can cause. Indeed, their own advisers have often been schooled within the

neoliberal paradigm that has dominated the teaching of economics for decades and, consequently, are unquestioning strong proponents of poverty targeting, viewing it as a means of reducing costs to the state (and, therefore, taxes).

Likewise, representatives of powerful institutions such as the World Bank and International Monetary Fund (IMF) usually insist on the necessity of poverty-targeted programmes, despite the clear evidence of their inaccuracy and other serious drawbacks.<sup>5</sup> Witness, for example, the myths that have been created around the great effectiveness of Brazil’s *Bolsa Familia* programme, Ethiopia’s Productive Safety Net Programme (PSNP) and the Philippines Pantawid (4Ps) conditional cash transfer. Yet, [Bolsa Familia has had negligible impacts compared to Brazil’s almost universal old age pension system](#), the [PSNP has made many recipients poorer](#) and the [4Ps has increased stunting among non-recipient young children](#).<sup>6</sup>

One problem with stressing ‘the poor’ as the main beneficiaries of universal social security is that, in the minds of policymakers, ‘the poor’ are associated with a very narrow, fixed group at the bottom of society. The MDGs created an image of ‘the poor’ as those living on less than \$1.90 per day (in purchasing power parity [PPP] terms). Yet, \$1.90 PPP represents, in reality, utter and extreme poverty. Similarly, most low- and middle-income countries use very low poverty lines, so that national poverty rates – which are commonly recognised as providing the number of ‘the poor’ in a country – is often low. For example,

**Box 1: The right to social security in the Universal Declaration of Human Rights**

**Article 22:** “Everyone, as a member of society, has the right to social security”

**Article 25:** “(1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control. (2) Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.”

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<sup>5</sup> Kidd and Athias (2020).

<sup>6</sup> Kidd (2013a; 2013b; 2018c).



Indonesia's official poverty rate is only 10.4 per cent,<sup>7</sup> while Sri Lanka's is 10.9 per cent.<sup>8</sup> So, when arguments in favour of universality focus on helping 'the poor', policymakers naturally wonder why they need to support everyone through a universal scheme when their real target group is so small.

Further, 'the poor' are not a group that most policymakers want to support. Those working in international development tend to conceptualise 'the poor' very differently to elites, including many policymakers. In fact, it could be argued that elites' views of 'the poor' mirror the different meanings of the word 'poor' in the English language. One meaning is 'unfortunate', as in 'you *poor* thing' and is reflected in the conceptualisation of 'the poor' as vulnerable or unfortunate and, therefore, deserving of support. The other meaning of 'poor' is bad, such as in 'bad quality'. This reflects how many elites and policymakers conceptualise 'the poor', seeing them as uneducated, lazy, skivers, and the architects of their own misfortune. This view of 'the poor' explains why many poverty-targeted social protection programmes are of poor quality and, indeed – as in conditional programmes – use sanctions as a means of constraining and changing the behaviour of 'the poor'. It also explains why some policymakers are attracted to workfare programmes in which the working age 'poor' are obliged to work in undignified and challenging conditions, which can often harm their wellbeing.<sup>9</sup>

Advocates of universality, therefore, need to change the narrative to move away from a focus on the 'poor'. They must demonstrate that most people in low- and middle-income countries require access to social security. One way of doing this is to compare their own countries with those high-income countries where it has been recognised that social security is needed by most people. For example, as

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<sup>7</sup> World Bank (2022).

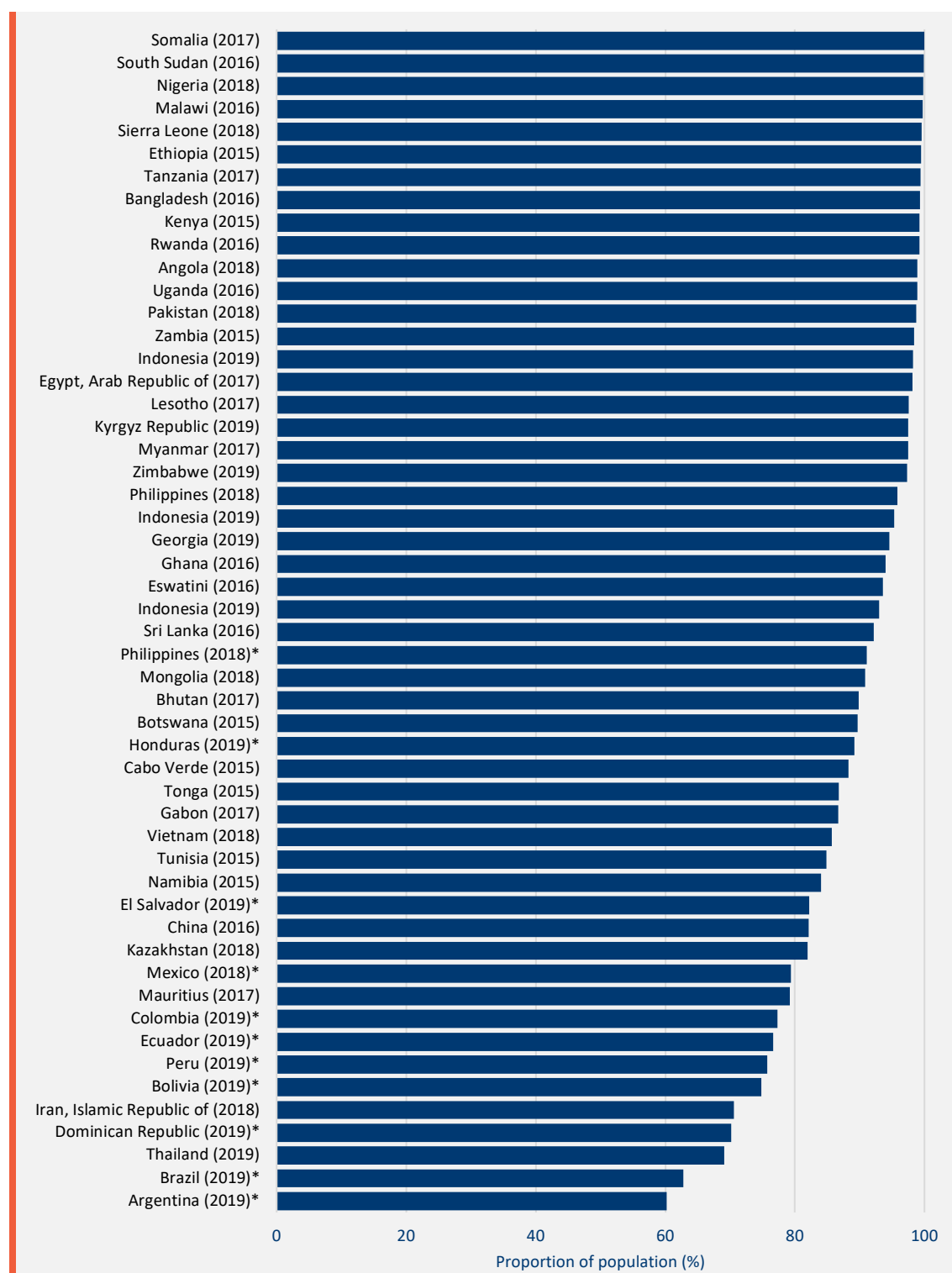
<sup>8</sup> Analysis undertaken of national datasets by Development Pathways.

<sup>9</sup> Kidd (2013b) and Sengupta (2019).

Figure 2-1 shows, when relative incomes are adjusted by purchasing power parity to show equivalent standards of living, the vast majority of people in low- and middle-income countries have lower incomes than the poorest 5 per cent of Swedes. In effect, most of the world's population would be regarded as destitute if they lived in Sweden and would be in desperate need of accessing Sweden's universal social security system.

Consequently, if almost all Swedes require access to social security, the argument can easily be made that, within low- and middle-income countries, most people should access social security which, due to the high level of need, must be delivered on a universal basis.

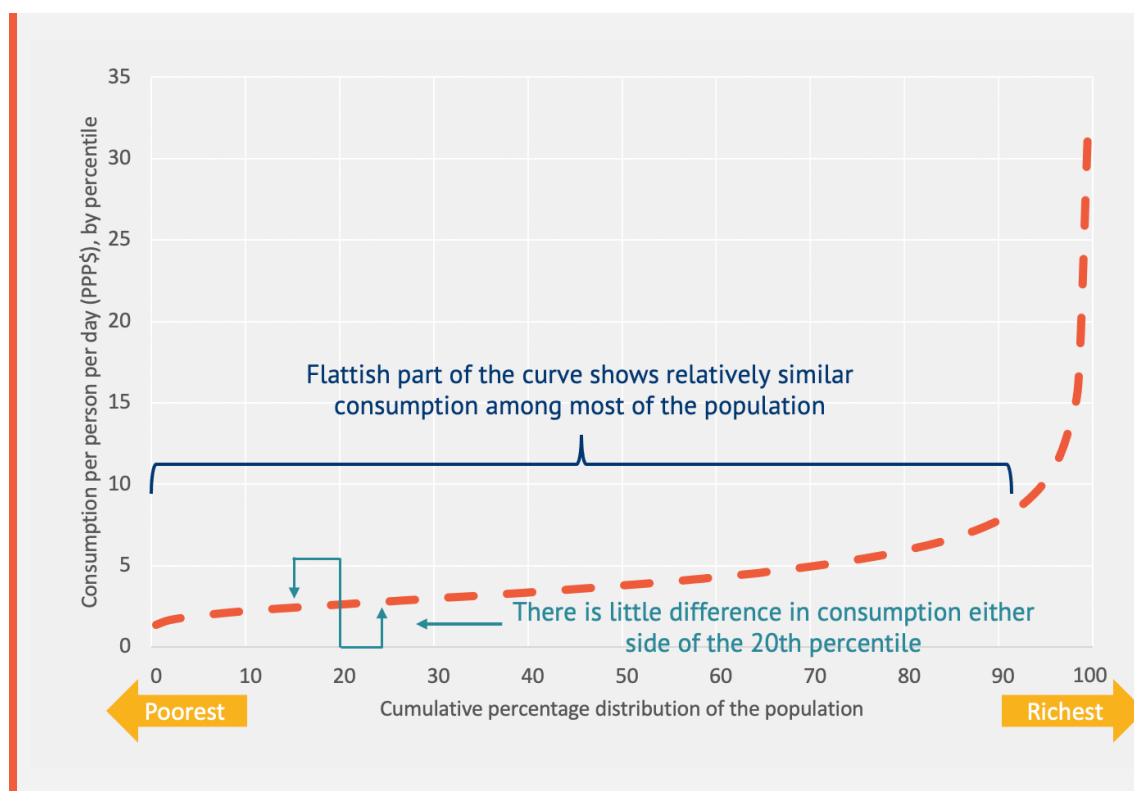
**Figure 2-1: The proportion of the population in a range of low- and middle-income countries who have standards of living equivalent to the poorest 5 per cent of the Swedish population**



Source: PovcalNet Api (accessed April 2022). Notes: according to PovcalNet, the poorest 5 per cent of the Swedish population lived with less than PPP \$16.92 per day in 2018 given their incomes. For countries with \*, welfare is measured by income instead of consumption.

This argument can be further bolstered by demonstrating that most of the population in low- and middle-income countries have relatively similar incomes. Figure 2-2 illustrates this argument by examining the welfare distribution across the population of Pakistan. Similar distributions are found in all other low- and middle-income countries. It is only among the top 10 per cent or so that incomes begin to pull away from the rest of the population. Therefore, given that it is only a small proportion of the population that is significantly better-off than the rest, the value of targeting this limited group makes little sense. If a cut-off were taken at any point on the welfare distribution – say, as shown in Figure 2-2 at the twentieth percentile – the difference between those at either side of this cut-off is negligible. Consequently, targeting the poorest members of society – in countries where almost everyone is living on very low and very similar incomes – makes even less sense, especially given that it is impossible to do so accurately (which is borne out by the evidence: see [Kidd and Athias 2020](#)).

**Figure 2-2: Welfare distribution in Pakistan, from the poorest to the richest households**



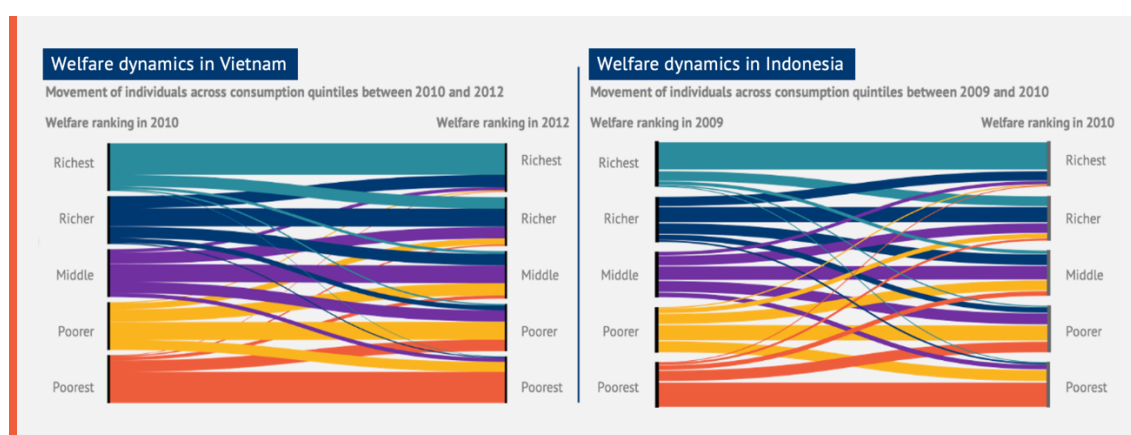
Source: Analysis of the Household Integrated Income and Consumption Survey 2015-16

In addition to household consumption (or incomes) being similar, they are highly dynamic. As Figure 2-3 demonstrates for Indonesia and Vietnam, the welfare rankings of households change rapidly, with significant churning across the welfare distribution across as few as one or two years. This is the result of people and families being affected



by shocks – often illness<sup>10</sup>, but also unemployment, disability, death or the birth of a child<sup>11</sup> – or benefiting from good fortune and opportunities, such as a bountiful harvest or an increase in salary. This evidence of constant change in household incomes goes alongside the evidence of widespread – and relatively similar – low incomes among the majority of the population to make the case that universal schemes make logical sense. In fact, it can be argued that the idea that there is a fixed group called ‘the poorest’ is no more than a fictional construct.

**Figure 2-3: Changes in welfare ranking in Vietnam and Indonesia**



Source: Kidd and Athias (2020).

Advocates of universality should also be imaginative in demonstrating that those at the top end of the welfare distribution within any country also require social security to address the challenges they face. Box 2 gives an example of how focusing on the high proportion of incomes spent on food by those near the top of the welfare distribution can highlight the challenges they face, which would be addressed by universal social security. Similar arguments could be made across many other areas. For example, analysis to support the incorporation of those at the top of the welfare distribution within a universal social security system could highlight: the high rates of undernutrition that are commonly found across the top 40 per cent of the population (e.g. in Kenya, 57 per cent of the top quintile of the population do not eat iron-rich foods on any given day<sup>12</sup>); the struggles that families at the top of the welfare distribution have in paying for energy or in providing their children with extra-curricular activities, books and toys; the costs of higher education; or, the high costs of accessing health services.

