ENHANCEMENT OF SOCIAL SECURITY FOR THE POOR

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INTRODUCTION

The main focus of the study is the system of social security available to the poor population in the eight countries that have been selected. For the purpose of the study "social security" is defined in its comprehensive sense to refer to the condition which would enable the poor to satisfy their basic needs in a sustainable manner. The study would therefore cover chronic or structural conditions of insecurity arising from extreme poverty and lack of access to income earning resources as well as the forms of insecurity of a more contingent type such as loss of employment, disability, retirement and old age. The population which suffers from such forms of insecurity comprise those whose income earning capacity is below the level required to satisfy their basic needs as well as those who though above the poverty line are close to it and whose incomes are adequate only for current consumption but are insufficient to make provision for contingencies such as disability, loss of employment or old age. For the purposes of the study the "poor" include both these groups. The concept of social security would therefore include both the processes of poverty alleviation which take the poor out of their present condition of chronic insecurity as well as the systems which ensure that those who are above but close to the poverty line remain out of poverty.

This part of the study attempts to provide a synthesis of the main findings and conclusions of the eight country studies. The country studies have analysed the past trends and prevailing situation relating to poverty and examine the various components of the existing social security system. The studies cover

(a) the structures, policies and programmes which enhance the capacity of the poor to satisfy their basic needs, including both the macro-economic and sectoral development policies for their impact on the poor as well as the programmes specifically targeted to the poor and programmes for enhancing the income earning capacity and self reliance of the poor.

(b) Programmes of social welfare to satisfy present consumption needs of the poor such as for example, free services in education and health, food subsidies, food stamps and nutrition programmes for segments of the poor.

(c) Targeted programmes for specially disadvantaged segments such as the disabled, destitute, undernourished women and children, elderly.
(d) Programmes which provide relief and social insurance against contingencies which reduce persons and households into insecurity such as provident fund schemes, compulsory savings schemes, mutual benefit and thrift institutions, pensions, unemployment relief schemes.

(e) Programmes of NGOs for enhancing social security of the poor.

The studies thereafter evaluate the programmes for their capacity to deal with current and emerging problems of social security, examine the methods of financing social security systems and briefly outline the strategies for dealing with the neglected problems and future needs.

The synthesis which follows is organised in four parts.

Part 1 presents a comparative profile of selected social and economic indicators for the eight countries which is used to assess the status of social security and the outcome of policies and programmes. Part 2 provides a summary of the country profiles of the social security systems as described and analysed in the country studies. Part 3 evaluates the systems of social security in the countries, analysing the differences in approach and the adjustments and changes that are being made to deal with persistent problems of poverty and social insecurity as well as the emerging issues in this field. Part 4 summarises the main conclusions and identifies the essential elements in strategies for enhancing the social security of the poor.

1. A Comparative Profile of Social Security

The Selected Indicators and their Relevance for Social Security

The Table 1 below provides a comparative profile of $N$ social indicators for the 8 countries that have been studied that are helpful in determining the quality and extent of social security enjoyed by the population in the broadest sense of the term. The indicators relate to selected components of well-being which contribute to the overall condition of social security. Absolute poverty defined as the condition in which households or individuals do not have the capacity to satisfy their minimum nutritional needs is by its very nature a condition of chronic insecurity. While poverty is most often measured in terms of income and purchasing power, the lack of purchasing power is itself integrally linked to other conditions of deprivation - lack of education and skills, poor health, a living environment without basic amenities. Poverty is therefore multi-dimensional comprising conditions of deprivation which
are closely interlinked and have to be dealt with together. Just as much as poverty is multi-dimensional, the insecurity which arises from it is also multi-dimensional. The insecurity in poverty manifests itself in many forms - food insecurity, illhealth, lack of literacy and life skills to cope with a changing environment. The indicators that have been selected for the profile relate to most of these conditions of insecurity.
First, the cluster related to per capita income, incidence of poverty and income distribution indicates the nature and extent of the economic insecurity and the context in which it prevails. The level of per capita income when combined with the extent of poverty, the share of income of the lowest quintile and the rate of unemployment will broadly indicate the pattern of growth and distribution and provide a point of entry to the discussion of the macro-economic policies and public interventions relevant to social security. They become useful for identifying the impact of prevailing development policies and strategies on the reduction of poverty and enhancement of social security and for answering some of the related questions: to what extent do existing policies rely on a strategy of rapid economic growth and employment creation to deal with the problem of poverty? Do policy makers rely mainly on a trickle-down process or are there policy components in the overall strategy which are specially designed towards equity and broad based development which can indirectly enhance the social security of the poor?

Second, life expectancy, low birth weight, infant mortality and female literacy are key indicators of the access to health and education, the status of women and the well-being of children; they are the means for acquiring the basic human capital the poor need to enhance their income earning capacity. The insecurity of the poor is heightened to the extent that they lack the needed human capital. A high rate of female literacy already implies a high overall rate of adult literacy; it results in capacity-building at household level and promotes behavioral changes which lower infant mortality and fertility, reduce family size and accelerate the demographic transition with wide spread effects on mitigating poverty.

Third, access to safe water and sanitation have been selected as the indicators of the availability of the basic physical infrastructure needed for the protection of a minimum level of well being of the poor.

Table 2 presents the data on social security expenditure for the 8 countries.
### Table 2
Public Expenditure in Health and Education

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Period</th>
<th>Unit</th>
<th>India</th>
<th>China</th>
<th>Sri Lanka</th>
<th>Philippines</th>
<th>Uzbekistan</th>
<th>Thailand</th>
<th>Fiji</th>
<th>South Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public exp. on Health as % of GDP</td>
<td>1990</td>
<td>%</td>
<td>1.3</td>
<td>2.1</td>
<td>1.8</td>
<td>1.0</td>
<td>5.9(1991)</td>
<td>1.1</td>
<td>-</td>
<td>2.7</td>
</tr>
<tr>
<td>Public exp. on Education as % of GDP</td>
<td>1990</td>
<td>%</td>
<td>3.5</td>
<td>2.3</td>
<td>1.7</td>
<td>2.9</td>
<td>-</td>
<td>3.8</td>
<td>5.0</td>
<td>3.6</td>
</tr>
</tbody>
</table>

- Not available

**Source**: World Dev. Report, 1981 and 1995  
Asian Dev. Outlook, 1995/96 - ADB  
Human Dev. Report, 1995 - UNDP  
Social Indicators of Dev., 1995 - World Bank  
Sri Lanka Poverty Assessment, 1995 - World Bank  
Trends in developing Economics, 1995 - World Bank
The eight countries span a fairly wide gradation of per capita incomes from a low of US$ 300 to US$ 7660 (1:25). On the data on per capita income given in World Development Report of the World Bank, India, China and Sri Lanka represent the low income group, Uzbekistan, Philippines, Thailand and Fiji the lower middle income group and the Republic of Korea the upper middle income group. On estimates based on the purchasing power parity (PPP) dollar given in the UN Human Development Report, the income gaps are significantly narrower- PPP$ 1230 to PPP$ 9250(1:7.5). The PPP dollar income would be a more reliable measure for inter-country comparison of levels of consumption per head and economic well-being than the adjusted US$ used in the World Bank estimates. In the ranking of countries with the PPP dollar per capita incomes, Sri Lanka is ahead of both the Philippines and Uzbekistan.

When the countries are ranked for the indicators other than per capita income, the ranking of the 8 countries varies with each indicator. The performance is not invariably better at higher levels of per capita income. But when China and Sri Lanka are excluded the indicators generally improve with per capita incomes and the upward movement is more regular. Both these features - the deviation in the case of China and Sri Lanka as well as the regularity in the case of the others - have important implications for an assessment of the state of social security in the poor countries.

China with the second lowest per capita income among the eight countries has the lowest proportion of poor people; female literacy has risen to 62% well above the average for low income countries. Along with the Republic of Korea it has the lowest proportion of infants with low birth weight; its rate of unemployment is among the lowest. Life expectancy is as high as that of Thailand which enjoys a PPP$ per capita income more than thrice that of China; infant mortality in China is lower than in Thailand. It is only in regard to access to sanitation that China ranks well below the other countries in the group. If the indicators other than per capita income are used to construct a crude index of social security as in Table A3... China ranks next to the Republic of Korea which has the highest per capita income in the group.

Sri Lanka which ranks 4th highest in terms of per capita income (PPP$) has the highest life expectancy in the group. But in terms of poverty, malnutrition and unemployment its performance is poor. Consequently its score on the social security index is lower than that of Philippines. The indicators on mortality and life expectancy suggest that Sri Lanka has a
<table>
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<tr>
<th>Indicators</th>
<th>Country 7</th>
<th>Country 8</th>
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<tbody>
<tr>
<td>1. Macro-Economic Policy Framework</td>
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<tr>
<td>Market-oriented rapid economic growth; Low inflation; High human capital</td>
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<td>development; Equitable distribution.</td>
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<td>2. Poverty Alleviation</td>
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<tr>
<td>Clearly articulated anti-poverty objectives and priorities in national</td>
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<tr>
<td>plans and policies; Poverty strategy well integrated with national and</td>
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<tr>
<td>sectoral policies; The poor identified and located; Programmes well</td>
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<td>targeted to the poor (a) for enhancing their income earning capacity to</td>
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<td>move them out of poverty and (b) for supplementing their current</td>
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<tr>
<td>consumption to satisfy basic needs.</td>
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<tr>
<td>Provident Funds, pensions other forms of social insurance providing</td>
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<td>adequate benefits with adequate social protection and adequate coverage</td>
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<td>for both formal and informal sectors; Increasing self reliance personal</td>
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<td>and community responsibility for social security savings</td>
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<tr>
<td>mobilisation, self-help and mutual assistance schemes and increasing</td>
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<td>participation of voluntary organisations.</td>
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<td>4. Financing of poverty alleviation and social security</td>
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<tr>
<td>A broad-based sharing of responsibility with an appropriate balance</td>
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<tr>
<td>between public expenditures and contributions by individuals and employers</td>
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<tr>
<td>Well developed systems of banking and credit for the poor for</td>
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<tr>
<td>poverty alleviation and social security; Thrift and savings institutions</td>
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<tr>
<td>for enhancing self-reliant financing at the personal household and</td>
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<tr>
<td>community levels.</td>
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<td>5. Managing the transition from social welfare to social security</td>
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<td>Moving from programmes aimed at poverty reduction</td>
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<tr>
<td>poverty alleviation to sustainable systems of social security which</td>
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<td>grants adequate social protection to the low income working population;</td>
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<tr>
<td>poor countries succeed in raising per capita incomes and reducing</td>
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<tr>
<td>poverty. They will need to</td>
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<tr>
<td>informal sector</td>
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<td></td>
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<tr>
<td>6. Financing of Social Security</td>
<td></td>
<td></td>
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<tr>
<td>i. State financed</td>
<td></td>
<td></td>
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<tr>
<td>ii. Contributory</td>
<td></td>
<td></td>
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<tr>
<td>iii. Self help - voluntary social security schemes, savings credit</td>
<td></td>
<td></td>
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<tr>
<td>schemes, insurance</td>
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<td></td>
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<tr>
<td>7. Role of the NGOs</td>
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system which ensures survival for even the poorest segments of the population, but in contrast to the situation in China it has not been able to generate growth of income for the poor at an adequate rate to reduce poverty and malnutrition. Among the group of countries studied, Sri Lanka has an exceptionally high rate of unemployment. It is a special feature of the social insecurity in Sri Lanka.

