



Discussion Document

Cash Transfers to Improve the Protection and Care of Vulnerable Children and to Empower Families in the Context of the HIV Epidemic in Papua New Guinea

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FINAL DRAFT

1. INTRODUCTION

Papua New Guinea's draft national strategy for the Protection, Care and Support of Orphans and Other Children Vulnerable to Violence, Abuse and Exploitation identifies the piloting of a social cash transfer programme to benefit the country's most vulnerable children and their families as a key element of the framework's social protection objective. Internationally, cash transfers are proving to be one of the most successful interventions for reaching the poorest, addressing the problems created and exacerbated by HIV and AIDS and promoting developmental impacts. This discussion paper examines the international experience of cash transfers in the light of Papua New Guinea's social, economic and policy context, identifying lessons and raising questions for examination by policy-makers and other stakeholders considering an appropriate, practical and effective intervention to protect children in Papua New Guinea. It raises the challenge of adapting cash transfer interventions to better serve the objectives of child protection within Papua New Guinea's specific social context. Based on recent consultations with senior government officials, representatives from civil society and international organisations, development partners and local authorities in Papua New Guinea, this paper identifies an emerging consensus among consulted stakeholders suggesting a social cash transfer for women caring for children may serve critical social protection objectives:

- Empowering women by strengthening their position within households in order to better protect themselves and their children
- Protect women from HIV and AIDS
- Improving the health, education and protection of children affected by HIV and AIDS
- Protecting children from violence, abuse and exploitation
- Mitigating the impact of HIV and AIDS

Cash transfers may also provide economic dividends, by stimulating local market economies, and promoting human capital development.

2. CASH TRANSFERS WITHIN A SOCIAL PROTECTION FRAMEWORK

The policy choice of an appropriate social cash transfer instrument is rooted in an understanding of this type of intervention's place within a broader social protection system. Social protection rests within a broader social policy framework that also includes social services, food security, livelihoods promotion and other poverty reduction interventions. Since resources are limited, it is important to balance the commitment to social transfers in the light of what the country can afford, given appropriate investments in complementing interventions.

Social cash transfers constitute one of the key pillars for a more comprehensive system of social protection. Other pillars include social insurance and legal and regulatory approaches to protect vulnerable groups. Social insurance includes a broad range of contributory schemes, such as social health insurance, unemployment insurance, and an increasing number of new schemes—such as weather-indexed insurance products. Social insurance often faces critical challenges as a pro-poor instrument—by definition social insurance requires contributions from potential beneficiaries, and the very poorest often cannot afford these. Legal and regulatory approaches include statutory protection for children, labour standards, minimum wages and other public rules that protect and empower people. Legal and regulatory mechanisms protect vulnerable groups from exploitation and abuse, and this protection together with cash transfers can support empowerment of these vulnerable groups.

Policy-makers face many options when constructing a framework for social

protection, and in particular for social transfers. General subsidies lower the cost of goods the poor need, effectively raising their income. Targeted inputs schemes provide poor households with productive assets, enabling them to convert their labour power into income. Conditional programmes aim to expand the range of impacts of cash transfers, usually in terms of school attendance, health clinic visits, immunisations and other forms of human capital development. Social transfers both reinforce and are strengthened by successful delivery of complementary social interventions.

3. THE SOCIAL AND POLICY CONTEXT

The identification of a cash transfer instrument must reflect the social and policy context in Papua New Guinea. The country has committed itself to achieving the Millennium Development Goals as a matter of policy priority. The government's 2005 Medium-Term Development Strategy (MTDS) included poverty reduction as a key objective, with instruments focusing on education, public healthcare (particularly HIV and AIDS prevention), infrastructure development and private sector job creation.¹ An understanding of the social context of poverty in the nation illuminates the potential role of social cash transfers in achieving the government's objectives.