<sup>10</sup> Health-related expenditures make 100 million people fall into extreme poverty every year, and 800 million people spend at least 10 per cent of their household budgets on health care (WHO and World Bank 2017).

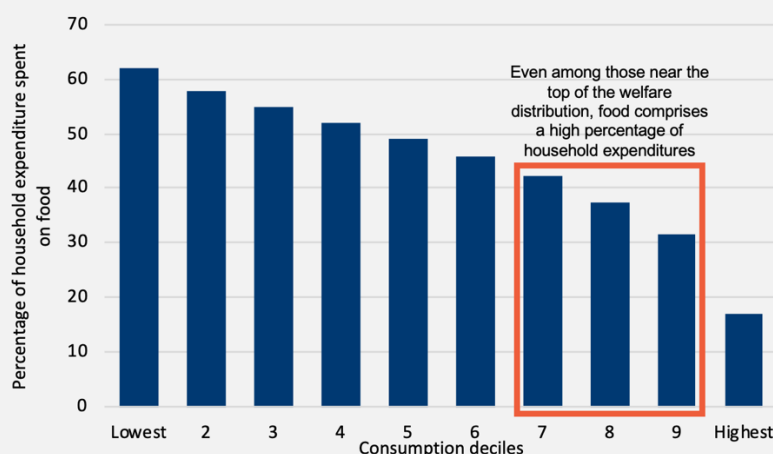
<sup>11</sup> The birth of a child is a major shock to families, as it results in higher costs and often less ability to earn an income.

<sup>12</sup> Source; analysis of Kenya Household Income and Budget Survey, 2015-16.

**Box 2: How the proportion of income spent on food could be used to demonstrate the challenges faced by those near the top of the welfare distribution**

One indicator of whether households are struggling to make ends meet is the proportion of their incomes that they spend on food. In most high-income countries, households spend, on average, less than 15 per cent of their income on food. Yet, across low- and middle-income countries, the proportion is much higher, even among those near the top of the welfare distribution. For example, Figure 2-4 shows that, for over 70 per cent of Sri Lankan households, food comprises more than 40 per cent of their total expenditure. Even among households in the ninth decile, who policymakers would normally think of as 'comfortable', it is over 30 per cent.<sup>13</sup> Sri Lanka is a middle-income country and the situation across low-income countries is much starker.

**Figure 2-4: Food consumption as a proportion of overall household expenditures**



Source: Sri Lanka's Household Income and Expenditure Survey (2016).

When arguing for universal benefits for persons with disabilities, it is important to stress how **all** persons with disabilities can experience significant additional costs resulting from their disabilities, which impact on their standards of living (and those of their household members).<sup>14</sup> Therefore, even those persons with disabilities at the top of the welfare distribution need to be compensated for these additional costs if they are to enjoy equality of opportunities with others.

In fact, the COVID-19 pandemic demonstrated the need for universal benefits with many middle-class families experiencing sudden, extreme falls in income while being unable to access poverty-targeted benefits. If universal systems had been in place, countries could have addressed the needs of all members of society – including the 'new poor' – much more effectively. For example, if universal child benefits had been in place, countries

<sup>13</sup> Source of international figures: <https://ourworldindata.org/food-prices>

<sup>14</sup> Kidd, Wapling et al (2019).

could have easily increased the transfer value and reached all families with children immediately (see also 2.10).

## **2.2 Stress the importance of ‘reaching the poor’ rather than ‘targeting the poor’**

Often, in the debate on universality and targeting, it is forgotten that ‘poverty targeting’ is only a means to an end and not an objective. Rather, the objective should be to ‘**reach the poorest**’ (which is in fact a prerequisite for fulfilling the Leave No-One Behind commitment of Agenda 2030.)<sup>15</sup> Therefore, when engaging with advocates of targeting, it is important to ensure that they understand the difference between ‘targeting the poor’ and ‘reaching the poor’ while presenting evidence that universal schemes are much more effective in reaching the poorest (see [Kidd and Athias 2020](#)). As global evidence indicates, when poverty targeting is used, it is common for at least half of the intended recipients – the ‘poorest’ – to be excluded, and usually many more. Therefore, if advocates of poverty targeting truly wish to ‘reach the poorest’ – rather than keep taxes low for the rich – they should recognise that universal schemes are the best means of achieving this end.

Figure 2-5 provides evidence on the relationship between coverage and the exclusion errors found in social security schemes across a range of low- and middle-income countries. While the poor relief programmes in the bottom right-hand corner have very high exclusion errors – and, therefore, do not ‘reach’ their intended recipients (‘the poor’) – the universal schemes in the top left-hand corner have very low exclusion errors. Their effectiveness in ‘reaching’ the poorest members of society is, therefore, very high.

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<sup>15</sup> UN Sustainable Development Group (2022).



**Table 1: Levels of non-take-up from most of the United Kingdom's means-tested programmes<sup>16</sup>**

Benefit name	Most recent year of data	Number of entitled families not claiming	Amount unclaimed
Child Tax Credit	2017/18 (a)	670,000	£2,490,000,000
Working Tax Credit	2017/18 (a)	950,000	£2,540,000,000
Pension Credit	2018/19	920,000	£1,560,000,000
Housing Benefit	2018/19	900,000	£2,810,000,000
Job Seekers Allowance (Income Related)	2015/16 (b)	410,000	£1,380,000,000
Income Support/ Employment and Support Allowance (Income Related)	2018/19	220,000	£950,000,000
Council Tax Support	2009/10	2,770,000	£2,600,000,000
Child Benefit	2017/28 (a)	510,000	£820,000,000
Universal Credit	n/a	Figures not available	Figures not available
<b>Total</b>		<b>7,350,000</b>	<b>£15,150,000.000</b>

Source: EntitledTo (2021).

It is also important to understand that the advocates of targeting often, like magicians, use 'smoke and mirrors' to disguise the failings of poverty targeting while, at the same time, attempting to fool people into thinking that poverty-targeted programmes are more effective than universal schemes. It is important that advocates of universality understand how to refute these smoke and mirror techniques so that they can demonstrate the far greater effectiveness of universality. One example of the smoke and mirrors techniques – Benefit Incidence Analysis – is explained in Box 3.

<sup>16</sup> EntitledTo (2021).

**Box 3: Evaluating poverty targeting: Benefit Incidence Analysis or exclusion error**

In this paper, the effectiveness of poverty targeting is assessed through exclusion errors, i.e. the proportion of potential beneficiaries that are erroneously excluded. In other words, the accuracy is measured from the recipients' perspective. The World Bank and some other development agencies, however, usually assess the targeting process through **Benefit Incidence Analysis**, i.e., the proportion of a programme's recipients who are in the poorest 40 per cent of the population (or some other percentage). Benefit Incidence Analysis has some utility when used to assess the effectiveness of means-tested programmes since they are actively trying to restrict the access of the 'non-poor' and avoid the 'leakage' of resources. However, it gives no information about the extent to which the intended target group is reached. As such, it does not capture the kind of information needed for a rights-based implementation of a programme.

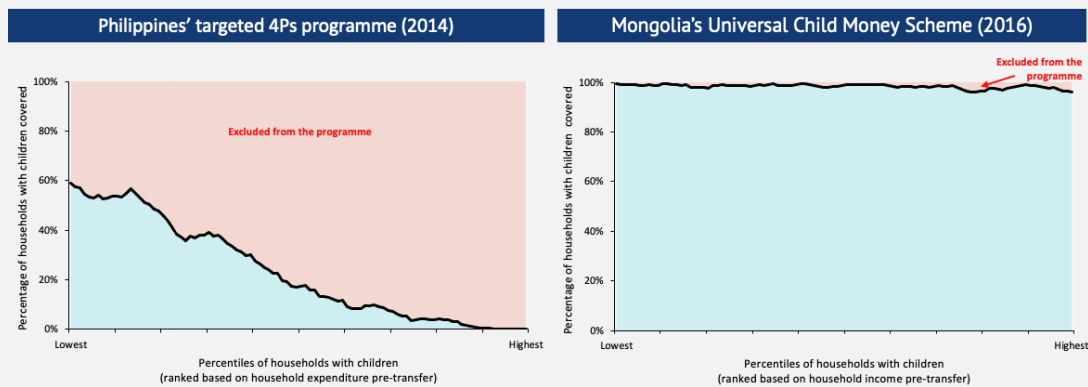
Moreover, from a methodological perspective, Benefit Incidence Analysis is not appropriate to use when assessing the effectiveness of universal schemes. Nonetheless, it is often employed by advocates of poverty targeting to confuse people – including policymakers – into thinking that poverty targeting is more effective than universality in reaching the poorest members of society. The technique – which was employed by Coady, Grosh and Hoddinott (2004) in their book on targeting – is naturally biased against universal schemes. So, for example, if the Philippines' poverty-targeted 4Ps conditional cash transfer programme were compared with Mongolia's universal Child Money scheme, benefit incidence analysis would show that 78 per cent of the recipients of the Philippine's targeted scheme were in the poorest 40 per cent of households with children while, in Mongolia's universal scheme, only 40 per cent were in the poorest 40 per cent (which is unsurprising, since it is a universal scheme). The advocates of poverty targeting would, therefore, argue that the Philippine's scheme is more effective than Mongolia's.

If, however, we were to measure the proportion of the poorest 40 per cent of households with children who are in the schemes, the result would be very different. In this case, only 45 per cent of the poorest household with children were in the Philippines targeted 4Ps programme, while 99 per cent access Mongolia Universal Child Money scheme. In fact, the distribution of the recipients of both schemes across the welfare distribution is shown in **Figure 2-6**. The diagram shows the proportion in each percentile of households with children, from richest to poorest, who were in the programmes: those above the black line were excluded and those below were included. Clearly, Mongolia's Universal Child Benefit (UCB) was significantly more effective than the Philippines' targeted 4Ps programme in reaching the poorest children (and, indeed, reached 98 per cent of all children, the vast majority of whom required income support). Indeed, given that Mongolia's child benefit reached almost all children, it was evidently much more 'progressive' than the Philippines' poorly targeted 4Ps programme. Nonetheless, this did not stop the World Bank (2017) from arguing that Mongolia's universal programme was “*not [...] well-targeted and not effective in protecting the poor*”.<sup>17</sup> Other examples of the smoke and mirrors used to disguise the ineffectiveness of targeting can be found in Kidd (2018a: 2018b), Kidd and Athias (2020:2021) and Kidd S.D. (2022).

<sup>17</sup> Unfortunately, the World Bank and IMF were successful in a campaign to force the government of Mongolia to target its universal Child Money scheme, which has resulted in the exclusion of many children living in poverty ([Kidd 2018a](#)).



**Figure 2-6: Comparison of the targeting effectiveness of the Philippines' targeted 4Ps programme and Mongolia's universal Child Money scheme**



Sources: Analysis undertaken of Annual Poverty Indicators Survey (APIS) 2014 and Household Socio Economic Survey (HSES) 2016.

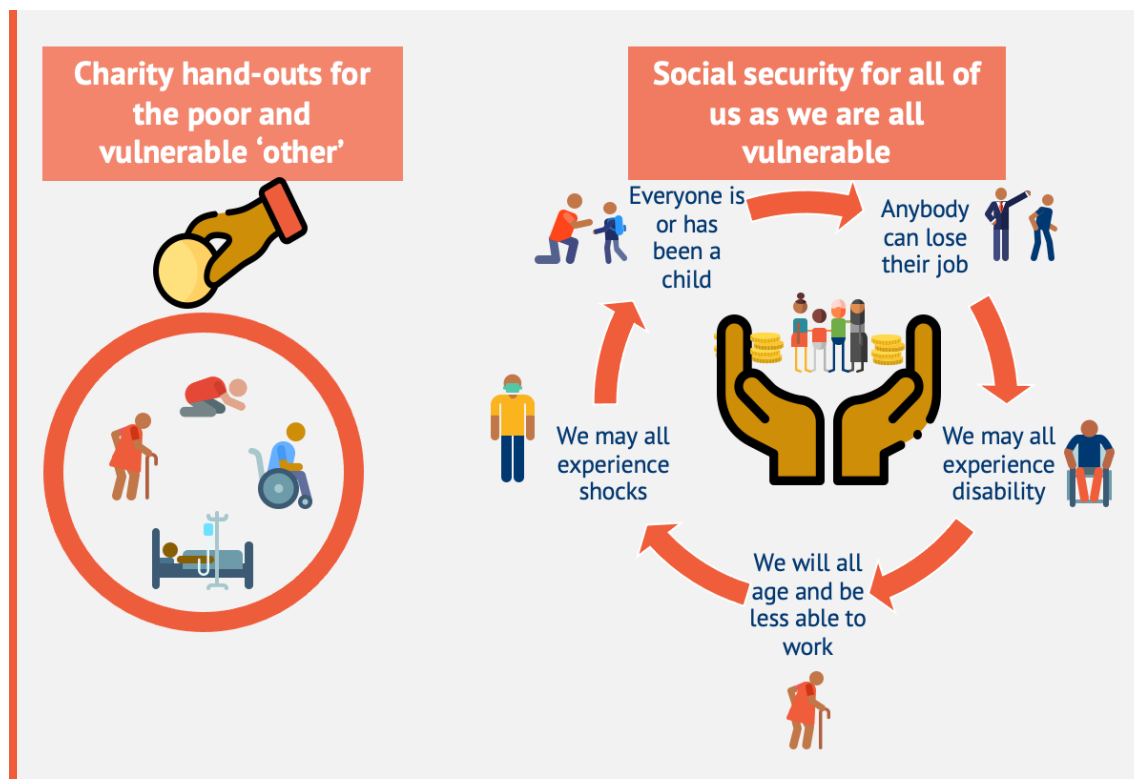
## 2.3 Avoid talking about “vulnerable groups”: we are all vulnerable

While focusing on ‘helping the poor’ as a justification for universal schemes is problematic, similar concerns arise around the use of the term ‘helping vulnerable groups’ when arguing for universality. The prevailing discourse on vulnerable groups – such as ‘the elderly’ or ‘the disabled’ – is a form of othering: as the diagram on the left in Figure 2-7 shows, it identifies the recipients of social security as different from the rest of us and as a group to be pitied. As a result, it is unsurprising if policymakers respond by putting in place targeted social assistance programmes for the most vulnerable – in other words – the poorest within these vulnerable groups.

### Box 4: Employing rights language embedded in national legislative frameworks

The focus on ‘all of us’ is closely linked to the need for advocates of universality to be consistent in their use of a rights discourse. While the international human rights framework is clear on everyone’s right to social security – and applies to all countries – it can often appear abstract to national policymakers. The focus on rights should, therefore, be more clearly linked to the national legislative framework. In many countries – such as Bangladesh, Indonesia, Kenya, South Africa and Tunisia – the right to social security for all is embedded within national constitutions. In countries where this is the case, advocates of universality should consistently refer to the constitution as the basis for their arguments.