In the case of Uzbekistan the country study as well as other sources of information such as the World Bank's Social Indicators of Development, the Human Development Report and the World Employment report do not provide firm data on the selected indicators for purposes of comparative analysis. The country study however states that the "proportion of the population living in poverty is low." and that there is no evidence of widespread poverty." A World Bank study in 1993 however reported that the proportion of families with incomes below the per capita income of 75 roubles estimated for the subsistence level was 44%. The country study states that "these estimates are based on a poverty line and a minimum consumption basket" which is too generous. Given the conditions that have prevailed in centrally planned economies it is likely that poverty and unemployment in Uzbekistan is low although increasing as a result of the current adjustments in the transition to the market economy. Unemployment in particular remains disguised and underestimated as a result of the public sector organisation which continue to retain workers on the payroll in excess of the numbers required. These aspects will be discussed further in the second part of this study. The other indicators on life expectancy and infant mortality are around the average for the lower middle income countries. Uzbekistan has achieved full female literacy, a distinguishing feature of most of the countries which were centrally planned until recently.

In the other four countries the indicators on life expectancy infant mortality, literacy and access to safe water and sanitation have moved generally in step with the growth of per capita incomes. With progressively higher levels of per capita income life expectancy has risen, infant mortality has declined, female literacy increased and access to safe water and sanitation improved. On the data available the decline of poverty at relatively higher levels of per capita income has been relatively slow.

Thailand with nearly five times the PPP$ per capita income of India had about 19% in poverty on the lower poverty line and 43% on the upper poverty line according to the country study. The World Bank Social Development Indicators place the most recent estimate at 22% the same as for Sri Lanka. Philippines with double the per capita (PPPS) income of India had nearly 20% in poverty on the lower poverty line and 40% on the upper poverty line for 1991 according to the country study. The proportion in poverty in India is 31% for
the lower poverty line and 42.5% for the higher. Korea with little less than twice the per capita income of Thailand has a little less than half of Thailand's proportion of the poor.

As in the case of Uzbekistan the country study for Fiji and other sources do not provide firm data on poverty and some of the other indicators. Its indicators on life expectancy, mortality and literacy are however better than that of Thailand whose per capita income in PPP$ is slightly lower than that of Fiji. On poverty the Task Force on Poverty which issued its report in 1991 states that "the extent of poverty in Fiji is presently unknown". It goes on to say that it is however both a rural and urban problem. The UNDP Pacific Human Development Report (1994) states "that widespread absolute poverty has not yet emerged" but qualifies this by saying there is mounting evidence that poverty is becoming a serious issue in urban areas. Small sample surveys in squatter settlements and other poor location report a high incidence of poverty in these samples - 14% in 1989 using a poverty line of $63 and 28% in 1991 using a poverty line of $72. The proportions in these locations would be considerably higher than the nation average as the sample itself is selected from a poor location. An estimate in 1977 placed the proportion at 8% to 9% subsisting at consumption levels "less than the minimum that seemed absolutely desirable." From all these estimates it would be reasonable to conclude that the proportion of the poor in the total population could not exceed 10%.

On the basis of the indicators that have been examined, India the country with the lowest per capita income has the highest proportions of the population vulnerable to the insecurity resulting from poverty, illhealth and early mortality, malnutrition and illiteracy. China the next poorest country has been able to reduce all these forms of insecurity to a level close to and in some cases higher than the country with the highest per capita income in the group - the Republic of Korea. The nature of social insecurity in each country and its social security needs can be compared and analysed further by examining the comparative performance on the indicators in greater depth. It would be useful to begin with poverty, as the proportion of the population in absolute poverty is one of the most revealing indicators of social insecurity.

The poverty lines that are applied in the different countries are not strictly comparable. For example the lower rural poverty line of 4404 baht per person per year in 1990 for Thailand has to be compared with 5652 Sri Lanka rupees per person for Sri Lanka in 1990/91. On a straight conversion of the rupee to the baht the Sri Lanka poverty line would be 3385 baht - approximately 75% of the Thai poverty line. When adjustments are made for purchasing power parity, the baht and rupee are nearly on par, the Sri Lankan poverty line comes out higher than the Thai rural poverty line. On the whole the lower poverty line is based on a
minimum basket of goods and while there would be some variations among the different country poverty lines, by and large the lower poverty lines could be used for cross country comparisons.

On this basis China's performance in alleviating poverty at a low level of income appears to be exceptional. But when China is excluded the incidence of absolute poverty drops with the increase of per capita incomes. In the case of Philippines and Sri Lanka the ranking alters depending on whether the PPP$ or adjusted US $ estimate is used; but the two countries still remain close to each other both for the levels of poverty as well as for PPP$ per capita income. However, in these countries the decline in poverty even at the income levels of PPP$ 5590 (Thailand) and PPP$ 9250 (Korea) occurs at a slow pace. The difference between China and the other countries would derive from the difference in the relative roles of the state and the market and the approach to the problems of poverty alleviation and social security. In China the lower income groups gained greater control over and access to income earning assets with establishment of the Communist regime.

As against China and India the case of Sri Lanka presents characteristics of insecurity which are intriguing. Its level of poverty which is still relatively high has not prevented it from lowering infant mortality well below that of China and Thailand and reaching a life expectancy which is the highest in the group. While the processes of income generation have not been able to reach the poor a system of social protection appears to be in operation which reduces risk of early death and removes the constraints of illiteracy. The system which can ensure survival will not necessarily ensure a satisfactory quality of life. While this is clear in the case of Sri Lanka certain features that are observed in the situation in China deserve comment. Child mortality under 5 years is 54 and child malnutrition for the same age group is 24 compared to 45 and 13 respectively for Thailand. Although Thailand has higher rates than China both for low birth weight (15%) and infant mortality (36), Thailand has better indicators than China for the post-survival phase. The income share of the lowest 40% households is 15.5% in Thailand and 17.4% in China but since Thailand’s per capita income is nearly thrice that of China’s (PPP$) the bottom 40% in Thailand on the whole would have slightly less than three times the purchasing power of the bottom 40% in China. Higher per capita incomes have obviously been a determinant of the difference in performance that is observed in the post-survival phase as between Thailand and China.

Sri Lanka and Philippines have the highest rates of unemployment in Asia adding a new dimension to social insecurity which has not emerged in the other six countries. Sri Lanka’s rate of unemployment (14%) is much higher than that of Philippines which in turn is much
higher than the average for the other countries. In both countries the expansion of secondary and tertiary education was not matched by a corresponding rate of structural change and economic growth. This led to a serious imbalance between the outputs of the educational system and the demand in the labour market. On the one hand, the jobs expectations of the new entrants to the workforce with secondary and tertiary education are directed to the skilled, middle level and higher occupations. On the other, the slow rate of structural change in the economy has failed to generate the occupations that are in demand by the new workforce.

The different combinations of the selected indicators that are observed among the eight countries underscore the complexity of the problems relating to social security.

- Some countries such as China and the Republic of Korea have been able to promote and strengthen all the main social and economic foundations of social security. In both these countries the proportion of the population in poverty is low, unemployment is low, life expectancy is high and full or near full female literacy has been achieved. These are societies in which all age groups infants and children, women and the young entering the workforce enjoy a high measure of social security through the broad processes of social and economic development which are at work. Their success lies in their having been able to deal with and alleviate the various forms of social insecurity together.

- While in terms of social security in its comprehensive sense the two countries are close, there is a great economic distance between them, China being among the countries with the lowest per capita incomes and the Republic of Korea at the top of the upper middle income group. Therefore per capita income by itself is no insuperable impediment to improving and enhancing the social security of the poor. However while countries like China and Sri Lanka demonstrate the validity of this proposition, they are exceptional. Even in their cases the general poverty in the country and low per capita income become constraints for achieving a higher quality of life. This was observed in the post-survival indicators for China. In the case of Sri Lanka, the high indicators in health and education co-exist with high levels of poverty, malnutrition and unemployment.

- If the incidence of poverty is taken as the primary indicator of social insecurity in a society then it would appear that countries such as Thailand with relatively high levels of income along with general improvements in health and education still contain as much as 18%-20% of poor people. Growth and development for the majority of the people in these societies appear to by-pass a significant proportion of low income people. In other words the
processes of rapid market-oriented growth do not appear to be reaching the poor fast enough and in adequate measure. This raises issues regarding the pattern of growth and the role of the state and targeted interventions for the alleviation of poverty.

- Some of the countries have been able to reduce insecurity in some areas without being able to make a significant reduction in others. Sri Lanka and Philippines with high life expectancy and literacy have relatively high levels of poverty malnutrition and unemployment. The contrast between the high prevalence of malnutrition and the life expectancy and low rate of infant mortality in Sri Lanka is particularly striking. These countries demonstrate that rapid improvements in the social sectors without corresponding progress in the economy can create severe imbalances which are detrimental to the state of social security as a whole.