More than 30 per cent of the population lives in poverty and malnutrition rates are high, lowering immune system response and exacerbating vulnerability to HIV infection and AIDS-related mortality. Public health service availability is poor at primary, secondary and tertiary levels.² Unemployment rates are high, and poor economic prospects drive circularly migratory labour patterns for men and women, hastening the spread of HIV and AIDS. Low literacy rates dampen employment and livelihoods prospects, and together with poor awareness of HIV and AIDS contribute to increased vulnerability to infection and reduced prospects for treatment.³

Papua New Guinea does not provide a public social security system to its vulnerable populations—neither unemployment insurance nor broader social safety nets.⁴ Social security is informal—through sometimes haphazard family and extended family networks and the “wantok” system. The “wantok” system—extended family, kin and clan groups (literally, “one-talks”, or people who speak the same language)—provides the main form of social security for women, children, older people and the poor.⁵ The combination of poverty, family breakdown and HIV and AIDS, however, is reducing the capacity of the wantok system to provide the required level of support.⁶

GENDER DISCRIMINATION

Papua New Guinea has a high rate of gender-related violence, increasing vulnerability to HIV and AIDS for both women and children. While gender violence has complex causes, poverty is likely to exacerbate the problem. This perpetuates a vicious circle: “gender-based discrimination and violence contribute to poverty and poverty increases violence and damages the country's social development.”⁷

Kinship relationships in Papua New Guinea enforce rigid expectations of feminine behaviour for girls and women. Norms that relegate women to the status of “producers” while men seize opportunities as “transactors” create power imbalances. Research carried out by the Law Reform Commission documented that 57 per cent

¹ IMF (2007).

² UNICEF (2005) pages 9-10

³ UNICEF (2005) pages 10-11

⁴ UNICEF (2005) page 13

⁵ UNICEF (2005) page 40

⁶ UNICEF (2005) page 42

⁷ UNICEF (2005) page 38

of rural women surveyed considered it normal to be hit by their husbands, reflecting a social conditioning about sexual violence that disempowers women. The country's traditional social systems often silence women's voices and impede their asset accumulation and economic security.⁸

A social cash transfer programme can contribute to the empowerment of women, promoting the development of the nation. Cash transfers might, for instance, provide an economic independence to support women to negotiate the terms of their living situation, such as leaving a violent home. Over the longer horizon, cash transfers may help balance intra-household resource allocations to better support human capital development for girls, particularly in terms of nutrition and access to health care and education. International experience with cash transfers documents how these interventions can tackle gender discrimination and help empower girls and women.⁹

CHILD PROTECTION

While over 99 per cent of Papua New Guinea's children live in family settings, these households do not always provide protective environments. The low social status of women and high rates of gender-related violence increase the risk of family failure, placing children—particularly girls—at grave risk.¹⁰ Children (particularly girls) living in polygamous families are at even greater risk of having their protection rights violated, including neglect and sexual exploitation.

Social cash transfer can support improved nutrition, education and protection for children affected by HIV and AIDS. The protection of these and other vulnerable children from violence, abuse and exploitation is a critical issue for Papua New Guinea. Promoting the status of women through a social cash transfer programme can support positive child protection outcomes. A social cash transfer programme can potentially contribute to the improved protection of children through a variety of outcomes.

- A social cash transfer programme usually increases birth registration, both by creating incentives for parents to register their children and by motivating governments to better resource registration systems.
- A regular cash transfer may increase school enrolment and retention and reduce the number of children involved in harmful labour and commercial sexual exploitation by reducing the financial pressure on their family
- Increased income security in the form of cash transfer may enable women to resolve abusive relationships, leading to a reduction of the number of children living in violent homes
- With up to 30 per cent of children adopted or fostered through informal community arrangements, cash transfer could be engineered to support parents to resist community pressure to give their children up for adoption
- The international evidence is clear in that cash transfer increases the health of children through better nutrition and access to medical care. Children who are healthy are more likely to have better life outcomes whereas children who are less healthy find education more challenging and as a consequence may drop out of education early and may face more protection challenges.

IMPACT OF HIV AND AIDS

The assessment of a social cash transfer program's role in Papua New Guinea must

⁸ This paragraph is drawn from UNICEF (2004, pages 15-16), which provides a thorough situational analysis of the girl child in Papua New Guinea and important context on gender discrimination in the country.

⁹ OECD/DAC POVNET GPN EPRI (2008)

¹⁰ UNICEF (2005) page 13

take into account the impact of HIV and AIDS. HIV and AIDS are eroding the informal arrangements that have historically aimed to protect children in Papua New Guinea. For example, by increasing mortality among income-earning members of society, HIV and AIDS reduce resources available to the 'wantok' kinship system of support. At the same time, the resulting increase in orphans creates a growing burden for grandparents and other caregivers. Many countries facing this impact of HIV and AIDS have adopted cash transfers in order to support informal safety nets that can no longer cope on their own.