**Figure 2-7: Different means of conceptualising vulnerability within social security**



When advocating for universality, the focus on ‘vulnerable groups’ should be replaced by language that encourages policymakers to appreciate how everyone should access social security. One means of doing this is to change the language around the concept of vulnerability. A universality discourse on vulnerability would – as in the diagram on the right in Figure 2-7 – highlight how we are all vulnerable across the lifecycle and, consequently, show how all of us require access to social security throughout our lives. This risk-based discourse to justify universal social security is very much in line with the vision of the Universal Declaration of Human Rights (see Box 1). Indeed, the COVID-19 crisis clearly demonstrated the reality that we are all vulnerable to risk and, therefore, all of us require access to social security, which can only be guaranteed through universality.

## **2.4 Replace ‘social protection’ with ‘social security’**

The definition of social protection is highly contested and poorly understood by policymakers, but the term is often employed by advocates of universality. While the use of ‘social protection’ has been popularised within international development, paradoxically within English-speaking countries it is poorly understood. For example, when one of the authors of this paper undertook a series of interviews across a range of Canadian radio stations, none of the interviewers understood ‘social protection’. It had to be translated into terms that they knew, such as ‘social security’ or ‘welfare benefits’. In

Fact, even within international development, the meaning of social protection is contested and poorly understood, which explains why so many National Social Protection Strategies and Policies include definitions that are often broad and vague. Yet, we persist in using 'social protection' within low- and middle-income countries even though policymakers are unlikely to understand its meaning. One example of how social protection has replaced social security is in the term 'Social Protection Floor' (see Box 5).

**Box 5: 'Social protection floor' or 'social security floor'**

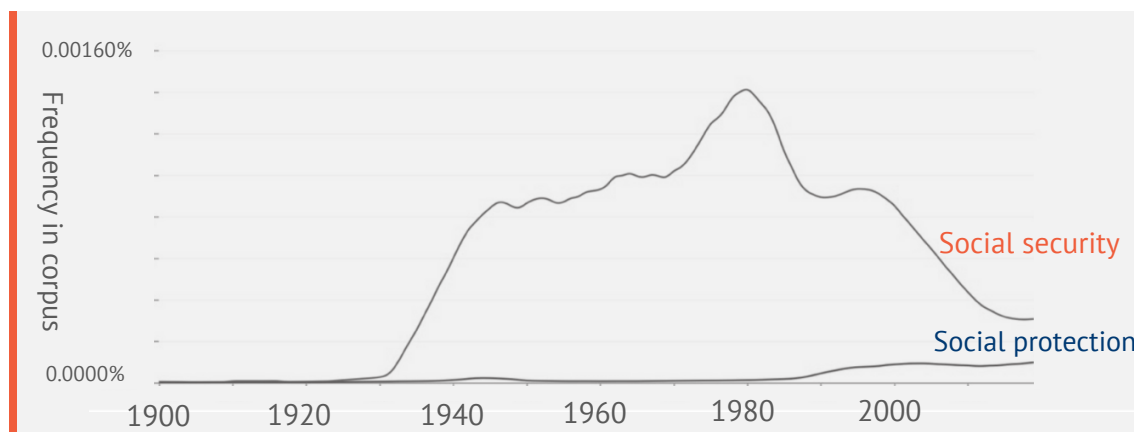
An author of this paper collaborated with the International Labour Organisation (ILO) in developing the concept of the Social Protection Floor, which was eventually encapsulated in Recommendation 202 (202) of the ILO. Our original intention, though, was to create a **Social Security Floor**, comprising a basic set of universal entitlements for everyone, as we move across the lifecycle (with the focus on universal child, disability, old age and unemployment benefits). However, once our idea of the Social Security Floor moved from the ILO to be debated within the broader system of the United Nations, it was quickly replaced by Social Protection Floor while the universality of the guarantees that we had proposed were similarly diluted. Nonetheless, Recommendation 202 (202) still refers clearly to four **social security** guarantees within the Social Protection Floor, thereby endorsing the use of social security by those committed to universality.

A key question for advocates of universality is whether to replace social protection with terms that could be more easily understood and valued by policymakers. At the core of almost all definitions of social protection is the system of regular and predictable income transfers, which can either be funded via contributions or from general taxation. In the international human rights framework, and in the constitutions and practice of many countries, this system is described as social security.<sup>18</sup> By rehabilitating the term **social security**, arguments in favour of universality can be based within a rights framework, with a focus on individual entitlements for everyone. Indeed, the demise in the use of social security over the past 40 years and the gradual rise in the popularity of social protection – as seen in Figure 2-8, which shows the frequency with which both terms have been used in literature over the past century – has probably been the result of the neoliberal push against conceptualising social security as a basic human right.

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<sup>18</sup> The Convention on the Rights of Persons with Disabilities (CRPD) is the only major international convention that uses social protection rather than social security. However, this is because it was developed at a time when the term social protection was becoming popularised. One downside is that the definition of social protection in the CRPD is both broad and vague.

**Figure 2-8: Mentions in the literature of the terms ‘social security and ‘social protection’ as measured by Google Books Ngram Viewer (1919-2019)**



Social security not only resonates strongly as a basic human right, within many low- and middle-income countries it has been conflated with social insurance, which is more highly valued by policymakers than tax-financed schemes which are often tarred with the term ‘social assistance’ (which, as discussed below, is not perceived as a right, but as charity). The higher value placed on social insurance is, essentially, because it benefits the middle and upper classes, who are usually privileged by policymakers over ‘the poor’ and those working in precarious employment.<sup>19</sup>

In contexts where social security is regarded as synonymous with social insurance, advocates of universality should seek to re-interpret social security by stressing how it should be conceptualised as comprising both tax-financed and contributory schemes, within a **multi-tiered, rights-based system**, as is common in countries with strong social security systems (see Box 6). Indeed, multi-tiered, rights-based systems are the norm in most high-income countries – such as Belgium, Finland, Norway, Sweden etc. – and are becoming more common in middle-income countries, such as in Brazil, Mauritius and Mongolia. If advocates of universality can influence policymakers to regard tax-financed schemes as part of a coherent national social security system, this would enhance how universal tax-financed schemes are perceived and valued by policymakers. In effect, one term – social security – would be used for a system that benefits all members of society, irrespective of whether they are rich or ‘poor’.

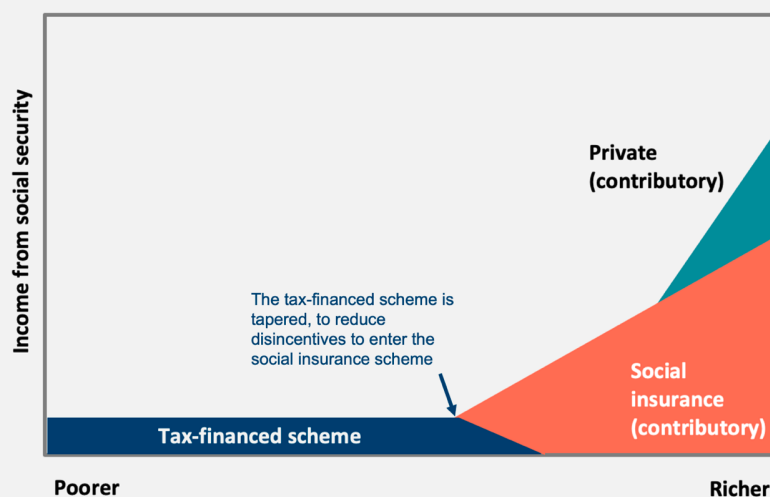
<sup>19</sup> It is important to distinguish between those on middle incomes and the middle class. In most low- and middle-income countries, those on middle incomes tend to be working in the informal economy on low and precarious incomes. The middle class, in contrast, are higher earners who are more likely to be in formal economy employment.

#### Box 6: Multi-tiered social security system

As illustrated by Figure 2-9, a multi-tiered social security system comprises 3 basic tiers:<sup>20</sup>

- A **tax-financed foundation tier** is funded by the state and is offered to everyone (although another option may be to benefit-test it, as discussed in Section 3). This tier would ensure universality and would guarantee everyone a minimum level of benefit.
- A **second tier** would be offered to those who contribute into the state-managed **social insurance** system. Members of the social insurance system should always receive a higher value benefit than non-members, in recognition of their additional contributions.
- **Private contributory schemes** would comprise the third tier and would consist of voluntary schemes into which people contribute if they wish to receive an even higher level of benefit. Often, private schemes are offered by employers. These schemes are not implemented by the state; instead, it is the state's responsibility to regulate them.

Figure 2-9: Ideal depiction of a multi-tiered social security system



## 2.5 Five terms to avoid when advocating for universal social security

Advocates of universality should avoid five common terms that are often used to describe tax-financed benefits when they refer to universal schemes: social assistance, non-contributory, social safety nets, grants and cash transfers. Each of these terms have connotations of 'charity' or 'handouts for the poor' and their use should be restricted to poverty-targeted programmes.

<sup>20</sup> The three-tiered system described here is relatively simple and, in reality, countries often have more complex systems, often due to reforms being introduced over time. Further, Willmore (2001) argues that a two-tiered system may be all that is necessary. See also [Kidd \(2015\)](#) for a more detailed description of a multi-tiered system within the context of old age pensions.

## Social assistance

In recent years, it has become commonplace to refer to tax-financed schemes as ‘**social assistance**’, even when they are entitlements and offered on a universal basis. Yet, social assistance is generally understood as ‘programmes for the poor’ which are given by the state as a form of charity or handout, rather than as entitlements.<sup>21</sup> Therefore, if universal schemes are described as social assistance, policymakers are likely to conceptualise them as poor-quality programmes for the ‘other’, in effect ‘poor relief’ (see Section 2.6). As a result, the likelihood of gaining their support will be reduced.

## Non-contributory

‘**Non-contributory**’ is another problematic term since it undermines a perception of universal social security as embedded in the national social contract.<sup>22</sup> While social insurance is regarded as a ‘deserved’ benefit, since it is given to ‘contributors’, non-contributory can create an impression of undeservingness. Advocates of universality should change this common perception by stressing how universal schemes are, in fact, ‘contributory’ since recipients have contributed in many ways, in particular through paying their taxes – including sales and other taxes – and by building the national economy through their labour (see Box 7). Policymakers need to understand that universal schemes are not handouts, but are entitlements that recipients deserve as contributors to the nation and are a core component of the social contract.<sup>23</sup>

### Box 7: A Mauritian politician demonstrates a clear understanding of universal benefits as ‘contributory’

When arguing for the introduction of Mauritius’s universal tax-financed old age pension in 1957, a member of Parliament – F.S. Chadien – made the following compelling argument on how the scheme should be regarded as contributory:

*“The old age pensioner has throughout the years paid taxes on commodities he has consumed as everybody else has. He has paid taxes on tea, sugar, tobacco, matches, rice, pulses, dried fish, rum, calico, khaki, everything he has consumed and used to be able to live as a useful member of our society. One way or another he has contributed to the national budget. The Old Age Pension scheme being financed out of public funds is [thus] a contributory one. The applicant for Old Age Pension has already paid in his contributions.”*

(Willmore, 2003).

<sup>21</sup> See [Kidd \(2017a\)](#) for a more in-depth discussion of the charity approach to social protection.

<sup>22</sup> See [McClanahan \(2019\)](#) for a further discussion on the term ‘non-contributory’.

<sup>23</sup> See [Kidd, Axelsson et al \(2020\)](#) for a discussion on how universal entitlements are a core component of a strong national social contract.



Even universal child benefits are contributory, as they are financed from the ‘contributions’ to the tax system of the parents (and, indeed, retrospectively through the future taxes of the children themselves).

By referring to universal, tax-financed social security schemes as contributory, they become associated with contributory social insurance which, as indicated above, resonates positively with policymakers.

### **Social safety net**

‘**Social safety net**’ is a term that has been widely disseminated by the World Bank to refer to tax-financed social security. There is nothing wrong with the term ‘safety net’: indeed, one of the key functions of an effective national social security system is to act as a safety net for all citizens, thereby ensuring that we are all guaranteed income support as soon as we experience a shock. However, the World Bank has distorted the term through their persistent use of ‘social safety net’, which, in their interpretation, is synonymous with social assistance (or poor relief), robbing it of its human rights connotations. It should, therefore, be avoided.

The World Bank’s use of the term social safety net is, in fact, quite ironic in that the programmes they usually propose [do not act as safety nets](#).<sup>24</sup> Classic World Bank-type schemes – such as Pakistan’s Benazir Income Support Programme, the Philippines’ Pantawid (4Ps) programme and Tanzania’s Productive Social Safety Net – only register recipients every few years (every 10 years in the case of Pakistan). As a result, if people fall into poverty between registration periods, they are unable to access the programmes. In effect, there is no safety net with such programmes.

### **Grant**

Another term to avoid is ‘**grant**’ as it also implies a strong sense of charity rather than entitlement. In fact, in early 2019, in a conference held by the ILO and UNICEF on ‘universal child grants’, the author was able to successfully argue against the use of ‘grant’ and challenged the audience to find a more appropriate term. Subsequently, UNICEF adopted ‘universal child benefit’ (UCB), which is more consistent with the language used in some high-income countries where UCBs are regarded as basic entitlements for all families.

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<sup>24</sup> Kidd (2012).

### Cash transfer

The final term to avoid is ‘**cash transfer**’. While universal benefits are, objectively, ‘transfers of cash’, the term ‘cash transfer’ has become popularised in a way that associates it with a project, rather than a service delivered by government as an entitlement for all citizens (see [Schjoedt 2018](#)). To a large extent, this is the result of donors financing small, pilot ‘cash transfer’ programmes across low- and middle-income countries and the increasing use of ‘cash transfers’ in short-term humanitarian assistance. If the term ‘cash transfer’ is used to describe a social security scheme, we should not be surprised if the listener conceptualises it as a small-scale project rather than a national scheme that should ideally be embedded within legislation. It is preferable to use consistently terms that invoke a sense of entitlement or right, such as ‘social security benefits’.

The use of the term ‘cash transfer’ is probably best restricted to ‘humanitarian contexts’ or small-scale donor-funded, poor relief programmes since, to a large extent, these are no more than projects and are not part of national social security systems.

### Alternative terms to the problematic five

The terms used by advocates of universality to describe universal social security schemes should generate within the listener or reader a sense of entitlement. Options include ‘tax-financed social security’ or ‘social security financed from general taxation’: both these terms indicate the source of financing of the schemes, which is citizens themselves rather than a gift from government. Other terms with positive connotations could be used for specific, universal lifecycle schemes: for example, a universal benefit for older people could be called a ‘**Citizens’ Pension**’;<sup>25</sup> or, disability benefits could be called ‘**Personal Independence Payments**’. Both Rwanda and Uganda – which, in their national social protection policies, have adopted social security to refer to both tax-financed and social insurance schemes – employ ‘**direct income support**’ rather than social assistance to describe tax-financed schemes.