2. The Systems of Social Security - Country Profiles

This section summarises the country profiles of the social security systems under four main headings: poverty alleviation programmes, education, health care and social insurance comprising pensions, provident funds, assistance in sickness and similar conditions.

China

Poverty Alleviation

The country study distinguishes between two phases of the development strategy and the implications for social security - the egalitarian strategy pursued before 1978 where the emphasis was more on social equity and less on economic efficiency and the strategy after 1978 which took the country in the direction of a market economy. In the rural sector this meant a shift from an egalitarian commune system to house hold responsibility. In the urban sector it meant the growth of the private enterprise and the contraction of public enterprise.

The current strategy of poverty alleviation (entitled the Eighth - Seventh Poverty Alleviation Programme 1994) contains the following elements:

(i) Direct assistance to the poor for income generation

(a) Development assistance for generating income generating activities based on local resources and local organisation
(b) Targeting assistance funds to counties and areas which are identified as poor

(c) Preferential taxes pricing and other measures to stimulate development in the poor regions

(d) provide holdings of basic farmland and land for horticulture and cash crops to poor households

(e) assist households to participate in village and town enterprises

(f) assist every household to start an economic activity to generate supplementary income (sideline activity)

(ii) National and Sectoral Policies to assist the poor

(a) The development strategies for agricultural growth and rural industrialisation

(b) Poverty related programmes and initiatives in all relevant line Ministries - The State Planning Commission to improve the regional planning of poor areas; the Finance Ministry to provide special budgetary assistance to poor regions; a Science and technology programme for the poor regions; special programmes of the Education Commission; The Commission of Family Planning to integrate family planning with poverty alleviation; the Ministry of Agriculture to establish "agricultural diffusion centre" in all poor counties and promote the integration of trade industry and agriculture; the Ministry of Health Care to develop rural health care security system to include co-operative medical care and various forms of social medical insurance.

Health and Education

The system for health care and education developed in the "egalitarian" phase provided free services to the people. While China has 100% enrolment in primary education, secondary and tertiary enrolment is low - estimated at 51% and 2% respectively. "In regard to health care the country study states that given the limited resources it is nearly impossible to solve the health care problem of the rural areas satisfactorily," implying that grave regional disparities still exist. The present effort in the Poverty Alleviation Programme is to allocate resources, financial and human to the relatively deprived areas.
The Social Insurance System

The social insurance system in China comprises the following components:

The social security system in the rural areas developed in the pre-1978 phase has consisted of the "five guarantees" to the persons with no working capability - generally the old, the chronically ill, the disabled and orphans. The five guarantees comprise food, clothing, housing, medical care and burial. Orphans have access to education. The population benefitting from this programme in 1990 was estimated at about 206 million. The collectives are responsible for this part of social security. 26,000 homes for the elderly both rural and urban are also available housing 35 million persons in 1993.

The Social Insurance system before the economic reforms of 1978 for employees in state enterprises and government organisations covered a wide range of benefits from birth to death - compensation for ill health and injury due to work, assistance for sickness in general subsidies for maternity, assistance at death for funeral, assistance to dependents of dead employees, subsidies for transport to workplace, assistance for funerals of direct relatives all medical expenses. All the costs were born by the enterprises and organisation.

In addition to these specific measures there is a general scheme of social assistance to the urban poor with living standards below the minimum. Labour Unions also have certain obligations to establish welfare facilities for workers.

China's social security is undergoing large scale reforms mainly in the area of financing and targeting. These include the reforms of the pension system to provide for individual contributions and pooling of resources. While the coverage of the old age pension system will be extended to cover employees in townships and private organisation the financing will be shared by both enterprises and employees. The aim is to increase the contribution progressively to half of the insurance funds. Unemployment Insurance has been introduced in 1986 to cover employees of bankrupt enterprises, workers made redundant, workers whose contracts are cancelled and workers dismissed for disciplinary reasons. Eligibility depends on length of service and; benefits are limited to 60% to 75% of standard wage. The fund is financed by the contribution of 1% of standard wage bill by enterprise. Beneficiaries become ineligible if they refuse job offer on two occasions for no legitimate reason.

The financial reforms of the social security system have to some extent mitigated the severe constraints imposed both on enterprises and the state by the past system where all costs were
borne by the enterprise. The obligation on the state enterprise to meet the full cost meant that to that extent the enterprises reduced the surplus that had to be given to the state. The heavy costs of social security overheads reduced both the efficiency and profitability of the enterprises. In some instances the state had to subsidise the enterprises to enable them to meet the social security obligations. The social security system however even with the reform will however impose increased burdens on the budgets of enterprises and public budgets owing to the increasing proportion of the aging population who will retire and need to depend on pensions.

Fiji

Poverty Alleviation

The social security system in Fiji does not contain any large scale poverty alleviation programmes. This can be explained by the fact that the level of absolute poverty is low. The main programmes for relief of poverty are

(a) the programme of assistance to destitute families under which a family allowance is paid. This is available temporarily for households which have lost their source of income due to the death, disability chronic illhealth or imprisonment of the principal income earner; old age and lack of means of support; desertion by spouse.

(b) Assistance to elderly and disabled who receive direct services of other agencies such as the Ministry of Health, apart from family assistance.

The social security system for the wage earning sector includes:

(a) the Fiji National Provident Fund which is a compulsory contributory scheme under which employers and employees make equal contributions normally 7% of the wages.

(b) Credit Union Schemes which are voluntary savings schemes which provide credit to members.

(c) Pension schemes these provide pensions for public servants who were in employment when the Provident Fund was established.

(d) Private insurance.
The expenditure on the government financed programmes is a very small proportion of public expenditure. The family assistance programme has been criticised both for the inadequacy of the payments and the very narrow coverage. According to the country, several proposals to increase the expenditure on social services such as the allocation of 7 million Fiji dollars to set up a Poverty Alleviation Fund were not effectively implemented and did not lead to any significant increases in the outlay on social services.

A large number of International and national NGOs are working in the field of social services. This network appears to be fulfilling an urgent need in the absence of a fully developed poverty alleviation programme or social security system. They cover educational needs, poor relief, assistance for the disabled, assistance for under-privileged youth and children at risk, rehabilitation of prisoners Assistance to the Aged Assistance to those with alcohol related problems.

India

Poverty Alleviation

India’s poverty alleviation strategy comprises macro-economic policies and development strategies which are broadly aimed at raising the incomes of the poor as well as programmes specifically directed at improving the living conditions of the poor. From the 5th plan onwards direct anti-poverty programmes have been implemented. The main elements of the poverty alleviation strategy are listed below:

(a) Land Reforms - In the 1950s the government gave high priority to land reforms comprising redistribution of land tenancy reforms and land consolidation. Except for some success in Kerala and West Bengal the efforts at land redistribution in favour of the poor as well as tenancy reforms have not been effective.

(b) Jawahar Rozgar Yojana (JRY- Rural Employment programmes) - The programme provided funds to be spent on providing employment to the rural poor on village works which are directly beneficial to them. It included the development of community assets such as open wells. In providing benefits under the programme, higher weightage was given to the scheduled to the scheduled castes and scheduled tribes. There was a reservation of 30% for women.
(c) The Employment Guarantee Scheme (EGS) - is a large scale public works programme for poverty alleviation where employment is provided at a defined wage which is slightly below the market wage and therefore ensures that the beneficiaries are genuinely in need.

(d) Integrated Rural Development Programme (IRDP) - provides subsidised credit to rural beneficiaries for acquisition of productive assets or skills for self employment. The country study evaluates this as one of the most important anti-poverty programmes in India the total number of beneficiaries have ranged from 2.7 million in 1980-81 to 4.25 million in 1987-88 and 2.54 million in 1993-94.

The data provided in the country study show that about 6.4 % of rural households participate in the public works programmes and 6.8% in the IRDP. If this is compared with the proportion of rural households in poverty - approximately 36% - it would mean that about one third of the rural poor have had access to the poverty alleviation programmes. The assessment of both the public works programmes and the IRDP indicate that the impact that these programmes have made on poverty is quite modest. Of them the Employment guarantee scheme in Maharashtra and the IRDP have been more successful. The studies of the JRY show that the JRY "has not only failed to generate adequate employment but was not adequately targeted to the poor. The country study concludes that the EGS "although it has not been able to make a major dent on poverty has had other major benefits to the Maharashtra state."

(e) The Public Distribution System provides rations of basic food items through a national network of fair price shops. The entitlement is universal and the subsidy is provided by the central government. The scheme according to the data available the scheme is able to provide only between 10% to 20% of the requirements of rice and wheat of the poor households. For the balance they depend on the open market. As in the case of all schemes which attempt to provide rations at subsidised prices there are leakages to the open market. As the entitlement is universal it benefits both poor and non-poor.

Integrated Child Development Services - This is an integrated programme which provides a package of services for pregnant and nursing mothers and children in the age group 0-6 years. The package includes health supervision immunization supplementary feeding, nutrition and health education for mothers and pre-school education for children. The programme now covers 17.5 million children and 3.6 million mothers. If this is compared to the proportion in poverty it would appear that the programme reaches between 35% and 40% of the children and mothers in households which are in absolute poverty.
Health and Education

The country study refers to considerable rural-urban and inter state disparities in the provision of health care. Primary health care together with the ICDS is targeted to the poor and vulnerable groups. The rates of child immunisation have risen and according to the latest data covers 80% for measles and 90% for DPT. The availability of services measured by population per physician and hospital bed and health status measured by the normal mortality and life expectancy indicators are well below those of the other two low income countries in the sample - China and Sri Lanka. At the same time they are well above the average for the low income countries.

In education enrolment at the primary level has expanded rapidly providing universal coverage for males and over 90% for females. Secondary enrolment however is low. The state provides free primary education. Secondary education is free in most of the states and union territories of India. Enrolment is however about 44%. Tertiary education is fee-levying. The state implements literacy programmes with the aim of eradicating adult illiteracy covering 282 Districts.

