

## **Social Cash Transfer Workshop**

Holiday Inn, 3<sup>rd</sup> June 2008

### **Welcoming address**

**Paul Barker, Executive Director, Institute of National Affairs**

Good afternoon, Ladies and Gentlemen,

On behalf of Dept of Community Development, UNICEF and the Institute of National Affairs (or INA), let me welcome you all to this second workshop of the year on the theme of Social Cash Transfers and I apologise for slightly short notice for this workshop.

The last workshop, held at Hideaway, introduced a UNICEF consultant, based in South Africa, Dr Michael Sampson, who has worked extensively around the world on different models of Social Cash Transfers, the circumstances where they are needed, their performance in achieving their objectives, success of different models in different contexts and some associated problems

Today, we are fortunate to have Jennifer Peachey, also a consultant provided by UNICEF, who is a researcher based at Aberdeen University in Scotland. Jennifer is an anthropologist with highly relevant experience, who has been examining social cash transfers and their social context, and over the past few weeks has made field visits to Bougainville and Milne Bay to gain further understanding of the social systems and the applicability of social cash transfers in PNG. She should be considered a resource person, but is clearly not here to provide all the answers. If such a scheme is to occur, or be piloted, as was recommended in March, then it must be on the basis of the guidance and determination of Papua New Guineans in government, private sector and civil society.

Just to recap, Social Cash Transfers are payments made by government (or non-government) bodies to individuals or households to alleviate poverty and vulnerability. They have long been used in Developed Countries, particularly since WW2 in different forms, but only in more recent years have started to be applied by developing countries, from South America, to Africa and into Asia. They have been hailed widely as a success in countries from Brazil to South Africa, in providing basic support to the most vulnerable, particularly young children, giving them opportunities to take a first step up the ladder in life, so that they are then able at least to gain opportunities to access formal services, such as education, hitherto denied them by the desperate struggle for basic survival.

Dr Sampson highlighted the different methods of social cash transfers, both unconditional, wherein funds are provided directly to the targeted people or their mothers or guardians (which was generally considered the most effective) and conditional, where associated measures are sought, such as requiring children to attend school or be provided with food or meet nutritional standards. The problem with conditional arrangements is

that they demand more administration, a capacity which is lacking in both government and the NGOs in PNG, and there have been problems elsewhere, e.g. where children have suffered abuse at school – as in some South African Schools; so, requiring children to attend school in such circumstances to obtain basic social support, would clearly be counterproductive. Family and guardians may be better placed to assess problems and options.

Although PNG provides contributory arrangements (such as superannuation), like many other developing nations it has not provided (non-contributory) welfare support. We have provided some schemes, such as interim price support for commodity producers during periods of low international prices, but nothing specifically targeted at addressing extremes of poverty aimed at providing new opportunities for self-help.

This country's conditions have changed in recent years. On the one hand we've experienced growing wealth, based especially upon our largely enclave resource projects, especially with the recent boom in commodity prices, but this has been benefiting particularly some of our towns and cities and a few provinces and a privileged few within those provinces.

By contrast, mortality and morbidity rates have been unacceptably high, and numbers of orphans and other potentially vulnerable households have grown, especially with the collapse of our rural infrastructure, such as roads, and many of our basic health and other services over recent decades, and the arrival of new diseases, notably HIV/AIDS, and the expansion and resurgence of endemic diseases, such as malaria (esp. with climate change). Large movements of population have occurred to the urban areas in search of (largely non-existent) jobs and income-earning opportunities, but gaining in the process better access to services and markets.

PNG's traditional social support system has been invaluable over the years, supporting relatives and adopting relatives' children, but with the slow growth of broad-based economic opportunities and the growing numbers of migrants to the towns and cities, seeking opportunities especially in the informal sector, the demands upon those households holding jobs and even without formal employment is growing. The system is increasingly coming under stress, and there are increasing reports of relatives' children who've been 'adopted' becoming little more than slave labour or perhaps joining the ranks of street kids.

When Dr Sampson was here in March the participants in the workshop generally agreed that there is now a need for a system of social cash transfers in PNG. The numbers of marginalised people, and especially children, who have few or no opportunities to access education and meet other basic needs has escalated.

During the course of this year there has also been a major increase in the price of staple foods and other items. The price rise for rice and local staples, driven by global grain shortages, speculation and the alternative use of various agricultural products for bio-fuel, has not been as great yet in PNG as in some Asian and other regions, but it is still

substantial and hits the growing population in urban settlements badly, especially those with little or no access to their own food gardens or productive land. Good stocks of rice held by Trukai Rice has helped ameliorate the rice price increase and ensured supply to date, but that cannot necessarily be sustained if international harvests (including next door in Australia) remain low over the next 12 months. Our poor domestic infrastructure undermines the capacity of domestic farmers to fully respond to the incentive of higher prices and readily fill the staple food gap at an affordable price.

Recently, Dr Michael Bourke (a horticulturalist and geographer at ANU, long researching landuse and food security issues in PNG) has highlighted that 5 ½ million out of a population of about 6 ½ million are in poverty. This finding has caused some consternation, but, whilst the majority may have access to food and may not be impoverished according to some measures, we should not be smug; the high rates of maternal and child mortality (which means death) and other poor social indicators and lack of opportunities certainly fit internationally accepted criteria for poverty, and a growing number fit all the criteria of poverty and being at extreme risk. This is completely unacceptable in a land with such good resources and access to land, and where such wealth is now being generated from major projects supposedly for the wider national benefit, but apparently being usurped in increasing quantities by a privileged and sometimes corrupt elite....as highlighted in yesterday's story about US\$40 million going to a Minister as a private commission on a company's log exports!