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<sup>25</sup> See [Knox-Vydmanov \(2012\)](#) for an example of the use of ‘citizens’ pension’.

## 2.6 Re-shape the narrative on poverty-targeted programmes towards characterising them as ‘19<sup>th</sup> Century poor relief’

While it is important to use terms with connotations of entitlement when describing universal schemes, advocates of universality should also seek to re-shape how poverty-targeted programmes are described and conceptualised.

The model for today’s poverty-targeted schemes dates back to 1598 when England introduced its first Poor Law. The aim of the English Poor Laws was to provide material assistance to the poorest members of society. Over time, such programmes became known as Poor Relief and were found across a range of European and European-settler countries. They reached their high point in the early 19<sup>th</sup> century: for example, in 1820, England was spending over 2.5 per cent of GDP on Poor Relief, the Netherlands 1.5 per cent, and Belgium one per cent.<sup>26</sup> Spending on Poor Relief fell during the 19<sup>th</sup> Century – see [Kidd \(2016\)](#) for more information – and, from the early 20<sup>th</sup> Century, lifecycle social security schemes began to expand in high-income countries, with Poor Relief becoming a marginal component of national social security systems (see 2.9).

In fact, the World Bank’s ideal model of social assistance – their social safety net – is based on the 19<sup>th</sup> century model of Poor Relief. Rather than offering support that is tailored to the requirements of *individuals* at different stages of the lifecycle, it targets – inaccurately – assistance to the poorest *households* (see 2.7). This model of household poor relief is increasingly being embedded within national social policies through the World Bank’s promotion of [social registries](#), which use static measures of household proxies – or assets – to target poor relief programmes at the poorest households (again, very inaccurately).<sup>27</sup>

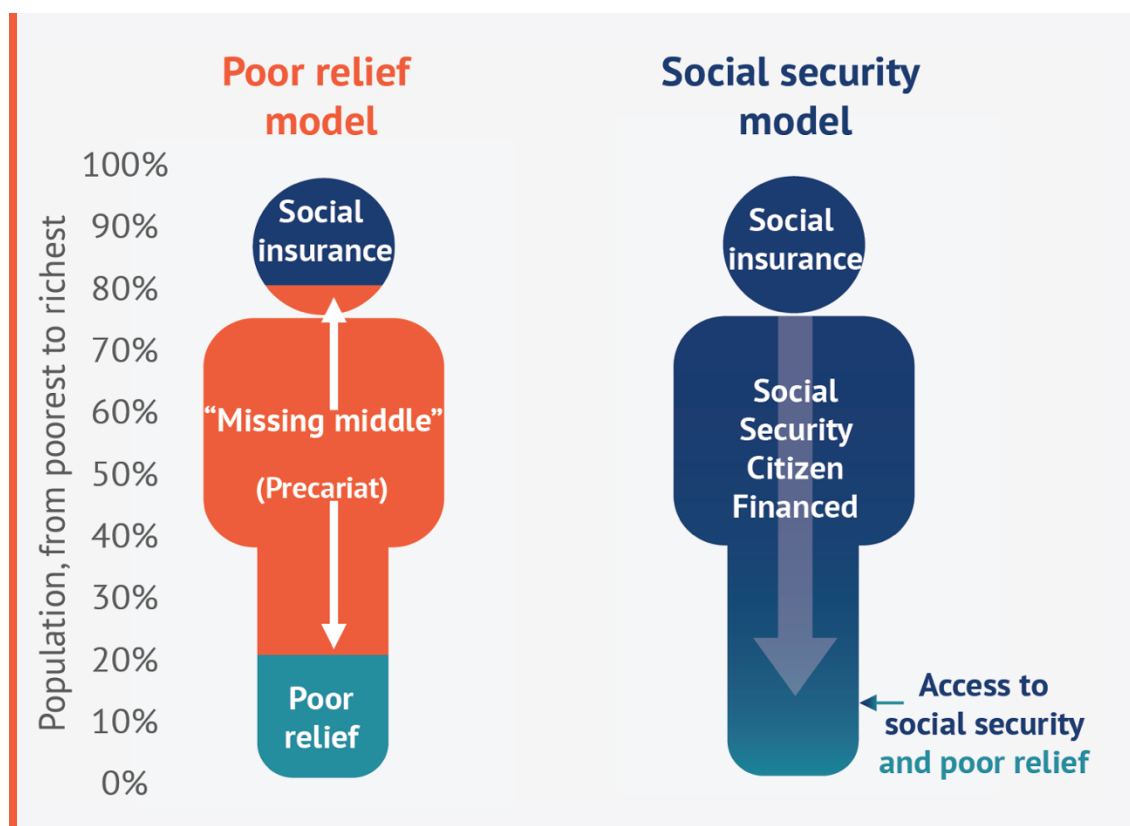
One means of diagrammatically representing Poor Relief systems, and comparing them with universal, multi-tiered social security systems, is set out in Figure 2-10. The Poor Relief system diagram shows a bifurcated system, with those in the formal economy benefiting from social insurance and the poorest members of society receiving Poor Relief, while the majority of those on middle – but still low – incomes are excluded from the system. In contrast, the social security model benefits everyone, through a mixture of social insurance and tax-financed entitlement schemes (while the poorest can also receive residual poor relief – see 2.11).

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<sup>26</sup> Lindert (2004).

<sup>27</sup> Most social registries use the proxy means test targeting methodology. See [Kidd et al \(2017\)](#) and [Kidd et al \(2021\)](#).

Figure 2-10: Contrasting a Poor Relief System with a Social Security System



Referring to poverty-targeted programmes consistently as ‘Poor Relief’ or ‘19<sup>th</sup> Century Poor Relief’ will, over time, create an entirely deserved negative image of them in the minds of policymakers and the general public. Which sensible politician wishes to promote policies that are viewed unfavourably by the majority of potential voters?

## 2.7 Address the conflation by advocates of poverty targeting of ‘universal’ with ‘targeted’

Increasingly, advocates of poverty targeting argue that lifecycle, universal social security schemes are a form of ‘targeting’. Consequently, they hold that there is no meaningful difference between their poverty-targeted benefits and, for example, a universal child benefit, as both are ‘targeted’ at a specific group within the population. This argument is, for instance, set out in the World Bank’s (Grosch *et al*, 2022) publication on targeting.

The argument, however, has little merit. The key distinction in the debate on targeting is between programmes that use means-testing and those that do not. It is the latter schemes that we refer to as universal. Further, the belief that nations provide lifecycle benefits as a means of ‘targeting the poor’ – which is referred to by poor relief advocates, as well as some advocates of universality, as ‘categorical targeting’ – is misleading. For

example, no government would establish an old age pension to tackle poverty across the general population: rather old age pensions are a means of providing all citizens with income security on reaching old age. Indeed, lifecycle schemes are benefits for all of us and, therefore, universal: a child benefit is for all of us when we are children (and for when we raise children); an old age pension is for all of us, when we reach old age; a disability benefit is for all of us when we experience a disability; etc.

## **2.8 Avoid describing the objectives of universal benefits as tackling poverty, and use more inclusive terms instead**

When describing the purpose of universal benefits, advocates of universality need to focus on aims that resonate positively with policymakers. Therefore, when arguing for universal benefits, rather than using ‘tackling poverty’ as the objective – which in many contexts raises associations with ‘the poor’ and poverty targeting – alternatives should be found that are synonymous with benefiting everyone in society (and, if this happens, those living in poverty will necessarily benefit also). Options include language such as:

- Raising standards of living;
- Addressing risks (such as those we all face across the lifecycle);
- Ensuring everyone has the guarantee of a minimum income;
- Offering income security to all members of society;
- Ensuring everyone can experience lives of dignity; and,
- Contributing to building a strong national social contract.

In each national context, advocates should determine the objectives that will appeal to policymakers. This may require testing out different options until one is found that resonates strongly in the specific context.

## **2.9 Build an understanding of universal social security as an essential public service**

In high-income countries, social security often comprises the largest area of government spending and is regarded as an essential public service. In contrast, in low- and middle-income countries – apart from exceptions such as Brazil, Mongolia and Uzbekistan – government spending on social security is relatively limited and, as indicated above, tax-financed schemes are often regarded more as ‘projects’ than essential services. They are rarely embedded within legislation

Therefore, when arguing for universality, social security should be portrayed to policymakers and others as an **essential** public service, alongside health, education, and water and sanitation. When one of the authors led the UK Department for International

Development's social protection policy team, we managed to convince our ministers of this approach, which was reflected in the [UK's 2006 International Development White Paper](#). It stated: "*The UK believes there are four essential public services that are needed to make faster progress towards the MDGs: education, health, water and sanitation and social protection.*" In fact, we almost convinced ministers to use social security rather than social protection but, just prior to printing, they decided to revert back to social protection (although the paper nonetheless recognised the right of everyone to social security).

## **2.10 Debunk the use of jargon: 'shock-responsive social protection', 'cash plus', and 'social registries'**

There is a growing tendency for jargon to be added to the term social protection as descriptive adjectives, which runs the risk of the core message of universal social security being lost in translation. One of the chief culprits is the term 'shock-responsive social protection', which came into even more prevalent use during the COVID-19 period. As [Freeland \(2021\)](#) points out, the use of shock-responsive alongside social protection is redundant since social protection – or, rather, social security – is, by its very nature, shock-responsive. The stress on 'shock-responsive' can distract from the focus on universality. In fact, the term shock-responsive social protection is often used to promote poor quality, poverty-targeted schemes. In reality, the most effective type of 'shock-responsive' social protection is universal social security since, when a shock hits, people are either already benefiting from social security or can access it immediately.

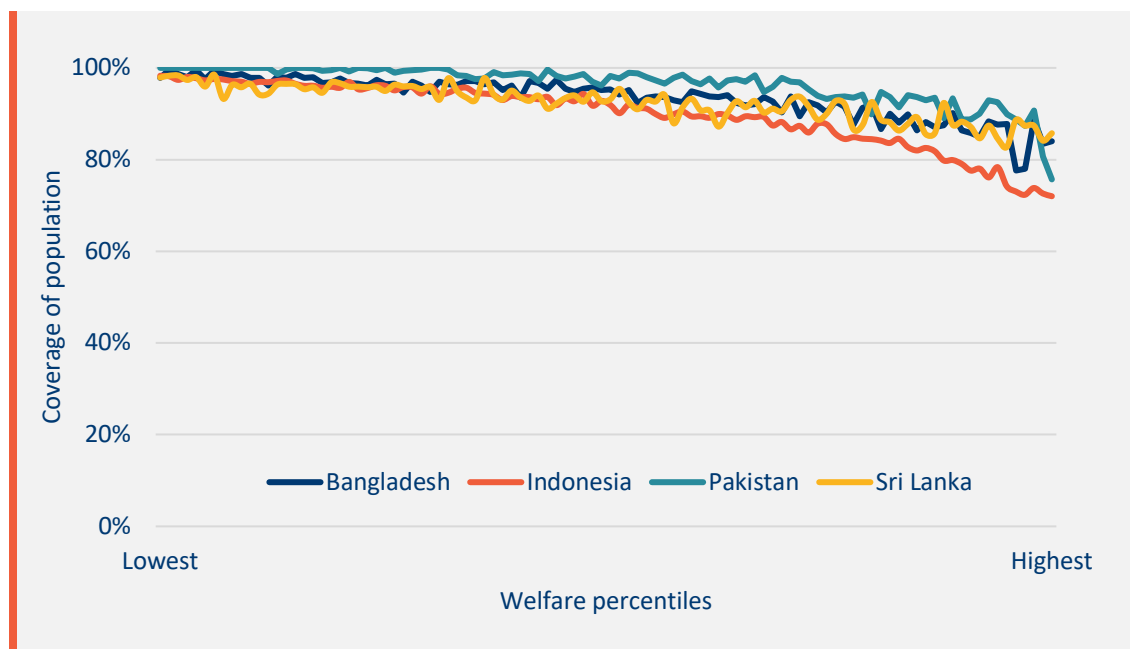
Further, given the high coverage of universal social security schemes, governments can easily enhance their response to widespread shocks – such as droughts, floods and economic shocks – by quickly increasing the transfer values of existing benefits. Figure 2-11 shows what the coverage would be across the welfare distribution – for both direct and indirect recipients<sup>28</sup> – if Bangladesh, Indonesia, Pakistan and Sri Lanka were to establish universal child, old age and disability benefits. It indicates that they would reach almost all households in each country. Therefore, during widespread shocks, an increase in the transfer values of these schemes would reach almost everyone.

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<sup>28</sup> Indirect recipient refers to those who live in the same household as someone who is in direct receipt of the benefit, in this case a child, older person or person with a disability.



**Figure 2-11: Simulated coverage of population – as direct or indirect recipients – across welfare percentiles in Bangladesh, Indonesia, Pakistan and Sri Lanka**



Source: Kidd et al (2022).

Therefore, rather than promoting the term ‘shock-responsive social protection’, advocates of universality should consistently stress, as an advocacy message, the benefits of universal social security and demonstrate that it is the most effective means of addressing shocks, whether individual or widespread. Other jargon – such as ‘adaptive social protection’ or ‘cash-plus’ – should similarly be treated with scepticism, as they are very much associated with poor relief programmes.

Indeed, if universal social security is in place, there would be no need for ‘cash-plus’ programmes. The ‘cash-plus’ approach provides recipients of poverty-targeted programmes with access to other services. While this appears positive, given that poverty-targeted programmes exclude the majority of those living in poverty, a cash-plus approach means that, not only do most of ‘the poor’ miss out on the cash transfer, they are further excluded from the additional service. In contrast, with universal social security the focus of governments would be on strengthening other universal public services, such as health and education, so that all members of society access all services equally, while also ensuring access of everyone – if they require it – to the type of support offered by cash-plus programmes such as financial literacy or nutritional education.

‘Social registries’ is another problematic term that has recently entered into the social protection lexicon. They are promoted by advocates of poverty targeting as ‘inclusive’ systems that list every member of the population and can be used to select people for universal schemes. In reality, though, they are merely a means of undertaking poverty

targeting for household benefits, usually using a proxy means test to do so. In fact, they could be better described by advocates of universality as ‘anti-social registries’: see [Kidd \(2017b\)](#). A detailed analysis of the failings of social registries – which shows that they have failed everywhere they have been used – can be found in [Kidd et al \(2021\)](#). They are also very different to single registries which are an effective tool used by governments to monitor national social security systems (see [Chirchir and Farooq 2016](#)).

## **2.11 Accept a role for ‘residual’ poor relief within universal systems**

An argument increasingly used by proponents of poverty targeting is that all countries should have a mix of universal and targeted schemes. Their aim is to legitimise their advocacy for poor relief, by highlighting that even high-income countries have means-tested programmes.