Social Security Measures in the Organised and Unorganised Sectors

There are three principal schemes for social security in the organised sector. These are the Provident Funds established under the Employees Provident Act which provide benefits to employees on retirement; the Social Insurance Scheme under the Employees State Insurance Act which provides benefits in respect of health related contingencies such as sickness maternity occupational injuries; The employer’s liability scheme which are governed by various statutes and make employer’s fully liable for compensation to employees in the event of injury and illhealth as a result of work, safeguards employees’ rights in industrial disputes and entitle workers to maternity benefits and payment of gratuity. The first two are financed by contributions from the employers and employees while the schemes in the third category are met entirely by the employers.

In addition to these schemes for the organised sector, there are variety of schemes to provide a measure of social security for the workers in the unorganised sector. These include special pension schemes for agricultural workers in a few states such as Andhra Pradesh, Gujarat Kerala and Tamilnadu; pension schemes for destitute widows and physically handicapped in Tamilnadu, Kerala, Gujarat, and Orissa; unemployment relief schemes; maternity benefits for landless agricultural labour. Consequent to the initiatives taken at the state level there are large inter-district variations in the type and coverage of rural social security schemes. Kerala and Tamilnadu are two states which have developed a highly diversified system of social security to reach different segments of the disadvantaged population.

The government has recently declared its intention to expand the social security system for the unorganised sector. The initiatives include an exclusive line of credit to be opened by the
National Agricultural and Rural Development Bank to meet the needs of the scheduled tribes; loans to village industries; refinancing facilities for expanding credit to handloom cooperatives. The government has also proposed a National Social Assistance scheme which will provide old age pensions to those above 65 years and below the poverty line and establish a Group Life Insurance Scheme.

India has a fairly extensive network of Non Governmental Organisations both local and foreign engaged in social welfare activities and development work. The Self-Employed Women’s Association (SEWA) has organised the self-employed in the unorganised sector. Apart from strengthening their bargaining capacity in the labour market, SEWA has organised programmes of social security for members through an Integrated Work Security Insurance scheme under which an annual premium of Rs 30 employees are covered for accidental death hospitalisation contingencies such as loss of household goods tools. The Sewa Bank offers a package scheme of benefits. All depositors with Rs 100 in three year fixed deposits have automatic life coverage. The country study refers two NGOs in Karnataka- India Development Service and Gramvikas the former concerned with the strengthening of primary level organisations and the latter in an integrated programme of development including nutrition education social forestry and small income generating project. These are three examples of numerous local level initiatives which help to enhance the social security of the poor. The evaluations of NGOs indicate that their performance varies widely and the total impact that they can have is still limited. The country study does not cover the activities of NGOs working in other sectors whose services help to enhance the social security of the poor such as the NGOs listed in the Fiji study. These NGOs would also form a broad based network of voluntary organisations whose work could have a positive impact.

The expenditure on promotional and protective social security programmes - the food subsidy, rural development and social services including health and education have fluctuated over the years as a proportion of GDP. The total expenditure has been in the region of 7% of GDP. Recent studies indicate that the outlays declined in the first four years of adjustment. The various social security programmes at the state level for the unorganised are met out of state budgets. The country examines the expenditure for the two states which have the most comprehensive system Kerala and Tamilnadu. The annual average of the cost in Kerala was approximately Rs 750 700 million.

The social security system for the organised sector comprising Employers Liability Schemes, Provident Funds and Social Insurance are financed from employers and employees. Therefore it is the security system financed by the central government and states that present problems. The needs of poverty alleviation health and education would require higher outlays than are currently made. The financial constraints however are severe as the budget deficit has increased from 5.7% in 92/93 to 6.7% in 1994/95. The country study gives some tentative estimates of costs of a minimum package of social security benefits at the level of the benefits available in Tamilnadu implemented for the whole country. This is a modest 0.3 to 0.5% of GDP. The increase in outlays needed in education and health however are likely to be substantially higher. One option that is suggested in the study is discriminatory user fees for health and education based on the income level of the users.
Republic of Korea

Poverty Alleviation

Korea’s development strategy does not contain a programme which is specifically and explicitly defined as an anti-poverty programme of the type that can be identified in China or India. The programme which is closest to a special effort at poverty alleviation is the Saemaul Movement - the community development programme for the social mobilisation of the rural population to inculcate the self-help virtues. Apart from this Korea relied on the impact of its macro-economic policies and rapid economic growth for the alleviation of poverty. Relief to the poorest is granted through the following public assistance schemes

(a) Livelihood assistance covers the old, orphans and the handicapped and women in need and those accommodated in social welfare institutes.

(b) Medicaid - free health care and funeral grants are available for those receiving livelihood assistance.

(c) Social Welfare Services - institutional care, job training, counselling payment, monthly allowances are given to the aged covering senior citizens, orphans, vagrants, handicapped and needy women.

Health and Education

Korea’s "economic miracle" has been attributed to its strategy which combined sound macro-economic management with the development of human resources. This is reflected in the social indicators in health and education. The level of access to health care is the highest in the sample according to the UN Human Development Report. Enrolment in secondary and tertiary education is well above that of any of the other countries. Free health care and free education however is available only on a very limited scale. The country refers to educational support given to needy students in the form of scholarships and free lunches, free vaccination for poor people and public housing for those qualified for livelihood assistance. Health Insurance is available for all categories of employees and self-employed and covers the large majority of the population. These are described below.

Other Social Security Measures

Pensions are provided for the following categories:

(a) Civil servants and military personnel. These are financed by contributions by the state and the beneficiary each contributing 5.5% of the salary. The benefits retiremen, disability and death, in the case of death the surviving receiving the benefits.

(b) Private School Teacher Pension. This is on a smaller scale with 2% contributed by the employer and 3.5% by the employee. The benefits are the same as for category (a).

(c) National Pension scheme. This requires compulsory coverage for employees in firms with 5 or more workers and voluntary coverage for self-employed farmers and fishermen.
Employers and beneficiaries contribute 3% of earnings each. Benefits are similar to the other two categories.

Health insurance comprises the following schemes:

(a) Employees in firms with 5 workers or more. This covers approximately 36.4% of the total population. The contributions are determined according to wage levels, shared equally between the insured and the employer. These generally range between 2%-8%. Benefits cover the full range of medical care including outpatient and hospitalized treatment. Patients pay a share of the costs ranging from 20% to 55%.

(b) Civil Servants and private school teachers and dependents of military personnel with benefits similar to those in

Contribution in this case are a fixed 7.6% of the salary from the state and the insured, shared equally.

(c) Employees in firms less than 5 workers, self employed and pensioners. This scheme has benefits similar to the other two. It is financed with contributions according to earnings, with a government subsidy where necessary.

(d) Workmen’s compensation for accident and injury at work. This covers firms with five workers or more. This is financed entirely by the employer.

The social security system is financed mainly by contributions of beneficiaries and employers. Of the total expenditure of 9.6 trillion Won (4.4% of GNP) on social security in 1992, the contributory portion accounted for 8.2 trillion Won and the government - financed social security schemes such as the livelihood assistance and medicaid scheme only 1.4. In the case of health insurance the personal payments including contributions amounted to 40% of the total fee for treatment in 1992.

The voluntary sector is quite active in Korea in the field of social service. The NGOs have been a major partner in implementing the Saemaul Movement. According to the country study, its participation in mobilising resources is very encouraging. Large private sector firms have entered the field and participated in fund raising for social welfare services and helped to establish social welfare institutes.

**Philippines**

**Poverty Alleviation**

The Philippine governments have consistently expressed its commitment to the alleviation of poverty and assigned it high priority in its national plans. The approach to poverty however has been generally characterised by the reliance on "macro-economic policies specifically geared to sustain growth and generate jobs. The main elements of the strategy for poverty alleviation could be summarised as follows:
(a) The Land Reform Programmes for security of tenure and redistribution of land were proposed by successive governments. These include the Operation Land Transfer and the Leasehold Operation during the Marcos regime and the Comprehensive Agrarian Reform of the Aquino administration. The implementation of these programmes and their effectiveness have been limited for a variety of reasons.

(b) The National Strategy to Fight Poverty based on the Minimum Basic Needs Approach (MBN) administered by the Presidential Commission to Fight Poverty. The MBN strategy attempts to integrate activities in various sectors in an effort at poverty alleviation. Standard poverty indicators are used to identify the incidence and location of poverty and an Integrated Approach to Local Development Management adopted to operationalise the strategy at the local level. The country study refers to eight management strategies and the training of cadres for the programme by the Local Government Academy.

(c) The Presidential Council for Countryside Development is mandated to identify deprived or poor regions and help Provinces to improve the economic infrastructure for removal of bottlenecks, link agriculture with industry and accelerate economic growth and poverty alleviation of these regions.

(d) Credit for the Poor. This programme extends credit for income earning activities to both the poor and "the near poor" basing itself on an approach similar to that of the Grameen Bank in Bangladesh. It establishes partnerships between government financial institutions cooperatives and NGOs in a manner similar to that of the Janasaviya trust Fund in Sri Lanka. An elaborate institutional framework is being planned for the implementation of the programme.

Health and Education

On the data available access to health care in both urban and rural is lower than for India. The ratio of physicians to population is also the lowest for the eight countries. It is likely that the figures for India include practitioners qualified and registered under other systems such as homeopathy and ayurveda. While Philippines has achieved universal coverage at the primary stage, enrolment in secondary and tertiary is second highest next to Korea, among the 8 countries studied. Access to health and education by the poorer segments is seriously restricted by the fee-levying system in education and the costs of health care. One study reports "that secondary school fees are regressive with local secondary schools levying higher fees and providing less services than national schools. The local schools cater to the poor as the poor are concentrated in the provinces." In regard to health the same study comments "the system emphasises hospital-based curative which very few rural poor can afford due to its prohibitive cost."

The Other Social Security Measures

Other social security measures include,

(a) The Government Service Insurance System covers all government employees excepting part-time contractual and casual employees. The benefits includes retirement
pensions and pensions to surviving dependents in the event of death, distress loans, loans for housing and education, health care benefits to cover costs of treatment. The schemes also include other benefits such as credit to start own businesses through the Members Assistance for the Development of Entrepreneurship and Stock Investment Loan Funds.