When it came to examining the practical aspects of undertaking social cash transfers in PNG, it was recognised in March that, whilst government (notably through the Dept of Community Development) needs urgently to build up capacity with respect to child welfare and related responsibilities, this will take time, and there is a major dearth in capacity in other critical agencies, such as NSO for providing demographic data and other information needed to identify and support vulnerable households around the country. The NGOs and churches may be better placed, and more experienced, to administer support to the poor and vulnerable, but their capacity is still highly limited and sporadic, without a full national coverage. But they can command large numbers of volunteers and some other operational resources, with increasing support also from parts of the business sector.

There was considerable concern to avoid imposing disincentives on households and the vulnerable from taking action to improve their own lot, so it was emphasised that support should be both limited per recipient (and therefore affordable, to be sustained for the disadvantaged community – rather than for individuals) and combined with other efforts to empower recipients to improve their own prospects, through access to suitable education and training, health services and other requirements. It was strongly argued that PNG needs to avoid a handout mentality, which is prevalent in parts of the community, but Dr Sampson argued that, despite some clear abuses, there has been sound experience in other countries where, if designed properly, social cash transfers do enable recipients to address their basic food and other needs and concentrate upon developing other opportunities for themselves, through education or directly in the formal or informal sectors.

It was highlighted in the March workshop that, given the limited capacity of government institutions and the continued and critical role of the “wantok social system”, it is important that a formal system should reinforce and not undermine that system. Cost assessments were made, with recognition that if larger numbers were assisted on a longer term basis it would require a substantial commitment of government expenditure.

It was recognised that, considering the problem, this exercise will be neither cheap nor once off, so it needs to be designed properly, with the beneficiaries carefully identified and targeted. In other countries, such as South Africa, expenditure on such social transfers do commit a significant portion of the Budget (some 15%) and total GDP. Allocations for social cash transfers must be placed alongside other parallel responsibilities, notably providing basic infrastructure and services, which have also been severely under-funded in most provinces of PNG for many years, as highlighted in the recent analysis by NEFC. (It should be noted in turn that, apart from corruption, there are other areas of major over-expenditure and massive waste, and that the K10 million per district under the DSIP is ill-targeted and prospectively ill-planned and managed, unless considerable capacity building occurs and strong community oversight and accountability in place).

Experience with management of public funds over recent years has been atrocious, as highlighted in recent reports of the Public Accounts Committee and Auditor General, so new social transfer arrangements would also need to be established with strong governance criteria and oversight, particularly by the public itself.

Given that the need clearly prevails and funding capacity currently exists, at least with current high commodity prices, so long as there is a combination of adequate international and government funding and a strong government commitment and international support for establishing rigorous systems and community participation in management and oversight, a scheme should have sound prospects. Designing it and ensuring it meets the determined objectives, empowers and does not undermine beneficiaries’ and community capacity, and supports, rather than weakens, existing community – or wantok – social systems will be the challenge. It would clearly require development and close monitoring in a pilot initiative or initiatives.

During Dr Sampson’s field visits it was clearly demonstrated to him how strong the wantok system is in PNG. He observed that it remains markedly more vigorous than community social systems in other countries he’d worked in or visited, where they had long been worn down or marginalised. It is important that the relative security the wantok system provides, and the relatively egalitarian access to land and marine resources in PNG, are not jeopardised by clumsy schemes or ill-prepared or implemented land reform measures.

Ms Peachey’s research and field visits, and today’s workshop, will play an invaluable part in ascertaining potential approaches to social cash transfer systems for PNG. The Institute, with CIMC, is pleased to be working alongside the Community Development

Department and UNICEF in examining this issue, and prospectively designing an effective, affordable and sustainable mechanism (or pilot initiative) tailored-made for PNG's needs, to help address a real and growing problem, if that's what the community does indeed wants – as expressed, for example, through this and other forums around the country.

Social cash transfers can be valuable, but they partly address symptoms and in themselves do not replace the obligation to pursue suitable macro and micro-economic and social conditions to generate broad-based opportunities, whereby individuals and households can secure meaningful employment and incomes from the formal and informal sectors, within a growing economy. Papua New Guinea's National Constitution requires wide participation in the economy and benefits from resource utilisation, including for future generations, and equitable access to basic goods and services (including health and education) across the country and within the community. There will always be some people, particularly children, who are vulnerable or particularly in need, but we need to establish conditions whereby potential vulnerability is minimised. Social cash transfers address a component of the Constitutional responsibility, addressing the requirements of the neediest. Sadly over the years the obligations of the National Constitution have been widely ignored or sidelined by the blind pursuit of wealth by a small urban and political elite, reflected in the widespread abuse or diversion of public funds away from meeting priority needs.

Addressing this imbalance and restoring some of the ideals of this country's founding fathers - and mothers - will be a major challenge for now and the future, but failure to do so is increasingly staring us all in the face, including through the large numbers of street kids, whom we never imagined would be here...in PNG it was always considered a problem overseas, in India and Africa, but never PNG!

It is with great pleasure that on behalf of the partner organisations, I launch this valuable workshop, and let me wish us all a productive afternoon. Some of you, particularly amongst the women present, I realise, have been in discussions here on related matters throughout this morning already.