When promoting universality, advocates need to address this argument by accepting that not every social security scheme within a universal system should be universal. This implies explaining that there is a fundamental difference between a system where means-tested benefits constitute the main strategy and a system where means-tested schemes are “residual” and designed to support individuals who, for some reason, do not receive sufficient support through the universal schemes or fall between the cracks in the social security floor. In countries where universality is the norm, old age, child and disability benefits constitute the lion’s share of social security spending, alongside other universal lifecycle benefits such as maternity, sickness, caregivers and unemployment benefits. However, there is always some form of small-scale residual poor relief, as outlined in Figure 2-12.

**Figure 2-12: The essential lifecycle system – or social security floor – that all countries should establish, alongside residual, targeted poor relief**



This argument contrasts with the proposition of the proponents of poverty targeting who, as indicated in Section 2.5, advocate for poor relief as the basis of the system. Indeed, as Figure 2-13 depicts, a 'social safety net' for the poorest households – based on the model of 19<sup>th</sup> century Poor Relief – is the World Bank's ideal model for tax-financed social security systems in low- and middle-income countries. In their minds, it is only in the far and distant future that countries should introduce universal schemes. This betrays a fundamental misunderstanding of the marginal role of residual means-tested programmes in high-income countries.

**Figure 2-13: World Bank's ideal model of a social security system: 19<sup>th</sup> century Poor Relief**



While the argument for residual means-tested programmes can be justified in high-income countries on the basis that means testing is technically feasible – though far from perfect (see Section 2.2) – the introduction of Poor Relief in low- and middle-income countries is highly problematic given that poverty targeting cannot be done with any degree of accuracy or fairness (see [Kidd and Athias 2020](#)). Just because high-income countries have some small means-tested programmes, this is no justification for promoting Poor Relief as the basis of social security systems in low- and middle-income countries.

## **3 Identifying and communicating arguments to policymakers**

Countries will only introduce universal social security schemes if policymakers are committed to universality. Therefore, advocates of universality need to identify arguments that will be attractive to policymakers. As discussed earlier, in contrast to international development workers, many policymakers – and, indeed, the general public – are often not attracted by appeals to ‘help the poor’. Therefore, more effective arguments need to be employed. These will vary across countries as well as political contexts: for example, effective arguments in a country with a strong democracy may be different to those that should be deployed in a country with an authoritarian regime. Therefore, advocates of universality need to understand the national political economy context and identify likely arguments that will work in any context. Some examples of potential arguments are given below.

### **3.1 Winning elections**

In countries with free elections, the fact that universal social security schemes can help politicians win elections is a strong argument. Poverty-targeted benefits do not generate the same support from voters since they are given to a small proportion of the population – ‘the poor’ – who are much less likely to vote than those on middle- and high-incomes. Consequently, politicians offering a poor-quality benefit for ‘the poor’ are unlikely to win the hearts and minds of the people. This explains why, in many countries, governments have been unwilling to scale-up poverty-targeted pilot programmes that have been funded by donors.

In contrast, universal schemes are offered to all income classes, including those most likely to vote. There are many examples of the promise of universal benefits helping politicians win elections, including across Europe following the Second World War. For example, prior to the 2006 election in Mauritius, the government had been persuaded by international development partners to means-test the country’s popular universal old age pension. The opposition campaigned strongly against this and promised to restore the universal pension if it won the election. It duly won – in part due to this promise – and immediately made the pension universal once more. In recent years, the promise of universal old age pensions has influenced the result of elections in a range of other countries, including Lesotho (2004), Kenya (2017), Republic of Korea (2012), Peru (2011), and Zanzibar (2015). Further, politicians have successfully used the promise of increasing the value of universal benefits during elections, such as in Georgia (2012; 2016), Lesotho

(all elections following the introduction of the universal old age pension) and Thailand (2011).

Advocates of universality should, therefore, ensure that policymakers understand how universal social security schemes can help them win elections. The most propitious moment to do this is, obviously, in the run-up to an election. Nonetheless, the proposals given to politicians to use in elections should be well-designed and be proven to be fiscally viable. Advocates of universality should, therefore, be prepared to invest time and effort in devising viable and compelling proposals for politicians to use in elections.

It is important to recognise that not all politicians are focused only on securing power. There are many who, when they understand the benefits of universal social security, embrace it because they realised that it could be transformative for their country. Therefore, when engaged in policy dialogue with politicians prior to elections, it will also be important to explain the benefits of universal social security, some of which are described in the sections below.

## **3.2 Popularity**

A related incentive to winning elections for politicians in both democratic and authoritarian contexts is the desire to be popular. While poverty-targeted benefits are unpopular with most of the population, since they exclude most of the population, the introduction of universal benefits is usually very popular, with the political benefits accruing to the politicians who promote these schemes.

An author of this paper once used the popularity argument to encourage one country to introduce a universal old age pension. In 2016, during a training course on the political economy of social protection that was given to politicians, the Minister of Labour and Social Protection related how she had visited a community where the country's poverty-targeted old age pension was being implemented. She had expected the older people to be thankful for the pension but, instead, she was met with anger and complaints, which had been caused by the inaccuracy and unfairness of the targeting. The author's response was to ask her why politicians introduced unpopular benefits that generate anger and resentment. *"Why not introduce schemes that make you popular?"* the author asked, and pointed out that, if the old age pension had been universal, she would have been much more likely to have received a hero's welcome. Immediately, the penny dropped. The course also explained to the politicians the many benefits to society of universal social security. A junior minister – who was committed to progressive change – pro-actively engaged with more senior politicians to explain how the universal pension would not only help the governing party win the upcoming election but would transform the lives of all citizens when they reach old age while strengthening economic growth. Soon after,

the author was invited to speak to the Minister of Finance. In a short meeting, the author proposed that the governing party should place the promise of a universal pension in their manifesto for the next election, which was due the next year (while also further explaining the benefits to society and the economy of the universal pension). Soon after, in the next budget speech, the Minister of Finance announced that the government would make the pension universal and, in the electoral campaign, the governing party used this commitment, which contributed to its re-election.

In this context, it is important to stress that universal social security schemes should be embedded in legislation, so that they are not regarded as ‘gifts’ from individual politicians but, rather, as entitlements for all citizens.

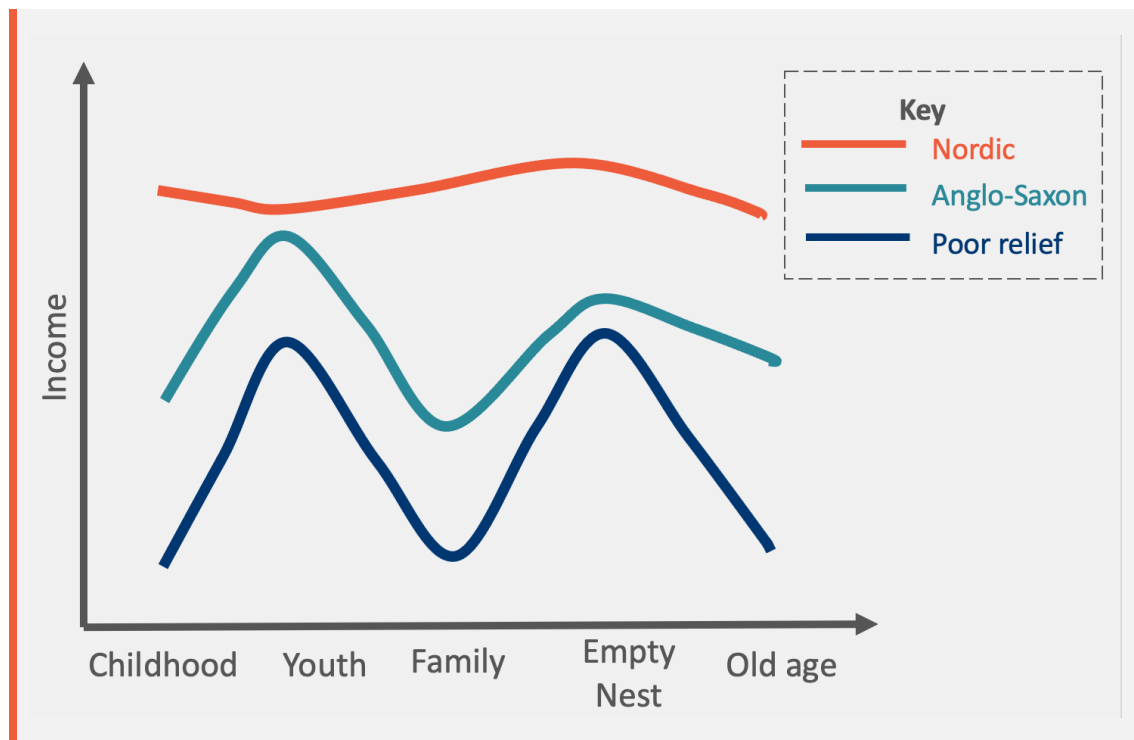
### **3.3 Building trust in government and a strong social contract**

Politicians committed to building strong and cohesive nation-states are likely to be attracted to universal benefits. While poor-quality, poverty-targeted benefits undermine trust in government, universal benefits build trust since they are delivered on a fair and equitable basis to everyone (see [Kidd, Axelsson et al 2020](#) for a more detailed explanation). Greater trust in government is a necessary component of a strengthened social contract and helps create the more effective, fair and socially cohesive nation states desired by progressive politicians. Indeed, one of the key benefits of universal social security is that it is much more effective than poor relief in addressing the challenges faced by families that are struggling financially – in other words, the majority of the population in low- and middle-income countries – which further enhances trust.

As Figure 3-1 attempts to represent, the more universal the social security system, the better the outcomes for people. In a Poor Relief system, people still experience large variations in incomes over time, with people particularly vulnerable during the childhood, child-raising and old age stages of the lifecycle. In an Anglo-Saxon system, where there is more of a mix of universal and targeted schemes, incomes overall are higher while the ups and downs over the lifecycle are less pronounced. However, it is in the much more universal Nordic systems where incomes are highest and incomes over the lifecycle are smoothest.



**Figure 3-1: Diagrammatic representation of incomes and patterns of income-smoothing associated with types of social security system<sup>29</sup>**



Source: Adapted from Hiilamo et al (2013).

### 3.4 Tackling high inequality

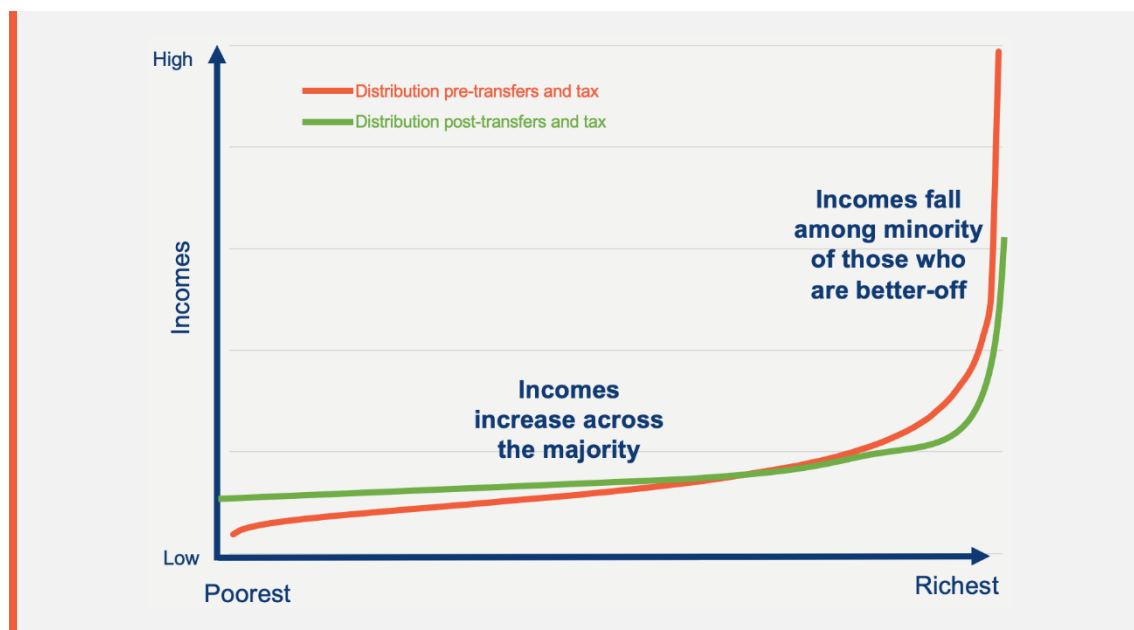
High inequality is recognised as causing a wide range of social and economic ills – including lower economic growth (Grigoli 2017) – and there is broad acceptance that countries should take steps to create more equal societies: see [Kidd et al \(2022\)](#) for further information. Investing in universal social security is an effective means of achieving this. While it is often assumed that the best means of tackling inequality is through poverty-targeting, the reality is the opposite. It is universal social security that has the largest impacts on inequality. This is the result of the greater expenditures on universal social security, which deliver higher transfers to the majority of the population, while demanding higher taxes from the better-off members of society. Poor relief is much less redistributive and, by design, only benefits the poorest members of society and avoids uplifting the incomes of those on middle – but still low – incomes. This relationship is sometimes referred to as the redistribution paradox.<sup>30</sup> Figure 3-2 illustrates how the

<sup>29</sup> The original version of the diagram – in Hiilamo et al (2013:10) – had a slightly different design and measured poverty rates rather than income. We encourage readers to look at the original design also and read the very helpful article by Hiilamo et al (2013).

<sup>30</sup> Korpi and Palme (1998).

welfare distribution becomes more equal with universal social security, when the taxes to finance the social security system are taken into account.

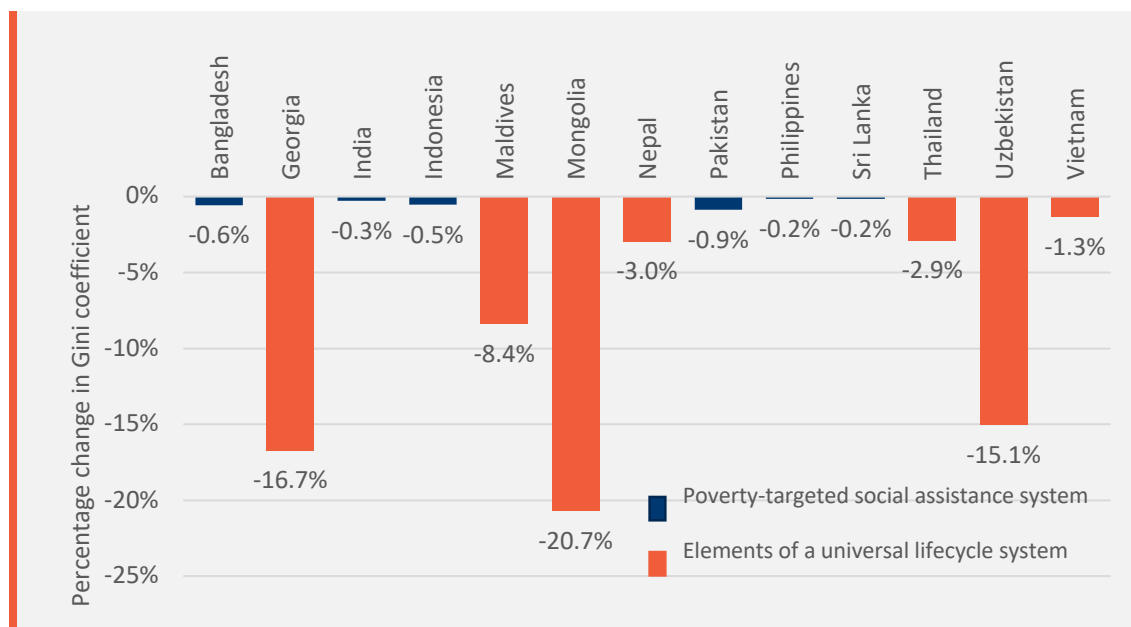
**Figure 3-2: Diagrammatic representation of how universal social security contributes to lower inequality by changing the welfare distribution within societies**



Source: Kidd et al (2022).