(b) The Social Security System for private sector employees qualified self-employed persons with monthly earnings of 1800 pesos, fishermen with monthly earnings of 1500 pesos and domestic servants with monthly earnings of 1000 pesos.

(c) The Employees Compensation Programme for compensation for work related injuries death disability and sickness

(d) The Home Development Mutual Fund is a savings scheme to finance housing loans. It covers both formal and informal sectors. At the end of 1992 it had 1.2 million members.

The first two schemes are financed through contributions of employers and employees in equal shares. For the Medicare scheme a separate contribution of about 1.5% of the salary is made by both employers and employees. The Employees Compensation Programme is financed exclusively by employers contributions which amount to 1% of earnings.

Philippines has a well developed network of NGOs working in the area of social services. It is the policy of government to enlist their co-operation in the implementation of some of the poverty-related programmes. The country study also refers to a number of "informal" social protection schemes which have been developed through self-help and voluntary effort and are functioning successfully.

Sri Lanka

Poverty Alleviation

Until the second half of the 1980s the efforts at alleviating poverty were subsumed under the countries extensive social welfare programme which was implemented for a period of about five decades which commenced in the early 1940s and evolved into what is currently available. The present system has to be examined in this background. The main elements of the system were the following.

(a) The subsidised food ration subsequently replaced by foodstamps. This underwent many changes; the ration which comprised two kilos of rice per week per person was originally available to the entire population. At a later stage the taxpayers were excluded. The scheme underwent further change in the early 1970s. It was however in 1977 and 1978 that it was restructured as part of the far-reaching economic reforms and replaced with a scheme which provided foodstamps to about half the population. The food stamp scheme is now being phased out and is replaced with a scheme for the payment of family allowances under the Samurdhiya Programme described below. Most of the other consumer subsidies which prevailed during the period prior to the reforms have been progressively eliminated. However the present government has introduced a subsidy on flour which has significantly reduced the price of bread below the market price.
(b) Land distribution - The government implemented a large scale programme of distributing state land and establishing new agricultural settlements for the landless rural poor. This formed the centre piece of the government’s development programme, it was aimed at making the country self-sufficient in rice.

(c) Janasaviya - The Government introduced this programme for poverty when it recognised the welfare programme which provided consumption-oriented assistance was not successful in moving the households out of poverty. The Programme provided a generous consumption grant for a period of two years followed by assistance with credit and a capital grant to enable the recipient household to increase its income earning capacity and be above the poverty line at the end of two years. The Janasaviya Programme aimed at making the poor self-reliant without having to depend on income transfers from the state to satisfy their basic needs as in the past. The programme was to be implemented in about 14 annual rounds covering about 100,000 to 150,000 households a year. After five rounds had been initiated the government changed.

(d) The Janasaviya Trust Fund was established with support from the World Bank and the donor countries as a financing institution to support the Janasaviya Programme and focus on the low income groups who were close to but above absolute poverty. It had four components- credit for micro-enterprises, social mobilisation and human development, a nutrition programme and the development of the community infrastructure

(e) Samurdhiya programme- this programme is now being implemented by the present government and is expected to replace the Foodstamp and Janasaviya as well as other welfare benefits such as the school midday meal, the school uniform. It provides a family allowance based on income criteria at two levels- Rs 1000 for the poorest families with monthly incomes below Rs 500, and Rs 500 for the group with monthly incomes above Rs 500 but below Rs 1500. The Samurdhiya Programme combines the income transfer with other forms of assistance, savings mobilisation, skill development and access to credit for local level community to accelerate its economic growth and social mobilisation.

(f) Relief to the destitute handicapped disabled chronically ill through monthly allowances

(g) Relief of distress due to natural disasters droughts etc

(h) Relief and rehabilitation assistance to persons affected by civil disturbances, refugees and displaced persons.

(i) Institutional care for the aged disabled and orphans.

**Health and Education**

Sri Lanka provides free health care both outdoor and hospitalized, and free education from primary to tertiary to the entire population without discrimination on grounds of income and ability poor. Access to education and retention in the education system for the poor is further facilitated for the poor through issue of free text books subsidised transport, food stamps for midday meals of school children and free school uniforms. At tertiary level free tuition is supplemented by a generous system of bursaries. Health care services are supported by special nutrition programmes for malnourished mothers and 0-5 year children. The cost of the free services is imposing severe budgetary constraints on the improvement of the quality
Other Social security Measures

(a) Employees Provident Fund covers employees in all private sector organisations and state Corporations. It provides lump sum payments on retirement. The contributions are 8% from the employee and 12% from the Employer. The fund earns interest which is credited to the employee’s account.

(b) Employees Trust Fund is financed solely by the Employers and is used for investments on behalf of employees, loans to employees for entrepreneurial purposes.

(c) Pension scheme for Government Servants: pensions to employees on retirement and to widows and orphans on their death.

(d) The labour legislation makes it obligatory on the employers to provide compensation for work-related injury, death or illhealth, and grant maternity benefits to female employees and gratuities on termination of services in addition to provident Fund benefits at the rate of half month’s salary for every year of service provided the employee has had at least five years service.

The major part of the social security system comprising the measures for poverty alleviation and health and education is entirely by the state. Of the other social security measures, pensions of government servants is met from the government recurrent budget and accounts for about 2.3% of GAP in 1994. The government expenditure on social services including health, education, housing and social welfare measures amounted to about 8% of GAP. The social security schemes for the employees of the private sector are financed from contributions of employers and employees.

NGOs play an important role in the social service and development. They have become an important channel of delivering assistance to the poor. Several international NGOs are active in the country and there has been a rapid growth of NGOs at the national and local level. One of the more successful NGOs in the field of thrift and credit is Sanasa, an association of thrift and credit societies in the rural sector which offers a valuable model of self-reliant mobilisation of resources at the local level for the enhancement of social security of the poor.
of services in both health and education. For example, Sri Lanka despite a high enrolment in
the secondary stage is unable to expand university and tertiary education to meet the
mounting demand for tertiary education. It has kept the admission to the public tertiary
institutions through an extremely competitive selective process which keeps out a large
proportion of students who are eligible for entry into universities on their academic
performance. There has been political opposition to the introduction of cost recovery in either
the health services or the education system. The expansion of the private sector in health and
education which would be one way of relieving the burden on the public budget is also
viewed with disfavour by many who see it as a
threat to the egalitarian health or education systems that
have prevailed.
(a) The implementation of land reform measures are carried out by the Agricultural Land Reform Office (ALRO). The land reforms are aimed at providing land ownership to the tillers, reducing tenancy through land reform and issue of land-use permits to holdings distributed out of state land. The implementation of the Agricultural land Reform Act has been slow. No government has effectively attempted to impose limitations on the size of holdings. One study concludes that it will take "16 years to reach the land reform targets for state land and 45 years for private land." However it is estimated that the proportion of landlessness is only about 10%. The ratio of land to population is relatively high compared to India and Sri Lanka.

(b) Public Works Programme. The rural job creation programme has a large budget allocation and covers the entire country. The programme provides employment to farmers in the periods between cultivation seasons when they have little work. It has proved to be one of the more successful programmes. The public works include water supply projects and infrastructure improvement and has helped to improve the socio-economic conditions of the rural population as a whole including both poor and non poor.

(c) Rural Development Policy. The National Rural Development Board has organised a cluster of Ministries with portfolios dealing with different aspects of the rural sector to implement a programme of rural development directed at improving the living conditions of the poor. The programme developed a strategy of local level development with community participation aimed at ensuring the satisfaction of the minimum basic needs of the poor. The Thai programme although not explicitly designated as a poverty alleviation programme contains many of the elements of poverty alleviation programmes in other countries such as the Philippines MBN programme.

Health and Education

Health care services and education facilities have been able to raise the health status and provide universal coverage at the primary level. Secondary school enrolment is however low. Fee levying systems limit access to secondary and higher education by the poor and the low income groups. Access to health care for the poor is governed by a health card system which is described below.

Other Social Security Measures

(a) Provident Fund; In 1983 the government took measures to encourage the private sector to establish provident funds for their employees with equal contributions from employers and employees of 3% of the wages. Payments are made either on retirement or on termination of services. The coverage is as yet limited.

(b) The Social Security Act of 1990 is being implemented in three stages. In the first stage it has been made mandatory for companies with more than 10 employees to provide health care and income protection in respect of sickness, maternity, work-related ill health and death. Health care includes ambulatory care, hospital inpatient care, medicines and other ancillary services.
services. The scheme is contributory. Sickness benefits are limited to 50% of wages up to 90 days with a limit of 180 days for an year.

(c) Health Cards: Under this programme participants voluntarily purchase a health card that entitles a household for a number of treatments per year. The scheme allows for considerable variation in coverage, prices, number of persons eligible, according to the option of the purchaser. Approximately 3.1 million people are covered by this scheme.

(d) Free medical care for low income persons with incomes less than 1000 bahts a month: Low income cards have been issued since 1981 entitling holders to health care at all government and municipal facilities. The programme is funded through the government budget.

(e) Free medical care is available from 1992 for the elderly over 60 years of age. The total number covered is about 3.7 million people.

The next two phases envisage family allowances, retirement pensions and unemployment benefits. State expenditure on social security excluding health and education is only about 0.4% of GDP. The major share of the expenditure on the social security measures introduced by the Social Security Act and the health card system is borne by contributions of individuals and employers. Inclusive of expenditure on health and education the government expenditure amounts to about 4.2% of GDP.

Voluntary organisations and private welfare plays an important part in the field of social services. The national Council of Social Welfare has functioned as the co-ordinating body for nearly 8600 member organisations from all over the country.

**Uzbekistan**

**Poverty Alleviation, Health and Education**

Like China, Uzbekistan as a centrally planned economy enjoyed a social security system which included security of employment, provision for retirement and old age, free health and education which was organised through state enterprises and collectives. With the transition to a market economy several far-reaching changes are taking place.

(a) The initial response to the inflationary pressures arising from liberalisation was to increase the expenditure on social protection and raise minimum wages in step with inflation. At a time of declining GDP, this further compounded problems of macro-economic management and stabilisation.

