

Protecting the Vulnerable:

The Design and Implementation of Effective Safety Nets



December 2 - 13, 2002

Washington, DC

The World Bank

Social Assistance in Europe

Cash Benefits and related services

Of last resort ...

- The co-set of (social) legislation is crucially important (elderly, unemployed, divorced-alimony, ...)
- Services in kind
- Cash benefits linked to Guaranteed Minimum Income
- Incentives to avoid dependency trap
- Open to everybody also “non-deserving”

Belgium and The Netherlands and most of European countries

- Central legislation defining rights
- Municipal implementation with important local discretionary autonomy
- Universal and low cost access
- Combination of services and benefits

Cash Benefit and guaranteed minimum

- Levels linked to minimum wages
- Levels linked to subsistence
- Means tested (income and assets)
- Maximum levels 2001 per month (in Euro):

couple: 1.076,34

single parent: 747,36 (+ 213,53)

single person: 533,83 (+ 213,53)

... and related services

- Services in kind
- Assistance in kind
- Assisted access to public services

- Obligations and requirements for recipients

- Workfare pressure (study, activities, ...)

Financing

- NL: open ended capitation grant
- B: matching grants (90 % central)

Institutional design

- NL: municipal services with municipal council in charge
- B: independent commission - elected membership

Spending (1996)

In percentage of total public social expenditures:

Belgium	2.3
Denmark	4.9
France	1.6
Germany	2.2
Netherlands	2.6
Sweden	3.1
UK	1.2

Recipients as % working age population (15 – 64)

Denmark	3.2
Germany	2.4
Netherlands	1.5
Sweden	8.0
UK	8.8

Re-distributive efficiency (total government transfers) (90-95)

	Bottom 3	Middle 4	Top 3
Belgium	30.0	45.7	24.7
Denmark	45.7	41.0	17.3
France	53.5	36.1	18.7
Germany	38.6	40.1	21.3
Netherl.	43.6	35.7	20.7
Sweden	31.4	38.2	24.6

Poverty rates (<50, <33 % Median) (1995)

Denmark	2.9	1.3
France	7.1	1.3
Germany	9.4	4.0
Netherlands	8.1	4.7
Sweden	2.2	0.9
UK	15.5	4.7
USA	19.3	8.8

How important ?

- Recent studies for OECD countries:
- Between 1980 and 1995: inequality increased mainly due to increased inequality in earning differentials in markets (labour, capital):
- Same period: poverty did not increase: result non-market transfers: so market developments corrected by social protection policy (levels of spending BUT ALSO institutional design (Ritakallio 2001, Behrendt 2001))
- Share of market income in lower 3 deciles: < 12 % (Forster 2000)

How important 2 ?

Poverty rates OECD (-60% median)

	1995	2005	2010
1995	17.2		
All income +2% except transfers		14.6	13.6
All incomes including transfers +2%		10.1	7.9

Problems

- B and NL: refugees, illegal immigrants
- B and NL: abuse and control
- NL: over-consumption