Globally, there is strong evidence that countries with more universal social security systems experience greater redistribution within society and, therefore, lower levels of inequality. It is no coincidence that some of the largest reductions in inequality found globally are in the Nordic countries, where universality reigns supreme. However, Figure 3-3 shows that this is a global pattern since, across Asia, those countries that have strong elements of universality in their social security systems experience much greater impacts on inequality than countries depending on poor relief.

**Figure 3-3: Simulated impacts on inequality of social security systems across Asia, comparing situations with and without transfers and taxes**



Source: Kidd et al (2022).

### 3.5 Compensating the main losers from reforms of fossil fuel subsidies

The reform of fossil fuel subsidies is a real opportunity for the introduction of universal benefits. These reforms are usually very unpopular among those on middle- and high-incomes since they are the main beneficiaries. As a result, fossil fuel reforms can often provoke significant social unrest and it is important for governments to put in place compensation schemes to mitigate the increase in costs. However, governments often make the mistake of introducing poverty-targeted compensation programmes. Since these schemes exclude the main losers from the reforms – both middle- and high-income families – they do little to stop social unrest. Indeed, poverty-targeted compensation programmes often foment further anger and protests, in particular due to the poor quality of their targeting. There is good evidence that the crisis in Syria was precipitated by the introduction of a poverty-targeted compensation scheme during a fuel subsidy reform.<sup>31</sup>

In contrast, if governments used the savings from subsidy reforms to introduce universal benefits to compensate for the rise in fuel costs, they are likely to reduce the likelihood of social unrest since the main losers from the reforms would be included. The fuel subsidy

<sup>31</sup> Sibun (2022a).

reform in Iran, in 2011, is an example. The government resisted the advice from the international finance institutions to target its compensation programme at ‘the poor’. Instead, it introduced a type of universal basic income (although the benefits were given to households, rather than individuals). The universality of the scheme meant that it was popular and social unrest was avoided, despite significant increases in fuel prices. However, when the government – under pressure from the IMF – tried to target the scheme in early 2018, it provoked significant social unrest (see [Bakvis 2018](#) for further information).

It could be argued that the fuel reform was a missed opportunity in Iran. Rather than introducing a household-based transfer system, the government could have introduced a more conventional lifecycle social security system, with a strong focus on children, persons with disabilities and older people (potentially with other lifecycle schemes also). Given that these categories of the population may have been regarded as more ‘deserving’ than those of working age, the political support for the new system may have been stronger. Instead, the household-based system has been constantly criticised with the value of the transfers eroding over time.

### **3.6 The promise of greater economic growth from universal social security**

Many policymakers view tax-financed social security as a cost and as contributing nothing to the economy. Consequently, they often perceive tax-financed social security as a waste of money and, for this reason, prefer to reduce the cost and target the poorest members of society. Yet, there are many pathways through which social security contributes to greater economic growth, as outlined in Figure 3-4. Since levels of spending are much higher with universal social security compared to poor relief, the impacts on economic growth are also much greater. Further, given the evidence – indicated above in Section 3.4 – that lower inequality contributes to higher economic growth, the impacts of universal benefits on inequality are important to stress in policy dialogue and advocacy.<sup>32</sup> Indeed, it is important that advocates of universality consistently refer to universal social security as an **investment** rather than as a cost.

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<sup>32</sup> Grigoli (2017).

**Figure 3-4: Conceptual model of the pathways through which social security impacts on economic growth<sup>33</sup>**



Source: Kidd, Heyer et al (forthcoming)

### 3.7 Work disincentives associated with poverty targeting

Universal social security does not generate the disincentives to employment that can be caused by means-testing, which should also be attractive to policymakers. Indeed, there is good global evidence that poverty-targeted programmes discourage people from working, especially when income from work is only marginally higher, or even lower, than the income received through the programme. This has been a common problem with poorly

<sup>33</sup> Further information on the contribution of social security to economic growth can be found in Kidd, Heyer et al (forthcoming) and [Tran \(2021\)](#).

designed means-tested benefits in high-income countries, such as in the United Kingdom.<sup>34</sup> In effect, Poor Relief can trap people into poverty.

There is also some evidence of similar disincentives to work being generated by poverty-targeted schemes in middle-income countries. For example, in Georgia, women receiving the Targeted Social Assistance programme were found to be 9 to 11 percentage points more likely to be economically inactive when compared to women in non-recipient households.<sup>35</sup> In Uruguay, among women receiving a targeted child benefit, formal employment fell by 20 per cent.<sup>36</sup> And, in Argentina, a rule that women receiving a child benefit have to be in the informal economy has encouraged many recipients to remain in informal labour.<sup>37</sup> The reason that many other poor relief programmes in low- and middle-income countries do not create poverty traps is that they are poorly designed, with eligibility for programmes often assessed only every few years, while the accuracy in the initial targeting is very weak anyway, often appearing arbitrary to recipients. Therefore, recipients do not associate removal from the programme with the fact that they may be doing better financially; instead, it may be viewed as bad luck or the will of God.

Self-evidently, there are no disincentives to work associated with most universal schemes, since people receive the benefits, whether or not they work.<sup>38</sup> Eligibility does not depend on income. For example, one of the reasons that child poverty is so much lower in Nordic compared to Anglo-Saxon countries is their much greater commitment to universality within their social security systems, which has resulted in fewer work disincentives, in particular among single parents (see [Kidd 2012b](#)).

### **3.8 Universal social security addresses the needs of those in the informal economy**

Informal economy workers and their families, who in many countries comprise a substantial component of the population, are sometimes characterised as ‘vulnerable but not poor’. During the COVID-19 pandemic, it became evident that informal workers and their families were excluded from the social insurance that formal jobs give access to, as well as from poverty-targeted support. This large group is often characterised as the ‘missing middle’.

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<sup>34</sup> Kidd (2012b); Lewis (2017).

<sup>35</sup> Kits *et al* (2013).

<sup>36</sup> Amarante *et al* (2011).

<sup>37</sup> Maurizio and Vásquez (2014)

<sup>38</sup> Of course, unemployment and sickness benefits are only provided when people cannot work.

Social security for informal workers is also an important means of improving gender equality. Women are over-represented in the informal work force in many parts of the world and tend to have more insecure employments than men. In addition, women are estimated to perform three times more hours of unpaid care work than men. Women's workloads in unpaid care work increased dramatically during the Covid-19 pandemic, when schools and pre-schools were closed down, and the need for health care and care in the home increased.<sup>39</sup>

Efforts to expand the coverage of social insurance as part of a multi-tiered social security system, such as through unemployment and sickness insurance, must continue. This will require further formalisation of jobs and, potentially, expanding coverage to informal workers through tax-financed subsidies of contributions, where appropriate.<sup>40</sup> Also, steps must be taken to enforce minimum wages and enhance labour standards more broadly among the informal economy labour force. However, it should also be recognised that informal economy workers – and their families – also benefit from universal old age, disability and child benefits. Indeed, in many countries, they are the main beneficiaries. Old age and disability benefits indirectly benefit current informal economy workers since they reduce demands on them to provide financial support to their elderly parents or relatives with profound disabilities. Consequently, their expenditures on their own family members – in particular their children – can increase. In fact, many older people and persons with disabilities in receipt of old age and disability benefits are also, themselves, working in the informal economy. Further, establishing tax-financed universal disability and old age benefits is the most effective means of ensuring that informal economy workers – in particular women – can access income support if they experience a disability or reach retirement age (although some may be able to provide additional support to themselves if they can also access social insurance schemes as part of a multi-tiered lifecycle system).

Universal child benefits directly benefit informal economy workers. Although they are provided to families to support children, the benefits are given to their parents – usually the mother – who are either informal economy workers themselves or married to them. If set at the right level, universal child benefits can significantly increase consumption within the families of informal economy workers.

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<sup>39</sup> WIEGO 2015

<sup>40</sup> While it is often argued that social insurance contributions should be subsidised by governments, often it is better to focus, initially, on building the tax-financed tier of the social security system. For example, rather than spending on subsidising the contributions of informal economy workers to old age pensions, priority should be giving to building a tax-financed social pension that would guarantee the access of all informal economy workers to an old age pension, which has worked effectively in a number of high-income countries. Subsidies could come later.

Most low- and middle-income countries have made little progress in formalising their workforces and enterprises, in part due to inadequate investments in labour law enforcement. One option would be to use universal, tax-financed benefits as incentives to encourage annual declarations of income by all adults (see [Kidd, Axelsson et al 2020](#)). For example, families could only receive a child benefit if they make an income declaration; or, once annual income declarations become the norm, full old age and disability pensions could be restricted to those who have made a minimum number of annual income declarations.

### **3.9 Convincing policymakers about the availability of the fiscal space for a universal social security system**

A common concern of policymakers is that, since universal social security is more expensive than targeted Poor Relief, it is more challenging to find the fiscal space. There are at least three arguments that can be deployed by advocates of universality to address this concern.<sup>41</sup>

#### **Universal social security is more popular, so citizens are more likely to accept higher taxation**

Given that universal schemes are more popular and strengthen the national social contract, citizens are more likely to accept higher taxation, which will increase government revenues and make universal schemes more affordable. As discussed by [Kidd, Axelsson et al \(2020\)](#), a commitment to universality can create a virtuous circle of greater trust, a stronger social contract, higher revenues and, therefore, further investment in good quality, universal public services (see Figure 3-5).<sup>42</sup> In contrast, when Poor Relief is offered, citizens are much less willing to pay taxes, given that most miss out. Following the Second World War, the introduction of universal public services – including social security – in many high-income countries helped strengthen the social contract and generate much higher government revenues. As a result, the good quality universal services that were introduced became more affordable and fiscally sustainable.

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<sup>41</sup> See Kidd, Mansoor, and Barca (forthcoming) for more on affordability.

<sup>42</sup> See Kidd, Axelsson et al (2020) for a more detailed explanation.



**Figure 3-5: The virtuous circle of investing in good quality public services and a strong social contract**

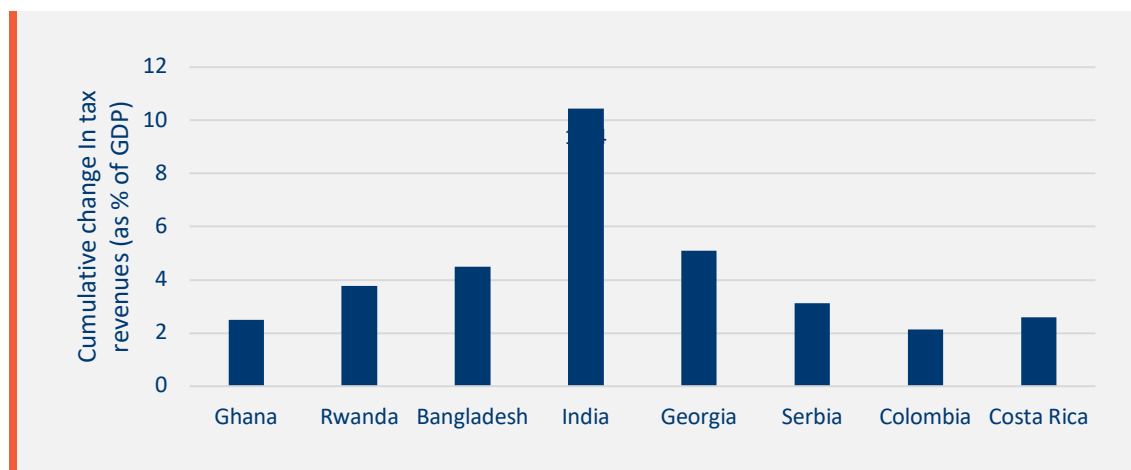


Source: Kidd, Axelsson et al (2020).

**Universal social security will contribute to greater economic growth and hence increased tax revenues**

A second argument on the fiscal space for universal social security is that it will contribute to greater economic growth – see Section 3.6– which will mean that government revenues will grow, even if levels of taxation remain unchanged. While this would not fully cover the cost of universal schemes, it will make a significant contribution. A study by the [ITUC and Development Pathways \(2021\)](#) across 8 countries has indicated that an investment in social security of one per cent per year could result in cumulative increases in tax revenues over 10 years of between 2.1 and 10.4 per cent.

**Figure 3-6: Cumulative increase in tax revenues as a percentage of GDP, resulting from an investment in social security of one per cent**



Source: ITUC and Development Pathways (2021).

**If a national social security system is introduced gradually, the level of investment required each year will be minimal**

The third argument to deploy on the availability of fiscal space is that universal social security systems should not be established overnight (see Kidd et al [forthcoming] for a more in-depth explanation). Rather, as happened in high-income countries, they should be built over time, perhaps over 10-20 years. Obvious ways to grow systems over time are, for example, to: sequence when different schemes are introduced; begin an old age pension at a higher age of eligibility and reduce the age over time; and, start a child benefit at a young age and gradually increase the age of eligibility over time. Advocates of universality should, therefore, propose that governments develop long-term visions for social security, which mean that systems are built slowly and the financing requirements each year are minimal.

Box 8 gives an example of how this could work in Egypt, if a system of universal old age, disability and child benefits were introduced in 2023. The initial cost of the system would be only 0.45 per cent of GDP, rising to 2.21 per cent of GDP by 2035. This would mean that, on average, only 0.14 per cent of GDP would need to be found each year to expand the system, a relatively marginal cost. Most other countries globally would be able to establish comprehensive, universal social security systems at a similar cost, over time. It should be borne in mind that Nepal – a low-income country – is already investing more than 1.6 per cent of GDP in similar universal schemes, while South Africa – a middle-income country – is investing 3.4 per cent of GDP in schemes offering high coverage.

Therefore, the level of investment required in Egypt should be regarded as perfectly reasonable and sustainable.