(b) Uzbekistan retains most of the elements of the past social security system but at the same time introducing reforms which increase the share of financing by individuals and firms. This includes fee levying in schools and some proportion of cost recovery in the health care services.
Other Social Security Measures

(a) Pensions: The government guarantees a minimum pension for all citizens of pension age with a stipulated length of service. The pensions are quite generous, equal to 75% of the past earnings. The pensions have been protected against the effects of inflation. The cost of the pension payments has risen to 11.3% of GDP in 1993.

(b) Other benefits include family allowances for child care, grants for new born children, burial grants. These are provided at the enterprise level. The privatisation process has led to considerable laxity in fulfilling the social security obligations on the part of enterprises. Studies reveal that many of these benefits are provided uniformly by all enterprises and the proportion of enjoying these privileges varies widely.

(c) An employment Fund has been established to cope with the problems of unemployment due to the transition. This provides job placement, retraining and unemployment benefits.

Financing of the social security system poses major problems. In the past a substantial portion of the budget had been financed by transfers from the USSR. The transfers had increased from about 14% of GDP in 1985 to about 26% in 1991. Meanwhile social protection expenditure also increased from 10% in 1985 to 29% of GDP in 1991. The stoppage of transfers from USSR has severe pressure on the budget. Education and health expenditures have been funded until now entirely by the government budget.

The other schemes for social protection are financed by a mixture of contributions from enterprises, employees and support from the state. The employer contribution is 3% of the wage bill, the employee contribution is 1%. These contributions finance the family allowances and the pension. The deficits are met by interest free credit provided by government.

3. A Comparative Analysis of Strategies and Systems for Enhancing the Social Security of the Poor

The analysis in the preceding section argued that the state of social security considered in a comprehensive sense is the outcome of a number of social and economic processes working together in any given society. In order to consider how these processes have worked in the eight countries selected for the study it would be necessary to compare the systems of social security of these countries under the following heads:

i. The framework of macro-economic policy

ii. The policies and investments in the social sectors

iii. Strategies and programmes of poverty alleviation targeted to the poor and disadvantaged groups

iv. Policies and measures directed at ensuring that those who are above but close to the poverty line are protected against contingencies that can return them to poverty.
It can be argued that the main form of social insecurity is poverty and that to the extent the poor are taken out of poverty the need for special social security measures will not arise. This however would be an extreme position which does not correspond to the existing social reality. The poor are a very heterogeneous group and it is therefore necessary to distinguish between different conditions of poverty. First, there is the group which for a variety of conditions such as disability, old age have to permanently cared for and assisted as they do not have the capacity to benefit from poverty alleviation measures designed to increase the income earning capacity of the poor. Second there are those who are in transient conditions of poverty due to seasonal fluctuations of income, loss of employment, long periods of illhealth, natural and manmade disasters. Finally there is the largest and most important category of the poor, those who do not have the needed income because of lack of access to income earning resources and who can therefore move out of poverty if they have access to such resources. The resources needed are both physical and human capital and the processes which bring the needed capacity to the poor are exceedingly complex and require co-ordinated efforts on several fronts.

While moving the poor out of poverty would be the principal means of reducing social insecurity, this very process requires a comprehensive system of social security for the poor which is distinct from the strategies to alleviate poverty through enhancement of income earning capacity. The poor need support to satisfy their present consumption needs and enjoy the minimum levels of well being to be able to increase their productivity and income earning capacity on a sustainable basis. In the market oriented approach, it might be argued that the process of moving out of poverty will create in the poor the capacity for self-reliance which would enable them to cope with various forms of insecurity and render external supports such as elaborate social security systems increasingly superfluous. Personal savings, investments and acquisition of assets will bring this capacity. While it is correct that the alleviation of poverty by itself will enhance the capacity for self reliance and the capacity to cope with insecurity the lower income segments of the wage earning population are not able to protect themselves against various contingencies with their own resources and they remain continuously vulnerable to economic and social risks which can reduce them to poverty. Therefore one component of the social security system would need to protect the poor against the immediate consequences of poverty if the strategies for poverty alleviation aimed at increasing the income earning capacity of the poor, if these strategies are to be successful.

The eight countries that have been selected for the study can be broadly classified into three groups in relation to macro-economic policy.

i. First, there are the countries which are in transition from a centrally planned economy to a market economy. The study includes Uzbekistan which is more or less typical of the transitional economies and China which has developed its own strategy for the transition.

ii. Next there is the group which is moving from a heavily regulated and state administered but mixed economy to a more market-oriented liberalised regime. These will include India and Sri Lanka which are undergoing far-reaching structural adjustments.

iii. Third, there are the countries in which the market economy with a large private sector as the main engine of growth has been the basis of the development strategies. These will include the Republic of Korea, Thailand, Philippines and Fiji.
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Trends in Employment and Productivity

Table 5
Table 3 presents data relating to past trends in growth and poverty alleviation in these countries. In each group the problems of social security in the process of adjustment have their own distinctive characteristics. The countries in the first and second groups—both the centrally planned economies as well as the state regulated economies have developed their social security systems within economies in which the state played a dominant role and assumed the major share of responsibility for social security. Their problems relate to the new forms of social insecurity that emerge when the market economy takes over from the state owned and state controlled systems. The third group which relied largely on the processes of rapid economic growth to deal with problems of poverty and limited the role of the state in the field of social welfare have a different set of problems in constructing and expanding existing systems and developing new ones.

In the countries in categories (i) and (ii) there has been an explicit concern with poverty alleviation which has been expressed in national policy pronouncements and plans. The state has assumed a large share of responsibility for the poor. Policies and programmes which are directly targeted to the poor and to low income groups have been implemented over a long period. The further improvement and development of the social security system has to take place on the foundations which have already been laid. But countries in both these categories are in the process of transition to more market oriented and open systems. Each country has therefore to contend with its own set of problems which are inherited from the past systems.

In China and Uzbekistan under the centrally planned socialist model economic growth was already broad based in which investment on health and education received high priority and income distribution was equity oriented. The countries therefore already have a well developed foundation of social security. In these societies the responsibility which had been assumed by the state in the past for both development and social security had been almost total. Consequently, the programmes of development which gave the poor control over income earning resources and enabled them to enhance their income earning capacity were integrated with measures for social protection against the vulnerable situations of ill-health, old age and unemployment. The system generally ensured that employment was available to all. The means of integrating the growth of income earning capacity and protecting and sustaining living standards was the state or collective enterprise whether in industry, agriculture or other economic sector. Public sector enterprise had provided security of employment for the entire working life. The transition to the market economy has posed two sets of problems. One relates to those arising from the restructuring of the public sector and privatisation of a far-reaching nature. This will throw the existing social security system into disarray unless adequate compensatory measures are taken. The second set of problems deal
with the financing of social security and reducing the burden on public finances. While these problems will emerge in all centrally planned economies in transition, the nature of the problems and their severity will differ according to the general economic conditions in the country. In China the problems occur in a situation of rapid economic growth while in Uzbekistan the situation is one of economic decline. China’s per capita income growth during the period 1980-1993 is estimated at 8.2 per annum while Uzbekistan has been a negative rate of -0.2 during the same period.

In Uzbekistan the transition has imposed severe strains on the well developed social security system inherited from the centrally planned regime. Uzbekistan’s social security system included free education in the primary and secondary stages and heavily subsidised tertiary education; free health care; old age pensions on a generous scale; a wide range of other social protection measures such as family allowances, allowances for new born children, sick leave, maternity leave burial grants. The financial constraints on public budgets as a result of the economic decline have affected all components of the system. The services in health and education have deteriorated both in quality and availability. Unemployment is held under check "through the government policy of subsidising industrial enterprises which retain workers on payroll as a form of social security.... this situation cannot indefinitely ... as efficiency criteria become more prominent in the operation of a market oriented economy the unemployment problem may become explosive."

Uzbekistan is still in the early stages of reforming its system of social security and social insurance to deal with these problems. It has established an Employment Fund to deal with the unemployment issue and "provide job placement, retraining and unemployment benefits. It has also accepted the need to move from social assistance schemes with universal coverage to schemes targeted to the needy. The adjustments that have already been made as well as contemplated for the future include the following elements:

- Reduction in the level of state financing through levy of fees for education above the basic level, recovery of costs of some medicines, introduction of user fees and national health insurance.

Reform of both the educational system and the health care services to render them more cost effective.

Adjusting the retirement age.
China with its rapid per capita income growth is in a far better position to manage the transition. First, China has undertaken a far-reaching reform of the social security system to align it with the market-oriented economic reforms. The country study describes it as "multi-channel in financial resources and multi-level in protection. A system for sharing of responsibility for financing the social security programmes has been introduced in which the central government the local government workers and the enterprise contribute. The coverage of the pension system which included only state enterprise staff will be extended to employees in township and private enterprises included foreign financed enterprises. Supplementary insurance schemes both at the enterprise and personal level are promoted.

Second, China, has moved from what is described as a passive assistance programme directed at social relief to an active poverty alleviation programme. China’s strategy of active poverty alleviation has several elements which deserve to be highlighted. While retaining the traditional social security system for the hard core poor who include those who are not capable of productive work to support themselves such as the disabled elderly, it has targeted an integrated development programme to regions which have been identified as poor containing the 80 million poor in the country. The programme includes allocation of funds to poor areas based on income criteria, development of income generating activities based on local resources and local organisations, preferential tax pricing and other measures to stimulate development of poor areas. The integrated programme of poverty alleviation requires all related line Ministries to implement programmes which are specifically directed at poverty alleviation.

In India and Sri Lanka the approach to social security and poverty alleviation relied on a combination of rural development programmes and social welfare measures aimed primarily at relief of poverty through assistance for consumption and in the words of the country study for India "the provision of basic needs on a subsidised basis". The state assumed an active role for social welfare. Sri Lanka’s social welfare programme had a much deeper impact and greater coverage mainly through the combination of four components—universal free education from primary to tertiary stage, free health care for all, subsidised food until 1977 for the whole population excluding taxpayers, and a generous system of free distribution of state land for the landless poor. The measure for the welfare of the poor in India included a public distribution system of rations of basic food items through a national network of fair price shops rural employment programmes, land reforms, and provision of primary education and basic health services. The extensive regulation of the economy by the state and state enterprises enabled both countries to adopt pricing policies to stabilise the cost of living and keep the prices of essential goods from rising through a wide range of subsidies and
administered prices.