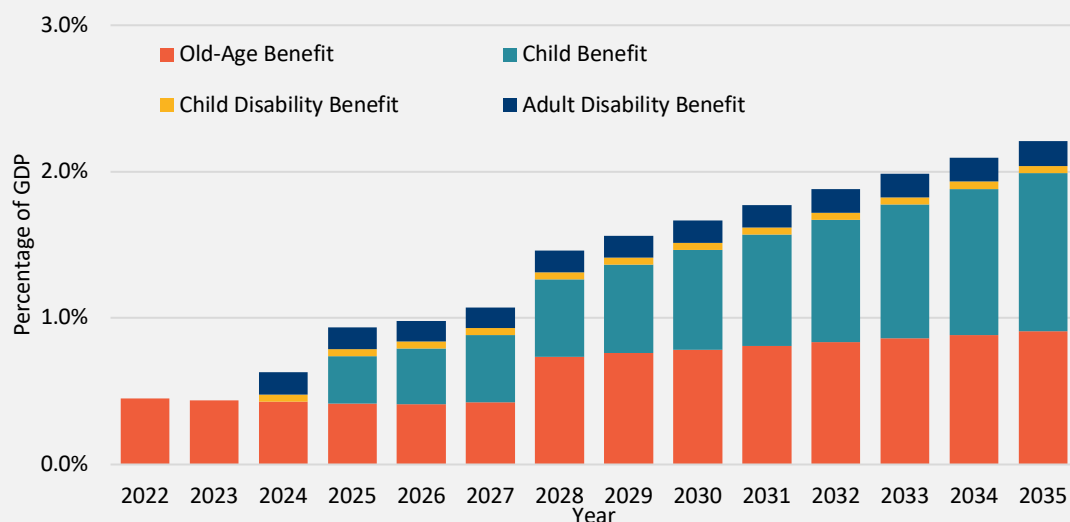
**Box 8: An example of how a universal, lifecycle social security system could be introduced over time in Egypt, commencing in 2022**

It is fiscally feasible for Egypt to build and consistently expand a universal social security system over time, if programmes are introduced at different stages while ages of eligibility change over time. As an illustrative example, one option could be:<sup>43</sup>

- A **universal child benefit** could begin with all children aged 0-3 years, starting in 2025. No child would be removed until they reach 18 years of age, while all new-born children would enter the scheme. The transfer value would be the equivalent of US\$15 per month, in 2022 values.
- **Universal child and working age adult disability benefits** could be provided up to the age of eligibility for the pension, with an initial transfer value of US\$50 per month. The schemes would start in 2024.
- An **old age pension** of US\$50 per month could be introduced in 2022 for all older persons, beginning at 70 years of age. The age of eligibility could fall to 65 years in 2028.

As Figure 3-7 shows, the level of investment required to introduce the schemes would grow slowly over time. The initial cost, when only the old age pension is provided, would be 0.45 per cent of GDP, which is low for a universal pension, and would increase over 13 years to 2.21 per cent of GDP by 2035. Once the child benefit reaches all children aged 0-17 years in 2039, the overall cost of the system would begin to fall, unless the government decides to increase the real value of the transfers.

**Figure 3-7: The level of investment required to introduce universal child, disability and old age benefits in Egypt, between 2022 and 2035**



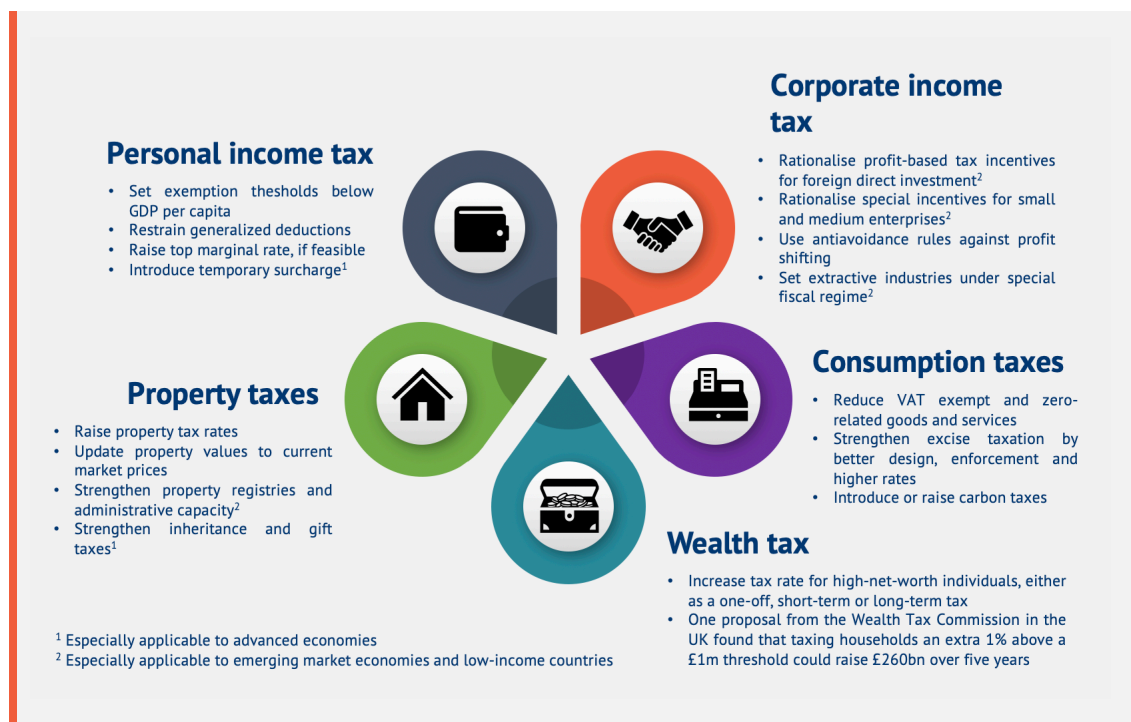
Source: Authors' elaboration using the [Inclusive Social Security Policy Forum's \(ISSPF\) costing tool](#) for the Middle East and North Africa region.

<sup>43</sup> The estimates assume that the average annual growth in GDP is 6 per cent, transfers are indexed to inflation so that they maintain their purchasing power, coverage of the universal old age and disability benefits would be 95 per cent, and 1 per cent of children and 2 per cent of working age adults would receive the disability benefits.

These small annual increases could be easily financed from the new taxation that would be generated each year from economic growth, even without taking into account the additional economic growth that would be generated by investing in universal social security. For example, when working with the Government of Kenya to develop its national vision for social security, Development Pathways was able to demonstrate how normal economic growth could fund an expansion in the universal social security system from 0.2 per cent of GDP in 2018 to 2 per cent in 2030. It showed that, in the absence of increased investments in social security, while assuming no increase in the tax-take as a percentage of GDP and average economic growth of 5 per cent per year, government spending in non-social security areas would increase in real terms by 5.1 per cent per year. If the universal social security system were established, non-social security expenditure would still increase by 4.6 per cent per year. So, while the growth in expenditure in other areas of government spending would be lower than it would be if social security system did not expand, it would still increase at a good pace. This makes investing in universal social security look very feasible.

In fact, a strategy that advocates of universality could use is to develop their own costed **national vision** for universal social security over the next 10-20 years and use the vision document to engage in policy dialogue with national governments. The vision could employ the approach set out in Box 8, while also including a discussion on how to find the fiscal space for the vision, using the arguments above. If advocates are able to investigate in more detail potential sources of fiscal space within their country, it would be helpful to include a specific section in the vision that examines options. Figure 3-8 shows recommendations from the IMF on potential sources of revenues that could be used to invest in economic recovery from COVID-19, which also apply to expanding investments in universal social security. A good principle in any vision is to argue that those with the broadest shoulders should be expected to pay the most. It is helpful that the IMF has begun to argue for wealth taxes and increases in the top rates of income tax.

**Figure 3-8: Options for reforming tax systems to raise additional revenue, which could be used to invest in social security**



Source: Adapted by Daisy Sibun of Development Pathways from IMF (2021).

### 3.10 Arguing for the right of the rich to access social security

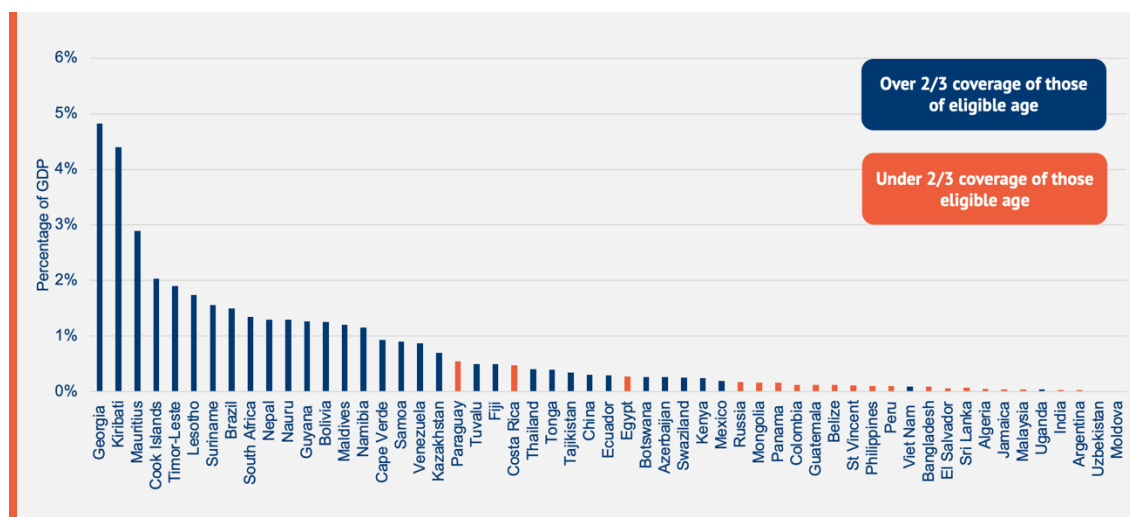
A common argument against universal social security from policymakers and others is: “why should the rich receive a tax-financed benefit?” Yet, the right to social security encompasses all people, including the rich (although this does not imply that everyone should access social security at all times). Consequently, advocates for universality need to build a credible case for why the rich should access social security, going beyond the simple statement that social security is a right for all people. Some potential arguments are set out below.

**Universal schemes, with the middle class and rich included, build legitimacy for higher budgets, while also delivering higher transfer values**

A core argument for including the rich in social security is derived from the political economy of targeting. We know that, if schemes are universal, they are much more popular and citizens are more willing to be taxed to fund them. As a result, universal schemes usually have much higher budgets than poverty-targeted programmes: Figure 3-9 contrasts the budgets of tax-financed old age pension schemes that have high coverage and those that are targeted at the poorest older people: those with high coverage, in most cases have much higher budgets than those that are poverty-targeted.

South Asia is a particularly clear example: Nepal, which has a universal pension, invests 1.3 per cent in its scheme, while the poverty-targeted pensions in Bangladesh, India and Sri Lanka all cost less than 0.1 per cent of GDP

**Figure 3-9: Comparison of level of investment in old age pensions that have high coverage and those targeted at the poorest older people<sup>44</sup>**

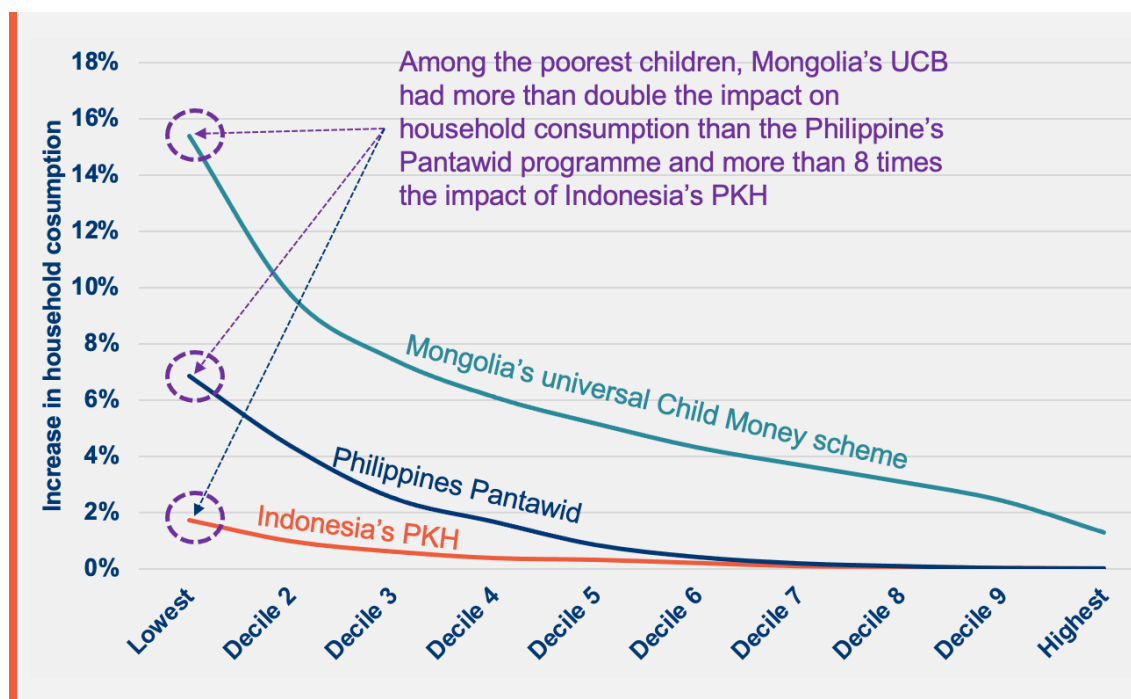


Source: Development Pathways' pensions database.

However, not only do universal schemes tend to have higher budgets than poverty-targeted programmes, they are also more likely to have higher transfer values, which means that they are much more beneficial for those living on low incomes (see [Kidd 2015](#)). For example, across countries that have been classified as more democratic by the Economist's Democracy Index, the average transfer value among countries with coverage of old age pensions above 70 per cent is 17.6 per cent of GDP per capita, while it is only 11.4 per cent among those with coverage below 40 per cent. Consequently, by including the middle class and rich in universal schemes, those living in poverty end up benefiting more than they would under a poverty targeted scheme. For example, Figure 3-10 shows how the universal child benefit in Mongolia, when it was re-established in 2012, increased household consumption by much more than the poor relief schemes for children in the Philippines and Indonesia.

<sup>44</sup> The graph does not include countries where the majority of old age pensions are provided through social insurance.

**Figure 3-10: Increase in household consumption resulting from Mongolia's Universal Child Benefit (UCB) and the Poor Relief programmes for children in the Philippines (Pantawid, 4Ps) and Indonesia (Program Keluarga Harapan)**



In fact, universal child benefits (UCBs) have proven to be particularly popular among those on middle and higher incomes and provide better-off working age families with an umbilical link to the broader social security system. Once introduced, they are challenging to remove: for example, when the UK decided to remove the top 20 per cent from its UCB in 2012, even the right-wing press – which has been ferocious in its attacks on the UK's poor relief schemes – campaigned against its removal, defending the right of those on incomes of more than £100,000 per year to receive it (see [Kidd 2015](#)). Similarly, the only means by which the International Monetary Fund (IMF), World Bank and Asian Development Bank could force the government of Mongolia to target its UCB was by [threatening to withhold loans that the country desperately needed](#).