The process of structural adjustment in both countries, therefore, was not without adverse effects on the poor. Both countries have however had a system of social welfare and programmes targeted to the poor which have been used, and in the case of Sri Lanka strengthened to cushion the poor. These are enumerated in Table 3. The consequences of adjustment on the poorer segments and policies to deal with them could be better examined in the case of Sri Lanka which started the adjustment process earlier. An integral part of the structural adjustment included the targeting of food subsidy and the reduction of its coverage and the removal of subsidies and administered prices. However the main part of the social safety net which included free health, free education and subsidised food in a revised targeted form was maintained. In the initial period the rate of inflation rose steeply, prices of food and essential items more than doubled over a period of five years and the real value of food stamps declined by more than half.

The data relating to the impact of liberalisation on the living conditions of the poor are not conclusive. In the initial stage of liberalisation (1977-1985) the conditions of the poor in Sri Lanka seem to have worsened. In the period 1985-1990 there has been a significant reduction of poverty. In India there has been a substantial reduction of poverty during the period of the 1980s when the average rate of growth increased significantly to 5.3% from a sluggish 3.3% in the previous decade. But there is as yet no conclusive data on the impact of the more recent and more far-reaching economic reforms of the 1990s. The country study refers to surveys which point to an increase in rural and urban poverty. It also quotes the government claim that poverty had dropped from 29.9% in 1987 to 20.3% in 1992/1993 according to the National Sample Survey Organisation. The assessment of the impact would have to await the analysis of the 1993 quinquennial survey.

In both countries however there is the recognition that poverty alleviation and social security requires a two pronged approach. The countries have shifted to more liberal market-oriented policies to achieve the objective of promoting rapid growth. At the same time the development policies focus on the alleviation of poverty through interventions targeted to the poor. These include programmes that distinguish between different categories of the poor and support the poor with assistance to meet their deficits in current consumption as well as special support to enhance their income earning capacity on a sustainable basis.

Both India and Sri Lanka contain the main elements of the social security system for the low income wage earning population - pensions for the state employees, provident funds for
employees in the private sector, other benefits such as sick leave maternity leave. A vigorous trade union movement has ensured the development of this part of the social security system. Deficiencies are mainly in the area of implementation and coverage.

The third category include the countries which have pursued market oriented policies over a long period. Here too the four countries fall into two groups in relation to poverty and social security. Thailand and Philippines have a proportion of nearly 20% of the population in absolute poverty while the Republic of Korea and Fiji have less than half of this proportion. These countries have relied largely on the rapid growth of the market economy to alleviate poverty and provide social security. The problems of poverty and social security were generally viewed as the responsibility of the individual the family and kinship networks and other informal traditional support systems. Therefore the intervention of the state through policies and programmes targeted at poverty alleviation or providing a state-financed safety net is much more limited and partial than in the case of the other two categories. This applies both to programmes specifically directed at poverty alleviation as well as the social security system for the low income wage earning population such as pensions provident funds and old age insurance. All four country studies confirm this. This can also be seen in the comparative analysis in Table 3. The absence of a well organised trade union movement and a fully democratic polity may be partly accountable for these conditions in Korea and Thailand.

The Republic of Korea has performed best both in terms of growth and poverty alleviation. The positive outcomes in terms of poverty alleviation were due to a strategy which has been defined as broad based economic growth. The ingredients of this strategy which helped to ameliorate poverty were a strategy of growth based on export-led labour intensive industrialisation, the development of human resources through investments in education and health, and a special programme of rural development to accelerate the growth and diversification of agriculture and the rural sector. Korea’s rapid growth was preceded by a large scale land reform which had already resulted in an equitable pattern of income distribution which in turn lead to an equitable distribution of the benefits of growth. Most of the elements in Korea’s development are contained in Thailand’s strategy. But both the economic growth and the human resource development have been of a lower order. While the per capita income of Korea grew at an average annual rate of 7.9% in the period 1960-1979 and 8.2% for the period 1980-1993, Thailand’s grew at 4.6% and 6.4 respectively. In Korea enrolment at the secondary level was in the region in Thailand it was 33%. The differences in human resource development are also reflected in the average life expectancy and infant mortality as already pointed out in the preceding section.
Both Fiji and Philippines have been able to achieve relatively high levels of human resource development as seen in Table 1. But both countries have not been able to sustain rapid economic growth. The rate of per capita income growth was negative in the Philippines in the period 1980-1993 -0.6%. In Fiji it was 0.5% for the same period. While Fiji, starting on a relatively higher level of well-being in the late seventies, have been able to contain the incidence of absolute poverty in the region of 10%, Philippines continues to have a high incidence of poverty between about 20% according to the country study and 24% according to the World Bank Social Indicators. Both countries are not likely to achieve the rates of growth witnessed in Korea and Thailand in the medium term and therefore the prospect of reducing poverty through rapid economic growth appear to be limited at least in the medium term.

The country studies for all four countries in category 3 emphasise the need for improving the social security system both by extending the coverage of present schemes and initiating new programmes for vulnerable groups that are not covered. With the exception of Fiji there have been policy pronouncements and initiatives which have recognised the need for action on a national level on the issues of poverty and social security. Korea plans to announce a new social welfare policy. Thailand has enacted a Social Insurance Act in 1990 which is to be implemented in stages to cover old age pensions and family benefits in the second stage and unemployment benefits in the final stage. Philippines has ratified a Social Reform Agenda which deal with "three areas of inequity" and social insecurity - access to basic services of acceptable quality; access to economic opportunities to provide livelihoods and resources for the poor and institution-building for wider participation in governance.

4. Summary of Conclusions and Emerging Issues

The key elements of a comprehensive social security system that emerge from the comparative analysis of the situation in the eight are summarised in Table.
Key Elements of a Comprehensive Social Security System

- **Macro-Economic Policy Framework**
  
  Market-oriented rapid economic growth;  
  Control of inflation;  
  High human capital development with wide access to education and health  
  Equitable distribution with an employment intensive pattern of growth

- **Poverty Alleviation**

  Clearly articulated anti-poverty objectives and priorities in national plans and policies;  
  Poverty strategy well integrated with national and sectoral policies;  
  The poor identified and located;  
  Programmes well targeted to the poor  
  (a) for enhancing their income earning capacity to move them out of poverty and  
  (b) for supplementing their current consumption to satisfy basic needs.

- **Social Security for the Working Population.**

  Social security for retirement and contingent insecurity during working life including Provident Funds and Pensions, social insurance for sickness, maternity, work-related injury, illhealth and death, unemployment; adequate benefits with adequate social protection and adequate coverage for both formal and informal sectors.

- **Financing of poverty alleviation and social security**

  A broad-based sharing of responsibility with an appropriate balance between public expenditures and contributions by individuals and employers. Well developed systems of banking and credit for the poor for poverty alleviation and social security.  
  Thrift and savings institutions for enhancing self-reliant financing at the personal household and community levels.

- **Managing the transition from social welfare to social security**

  Moving from programmes aimed at poverty reduction poverty alleviation to sustainable systems of social security which grants adequate social protection to the low income working population, as poor countries succeed in raising per capita incomes and reducing poverty.  
  Increasing self-reliance personal and community responsibility for social security, savings mobilisation, self-help and mutual assistance schemes and increasing participation of voluntary organisations.
There are a few critical conclusions which can be drawn from the foregoing survey

- Macro-economic policies which promote rapid economic growth are an essential condition for poverty alleviation and the enhancement of social security of the poor and low income groups close to poverty. In the countries that have been studied rapid per capita growth has been closely associated with the reduction of poverty.

- These macro-economic policies must contain certain key ingredients if rapid growth is to alleviate poverty. The pattern of growth should be broad based; structural change should be labour intensive and capable of drawing the poor into the mainstream of development; economic growth must go hand in hand with human capital development and universal access to education and health; income distribution should be equitable. The causes of poverty are multi-dimensional and its alleviation requires strategies which attack these causes simultaneously.

- Broad-based growth by itself while it attacks the multi-dimensional causes of poverty and enhances the capability of the poor for self-reliant provision of social security still tends to leave a significant residue of poverty unless it is supported by policies and programmes which are explicitly targeted to the poor. Countries in which there is a greater share of public responsibility for social security have been able to reduce poverty faster at lower levels of per capita income.

- The countries in which social security and poverty alleviation rely heavily on the state tend also to be the countries which have had state dominated and state regulated economies which must undergo major structural reforms if they are to sustain high rates of growth which are a primary condition of poverty alleviation. These countries therefore encounter serious problems during periods of structural adjustment when some of the forms of social protection such as subsidies, administered prices and security of employment in state enterprises have to be eliminated in the process of economic liberalisation. The challenge for these societies is to provide the safety nets and continue the state’s role in poverty alleviation in forms which are “market-friendly” and do not run counter to macro-economic fundamentals of the development strategy.

- State financed social welfare of the type found in Sri Lanka or the centrally planned economies in transition tend to create “a poverty trap” which reduces economic efficiency and productivity removes incentives for savings and thrift and perpetuates a state of
dependency on the state. The persistence of poverty in Sri Lanka despite large scale programmes of social welfare tends to validate this assumption.

- Social security must cover both the people in absolute poverty as well as the low income segment above the poverty line but close to it. The latter component of the social security system assumes increasing importance as absolute poverty gets reduced as in the case of Korea and relative poverty increases. In a dynamic situation of rapid growth poor countries need to plan the shift from social welfare based largely on grants and state subsidies to contributory systems in which financial responsibility is shared between enterprise state and beneficiary and which are financially more self-supporting. The two centrally planned economies which are in transition to a market-oriented economy are moving in that direction. Sri Lanka and India has also to prepare and plan for the transition from state-financed social welfare to contributory self-financing systems of social security.

The Mapping of Poverty and Identification of the Vulnerable Groups

These conclusions raise certain basic issues relating to the problems of social security of the poor in developing countries. First a country will not be able to develop an effective social security system with adequate coverage if it does not clearly identify the vulnerable groups or the groups in conditions of social insecurity. In the countries in the first two categories the centrally planned economies in transition and Sri Lanka and India - show both the social will and the capacity to identify the vulnerable groups in their society. The regional disparities, the caste disadvantages, the vulnerable age groups, the undernourished, the urban deprivation are identified in these countries and programmes specifically designed to deal with the special disadvantages of each poverty situation. The countries in the third category may rely on the wide spread impact of economic growth and pay less attention to identifying the specific conditions of poverty and deprivation in their societies. The social security systems of the former group of countries are more diversified and have in all probability greater capability to reach the different conditions of insecurity and poverty. The mapping and identification of poverty and social insecurity is therefore an important pre-condition for designing and implementing an effective social security system.

The Security Needs of the Informal Sector

All the countries selected for the study are aware of the special needs of the self-employed and the informal sector which do not normally come under the scheme for social security available to the low income wage-earning population in the organised sector with the
minimum number of employees. Many of them have initiated schemes of social insurance such as old age pensions and crop insurance to help small farmers to cope with loss of income. These are still in a very rudimentary stage. The problems of social security of the informal sector deserves high priority in the agenda of countries as well as international agencies. The informal sector which comprises the small holding sector in agriculture, mini-enterprises in the other sector, the self-employed and casual workers will continue to account for a sizeable share of the workforce. The approach to the problems of this segment will need to take account of the diversity within it and the problems of insecurity specific to each category. The problems of small farmers subject to seasonal fluctuations of income and risks of crop failure lack of any provision for old age are very different from the type of problems of mini-enterprises which may relate to unexpected trade losses lack of access to credit and unforeseen loss of markets.

Unemployment and Social Security

The problem of unemployment does not assume major proportions in the majority of the countries that are studied. Although the grant of unemployment assistance is under consideration in several countries there has been no specific programme which has either been implemented or designed for implementation. In countries where unemployment is low and which are likely to sustain high rates of growth, the problem of unemployment will remain under control. This appears to be the prospect in countries like Korea, China and Thailand, where the demographic transition is also taking place at the same time and where the growth of the workforce will also decline. In such situations unemployment will be of a frictional nature and social insurance for unemployment in the form of payments during periods of unemployment will not place undue burdens on the public budgets. The problem however has assumed serious proportions in Sri Lanka and the Philippines and is likely to become a major problem in Uzbekistan with the implementation of further economic reforms. The government which came to power in Sri Lanka recently made a pledge in its election manifesto to provide an allowance to all unemployed youth above 18 years. The financial costs of such payments are prohibitive and there has as yet been no indication that the government intends to provide unemployment benefits as pledged. The problem of unemployment like poverty would eventually have to be solved through rapid growth. A rate of growth in the region of 7% annually would enable Sri Lanka to clear the backlog in a period of about seven years. But special measures are needed to mitigate the serious hardship which unemployment imposes on the youth. One of the causes of social unrest has been the high rate of unemployment that has persisted over a long period of time. Persistent high unemployment may result in political and social instability that can undermine the efforts at
sustained economic growth.

On the other hand unemployment assistance can lead to "a structural unemployment trap" which reduces the incentives to seek employment and diverts resources away from investment which generates employment. In designing equitable systems of social security developing countries must avoid this trap which has led to persistent high unemployment in developed countries. The Indian experiment with employment guarantee schemes provide a model which can be usefully explored. The idea is not entirely new; it is a variant of public works schemes but in the macro-economic situation of unemployment, in a poor country the schemes have to be managed in a manner which avoids any major inflationary consequences. In both Sri Lanka and Philippines the problem is one of unemployment among educated youth who newly enter the labour market. Employment guarantee schemes could be adapted to programmes of training, skill development and apprenticeship which are combined with productive work.

**Crucial Issues in Poverty Alleviation Strategies**

There are two crucial sets of issues which are of overriding importance. One concerns the problem of integrating the targeted strategies of poverty alleviation to the market oriented strategy of rapid growth. The other pertains to the problems of financing social security on a sustainable basis.

If it is accepted as has been argued in this study that sound macro economic policies and broad based social development is still likely to bypass a significant proportion of the poor the main challenge for countries is the task of including the poor into the mainstream of market oriented development. These require policies and programmes which are specifically designed to integrate the poor into the market.

Countries which have targeted programmes to assist the poor have given more emphasis to what has been described in the China country study as "the passive approach". In such an approach the main focus is that of supplementing income and consumption of the poor through income transfers family allowances and subsidies to enable them to maintain a minimum standard of living. Most of the countries have recognised the inadequacy of this approach; the poor tend to remain in a perpetual state of dependence on state charity. In response to this problem countries have begun to emphasise the income generating component of poverty alleviation. The objective in this shift of emphasis is to enhance the income earning capacity of the poor to enable them to move out of poverty. The examples of
programmes aimed at income generation for the poor are innumerable and are of very diverse character. At one end there are the efforts which have had no significant impact on poverty. The handloom programme in Sri Lanka is an example of the more unsuccessful efforts. It was a state sponsored programme where young unemployed females were trained supplied with handlooms and required to produce low quality standard items such as sarongs which were then bought by a state organisation. No attention was paid to market demand. The state agency was unable to market the product and had to be heavily subsidised by the state to cover its losses. The danger of state-sponsored poverty alleviation programmes of this nature is that they are protected from market forces, tend to be heavily subsidised and prove to be economically unviable.

At the other end are the strategies which attempt to integrate the poor in sectoral programmes which are "poor-friendly" - crop-diversification and development of small holding agriculture, rural industrialisation into which the poor can be easily integrated. Examples are the strategies of agricultural development and rural industrialisation in China and India, the co-operative dairy development in India and to some extent the agricultural settlement programmes in Sri Lanka. The sectoral programmes themselves are in the mainstream of development; they are strengthened and directed to poor regions and poor segments of the population.

Directing such programmes to the poor requires concerted action on many fronts. Credit, technology transfer and institution building at the community level are three essential elements in a successful strategy. Most countries with poverty alleviation programmes pay attention to these elements, although their application in concrete programmes and policies is uneven. The Philippine Social Agenda emphasise these elements and supports it with a programme of credit for the poor. Both Sri Lanka and India have developed programmes and institutions which implement poverty alleviation programmes which integrate credit, skill development and institution building. The Janasaviya programme and the Janasaviya Trust Fund were conceptualised to include all these elements although the performance has been well below expectations. Most of the efforts have faltered in the most crucial area that of linking the poor to the mainstream market economy through sustainable and viable economic activities.

In the Janasaviya programme alleviation of poverty was conceived as a responsibility of society as a whole. Poverty alleviation required a broad based national partnership - the poor community the state, the private sector, and the NGOs. The programme made some attempt to mobilise the private sector through such means as sub-contracting, agricultural enterprises
based on the outgrower model. There were many examples which were operating outside the poverty alleviation programme. Tobacco, floriculture, vegetable cultivation, animal husbandry all provided examples of firms which had organised the poor to produce and provide services. The Janasaviya programme was however not successful in developing this component for a variety of reasons one of which is the suspicion and distrust with which the private sector viewed any state sponsored programme.

There is no single prescription which will ensure that poverty alleviation strategies are market-friendly, but from the foregoing discussion, it is possible to underscore some of the elements that are essential. First if poverty alleviation is to be more market friendly it is essential to make the broader sectoral strategies and programmes that are in the mainstream market economy more poor-friendly. The most readily available example in the studies is the way in which national and sectoral strategies in China are designed to include the poor. Second, the alleviation of poverty has to be conceived as a responsibility of society as a whole in which the various agents have to act together - the state the private sector the NGOs and the poor community. Third the economically viable models which can link the poor to the market through the large scale organised private sector must be identified and promoted through various incentives. The models could include subcontracting arrangements and outgrower models. The incentives could include readily accessible credit for the poor, infrastructure support for the private sector to facilitate their operations in poor regions and tax incentives for private sector projects which are poverty alleviating. Fourth the poverty alleviation strategy has to be community-based; the poor are poor because they live in a poor community with limited resources and surpluses, poor infrastructure and inadequate public goods. The poverty which has to be attacked is produced by the micro-economy which is poor. Therefore the eradication of poverty requires the transformation of the micro-economy and its integration to the market. Therefore while the macro-economic and sectoral programmes and policies are aligned to poverty alleviation it has to be supported by a strong effort at the community level.

The Financing of Social Security

The financing of social security in the eight countries range from systems which rely mainly on the state and the employers to those in which the emphasis is on sharing of responsibility and self help. The centrally planned economies in transition and India and Sri Lanka belong to the first category. The state bears a large share of the burden of financing social security. It is noteworthy that the contributory schemes in this category require a larger contribution from the employers. Sri Lanka has the highest level of contributions from the employees and
the employers. The countries in the third category have been able to manage with a system in which state assistance has been kept at a low level.

The two situations demand very different strategies and responses. In the countries in the third category start with low levels of state expenditure relatively lower levels of poverty and have therefore greater capacity to improve their social security system both with necessary state expenditures and contributions from employers and employees. The countries which have relied heavily on the state have to move towards systems which share the responsibility of financing social security among beneficiaries, employers and the state. The systems of social security which depend on contributory schemes and self financing funds have to contend with other problems such as the depreciation of the real value of savings through inflation. Therefore a system based on savings and contributions requires sound macro-economic management which ensures process of rapid non-inflationary growth.

The countries which depended on the market also assumed that a large share of the responsibility for social security would be borne by the person, the family and other traditional support structures of kinship networks and the local community. These social structures have certainly played a role and will continue to do so. But the processes of socio-economic change are simultaneously diminishing the role of these traditional forms of social protection. In this context the voluntary organisations, forms of local community effort that have developed and the NGOs involved in social welfare and poverty alleviation can impart a new dimension to the social security system. The co-operative movement which organise the poor, NGO initiatives which have developed thrift and credit institutions and banking institutions at the local level - the Grameen Bank in Bangladesh, the SEWA organisation in India, Sanasa in Sri Lanka, the voluntary savings organisations in the Philippines - can become important elements of a comprehensive social security system.