Therefore, if countries want to maximise support to those living on low incomes, making a scheme universal is a politically wise choice, since it is more likely to be supported by all members of society. Consequently, including the rich in the scheme is likely to deliver a much better outcome for low-income families and individuals.

#### **The rich deserve the benefit, since they are often the main funders of the scheme**

When assessing the relative impact of universal benefits, it is important to consider both the value of the transfer and the amount paid in tax by recipients to fund the scheme. Consequently, when the rich receive a tax-financed social security benefit, they will also

have paid for it through their taxes. Even if a tax system is not particularly progressive, the rich are likely – in absolute terms – to have paid more in tax than other members of society (although we know that, increasingly, the [ultra-rich are paying less and less tax](#) as they manipulate tax laws to their own advantage). In the case of old age pensions, the rich will have paid taxes across their working lives and, consequently, also deserve to receive a state tax-financed pension. The fact that the Sultan of Brunei and King Charles of the United Kingdom both decided to receive state, tax-financed pensions was an important statement by them that these schemes are entitlements for all.

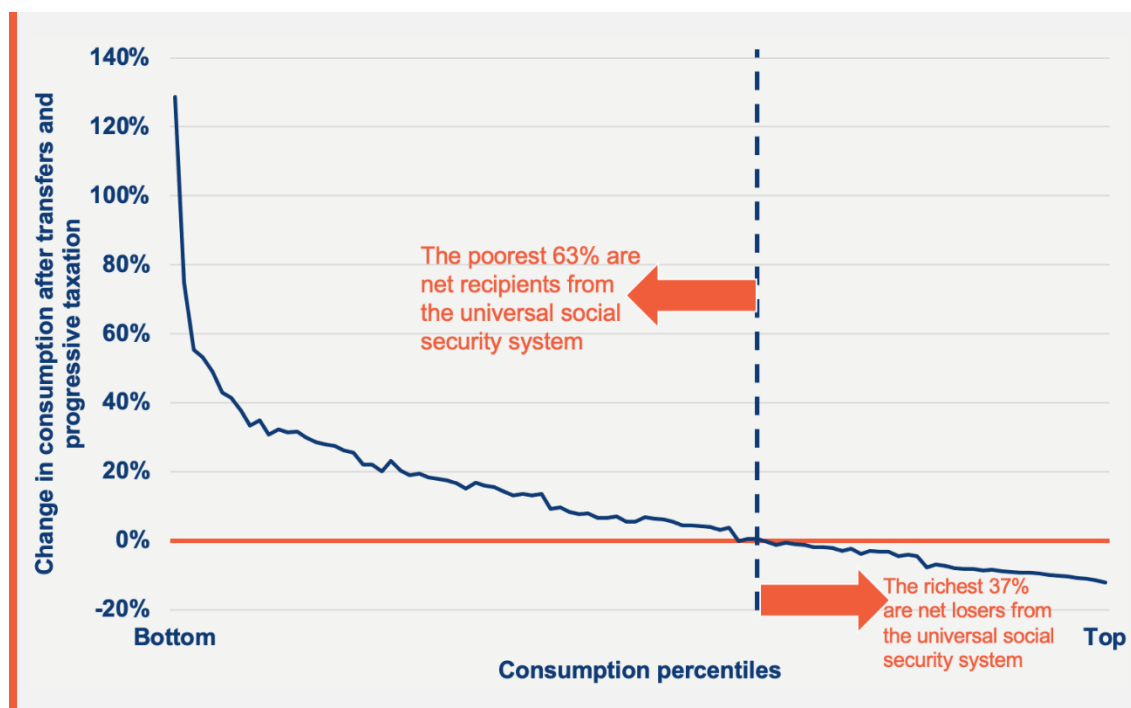
Further, unless there is an effective, national universal social security system in place, the middle class and rich can end up paying twice for the system. They will have to pay private health insurance for themselves as well as fees for private schools, in addition to paying for Poor Relief through the tax system, from which they are excluded. This is one reason for the reluctance of the middle class and rich to pay taxes that fund programmes for ‘the poor’.

In fact, when both the transfer and the tax paid to fund the transfer are considered within universal social security systems, ‘the rich’ come out as net contributors financially and, therefore, fully deserving of accessing the benefit. For example, Figure 3-11 shows the net receivers and contributors in Kenya if 2 per cent of GDP were invested in universal child, old age and disability benefits and it was financed by slightly progressive taxes. Sixty-three per cent of the population would be net receivers financially while the top 37 per cent would be net contributors, with the richest the biggest contributors.

Consequently, we should not be concerned that the rich receive universal benefits, since they contribute more than they receive from them. And, as indicated above, by including the rich, they are more likely to lend their political support to higher investments in social security.



**Figure 3-11: Changes in consumption across welfare deciles in Kenya when 2 per cent of GDP is invested in a universal, tax-financed social security system, taking into account both the transfer value and the tax paid to finance the schemes**



Source: simulation based on the KHIBS 2015-16 dataset

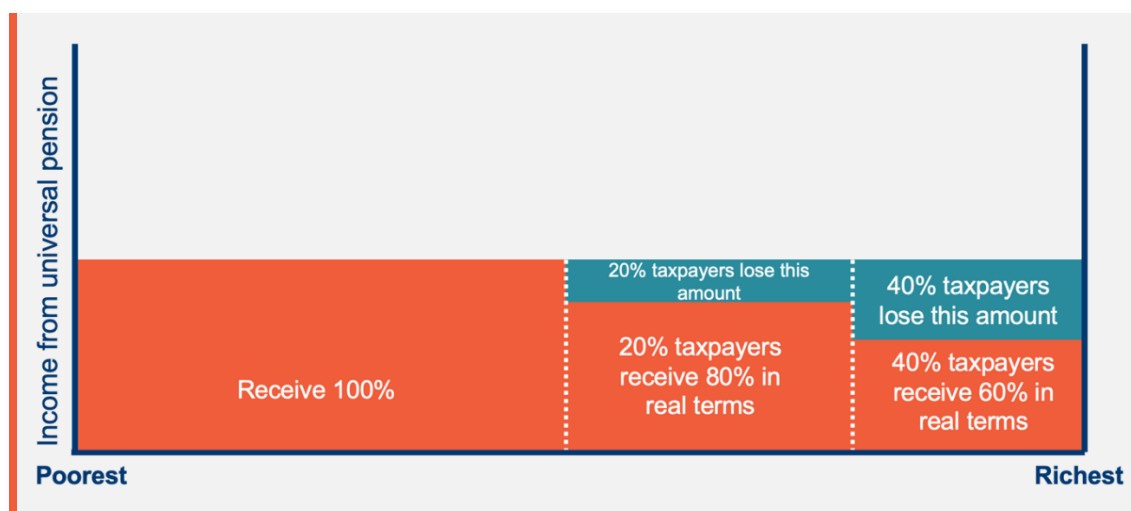
The fact that the middle class – who are near the top of the welfare distribution – are net payers is well-known in high-income countries. In countries with universal social security systems, this is generally considered a reasonable price to pay for living in a decent society and the security of knowing that when someone is really in need, the state – which taxpayers fund – will step in and help them. The rich also benefit since, by living in more peaceful and cohesive societies, they enhance the quality of their lives and reduce the cost of paying for personal security. Importantly, by investing in universal social security, countries' economies receive a boost and everyone, including the middle class and rich, become more prosperous.

Advocates of universality could also argue that, when the taxes paid by recipients to fund universal schemes are considered, the overall result is a form of simplified 'targeting' in that the richest members of society are net payers into the system while the rest of the population are net beneficiaries (as indicated above, in the case of Figure 3-11, it would be 63 per cent). In effect, universal benefits select those most in need as net recipients, with the biggest winners being those living in extreme poverty.

### The cost of universal benefits can be clawed back from the rich through tax

If the rich receive a universal benefit, governments can claw back some of the cost by making benefits taxable. Figure 3-12 illustrates how this would work in a country with a universal old age pension and three income tax rates: 40 per cent for the most well-off, 20 per cent as the basic tax rate and zero per cent for those with incomes below a specified level. In the context of Figure 3-12, most recipients would not have sufficient income to be taxed. However, those paying the 40 per cent rate would, in practice, receive an effective transfer value of 60 per cent of the maximum, while those taxed at 20 per cent would receive an effective value of 80 per cent. Most high-income countries use claw-backs within their social security systems: New Zealand, for example, had a nominal budget of 4.5 per cent of GDP for its universal pension in 2000, but clawed back 0.7 per cent of GDP in taxes, meaning that the actual cost to the state was 3.7 per cent of GDP (and, in fact, less when sales taxes are considered).<sup>45</sup>

**Figure 3-12: Representation of effective transfer values when countries tax universal benefits**



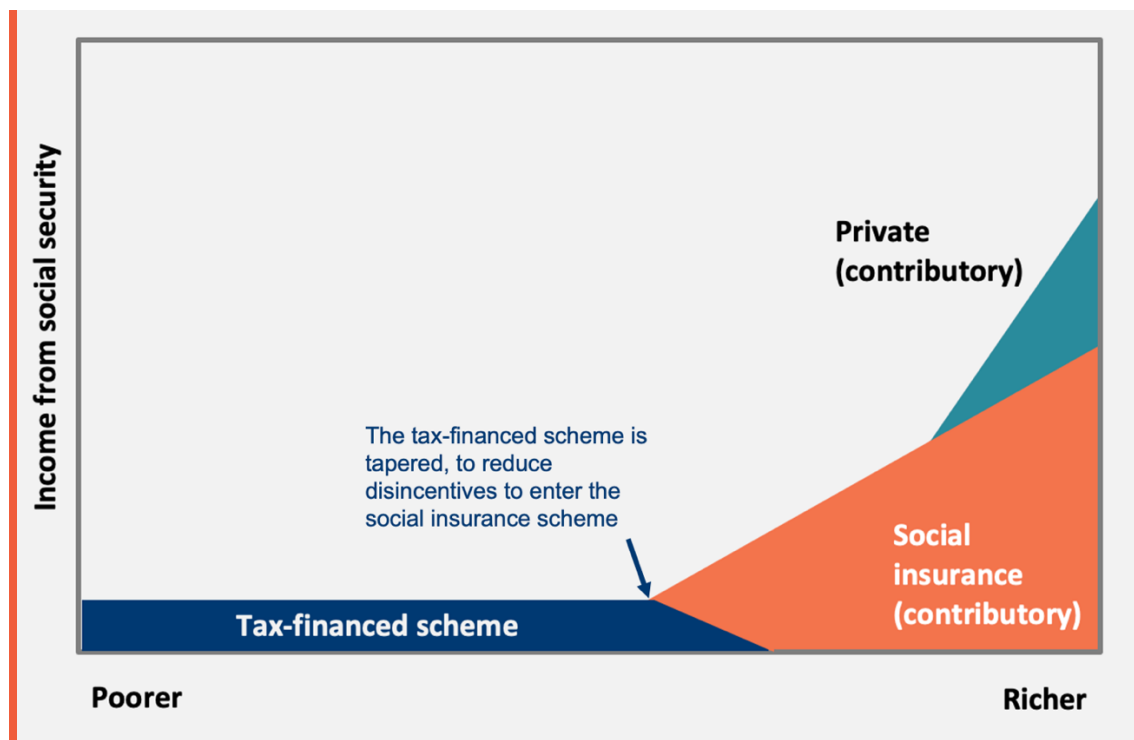
### Taking advantage of a multi-tiered system to use benefit-testing to deliver universal coverage

If there continues to be resistance to the rich receiving universal benefits, advocates of universality could adopt a fall-back position which involves removing many of the rich from the tax-financed benefit, while maintaining universal coverage. This is known as benefit-testing: those who access another state benefit addressing the same risk – such as a social insurance scheme or public service pension – are deemed ineligible for the full

<sup>45</sup> Willmore (2001).

tax-financed benefit, as illustrated by Figure 3-13. The extent to which this reduces the cost of the tax-financed benefit depends on the coverage of the social insurance scheme. However, it is important that the benefit test includes a taper so that the tax-financed scheme is only gradually withdrawn from those who receive a social insurance benefit. This will reduce disincentives among workers to enter the social insurance scheme while ensuring that those who contribute additional income into social insurance always receive more than those who do not contribute (see [Kidd 2015](#) for more information).

**Figure 3-13: Illustration of how a multi-tiered social security system provides universal coverage through benefit testing**



Source: Kidd (2015).

## **4 Identifying the targets for advocacy**

Too often, advocates of universality invest much time and effort in undertaking advocacy with governments, but do not reach the real decision-makers. Frequently, they engage with high-level civil servants who, in reality, have little influence over the actual decision-makers. Similarly, often advocacy is undertaken with Ministries of Social Affairs (yet, again, they – even their Ministers – often have minimal influence with the real decision-makers).

Therefore, prior to commencing advocacy, political economy analysis should be undertaken to determine the real decision-makers in any context. Usually, these are the political leaders of the country, including the President, Prime Minister and, importantly, the Minister of Finance. If they are not convinced, then it will not be possible to convince governments to invest in universal social security.

In addition, analysis needs to be done on how best to reach the decision-makers. This may not necessarily mean meeting with them directly and there are many other channels through which they can be reached indirectly. Working through political parties and members of Parliament is one pathway but advocates of universality should also reach decision-makers through the traditional media (newspapers and television) as well as social media. Another option is to identify champions who can lead public advocacy, such as well-known public figures who will be recognised and respected by the decision-makers. Further, civil society organisations should use their influence to mobilise grassroots support and make this visible to the decision-makers.

Advocates should also be willing to test whether the justice system could be used as a means of coercing governments to expand social security, in particular in countries where the right to social security for all is embedded within national constitutions. For example, in Nepal, an NGO took the government to the supreme court to reduce the age of eligibility for the country's universal Widows' Allowance from 60 years to 18 years, and won; and, in South Africa, the courts were successfully used to equalise the old age pension age of eligibility for men and women, reducing the age for men from 65 years to 60 years.

## 5 Conclusion

This paper has outlined a number of strategies that advocates of universality can use when engaging in policy dialogue with governments. The list is not at all exhaustive but, hopefully, provides some useful hints. The most important argument to remember, though, is that universal schemes are highly popular and it is this fact that has underpinned their successful expansion globally over the past century. They are also much more effective than the type of Poor Relief promoted by the World Bank and some other international donors and are a critical component of any successful and sustainable economic growth strategy. Although the proponents of poverty targeting are often in powerful positions themselves – especially when they can use loans to control national government decision-making – the arguments of the advocates of universality are much stronger.

If the arguments in favour of universality can reach the real decision-makers in any country, there is a good chance that they will give them serious consideration. It will not be easy, but the fact that so many low- and middle-income countries have introduced universal schemes shows that it is possible for all countries to move away from Poor Relief and introduce much more progressive and effective universal social security systems. In the aftermath of COVID-19, universal social security has never been more important.

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