Vulnerability to HIV is exacerbated by poor economic circumstances. Women who depend economically on men are less able to end abusive relationships. While cash transfers alone cannot change the cultural and social factors that place women and children at risk in Papua New Guinea, a secure and independent source of income that guarantees survival may provide a plank in an overall framework for empowering women and better protecting children. International experience documents that women who have authority and power outside the home experience lower levels of abuse.¹¹ In addition, women with greater status within the household are better able to protect children and allocate resources to support their development.

Evidence from high-prevalence African countries demonstrates that appropriately designed social cash transfer programmes can reach approximately 80 per cent of the poorest households affected by HIV and AIDS, even without targeting mechanisms that explicitly consider HIV and AIDS status. Since an estimated 60 per cent of these household members are children, poverty-focused social cash transfer programmes can be viewed as effective interventions mitigating the impact of HIV and AIDS on children.¹² Given the costs of targeting using an HIV and AIDS criterion—including stigma, perverse incentives and administrative costs, the focus of cash transfers on vulnerable groups (including women and children) more generally may be the most effective way to develop social protection interventions for children affected by HIV and AIDS. In low-prevalence countries, where prevention is a high priority, broadly targeted cash transfers may be even more effective in preventing the acceleration of the epidemic.

DEPENDENCY

Policy-makers in many countries often express concern that cash transfers may create dependency. Dependency in the context of social cash transfers can be defined as "the choice by a social transfer recipient to forego a more sustaining livelihood due to the receipt of the cash transfer." A number of studies in Africa and Latin America have found that workers in households receiving social grants look for work more intensively and extensively and find employment more successfully than do workers in comparably poor households that do not receive the grants.¹³ There is no evidence that cash transfers create dependency.

AFFORDABILITY

Policy-makers are also generally concerned with the affordability of social transfer programmes, in terms of a number of factors. Political will is a major determinant of what is affordable.¹⁴ At an economic level, however, many countries face real fiscal constraints in financing social transfers. Combinations of domestic and development partner sources may enable even low-income countries to fund effective social transfer programmes.

¹¹ UNICEF (2005) page 39

¹² UNICEF (2007)

¹³ Samson et al. (2004), Samson and Williams (2007a, 2007b), Williams (2007).

¹⁴ See Tanzi (1992), Nelwyn (1985), van Niekerk (2002).

While falling per capita incomes over the 1990s and the fiscal challenges up until 2002 in Papua New Guinea had limited the policy options for proactive government interventions, the resurgence of growth over the past five years creates opportunities for more concrete measures to bolster MDG performance. The government has generated a fiscal surplus averaging about 4 per cent of national income over the past three years. Record mineral revenue inflows for government create additional developmental opportunities. The International Monetary Fund recommends a more effective channelling of these resources to development interventions in order to generate greater progress towards poverty reduction.¹⁵

GOVERNMENT CAPACITY DEVELOPMENT

A third policy concern focuses on government's capacity to deliver. Social cash transfers constitute a relatively new policy intervention in many developing countries. As a result few governments have developed extensive delivery capacity for implementing these types of programmes. The issue of government capacity is likely to be a concern for Papua New Guinea. Constraints on administrative and bureaucratic capacity limit the government's ability to deliver critical developmental initiatives. The International Monetary Fund has attributed under-spending on development initiatives to weak delivery capacity and fiscal bottlenecks, and they recommend a strengthening of implementation capabilities.¹⁶ The implementation of a cash transfers programme will require a co-ordinated effort to improve government delivery systems, particularly at the local level. However, cash transfer systems usually make very efficient use of scarce government bureaucratic capacity.

4. APPROPRIATENESS OF CASH TRANSFERS FOR PAPUA NEW GUINEA

Papua New Guinea requires a broad-based set of interventions to tackle poverty, HIV and AIDS, gender discrimination and challenges in the context of child protection and human development. The review of the country's poverty situation and social and policy context suggest the applicability of social cash transfers as a key element of a broader system of social protection. Social cash transfers offer a number of key advantages:

- They can provide direct income support to poor families in Papua New Guinea, reducing pressure on the wantok system and directly addressing the poverty objectives the informal approaches are challenged to meet. In many countries social cash transfers have proven to be one of government's most effective instruments for tackling poverty.
- Social cash transfers can empower women, strengthening their position within households in order to better protect and care for themselves and children. Cash transfers provide an independent means of financial support, improving the ability of women and children to access formal and informal protection mechanisms.
- Given the patterns of HIV and AIDS vulnerability in Papua New Guinea, income transfers to women with children are likely to assist prevention measures. They can provide one element of a more comprehensive strategy to empower women, with important benefits in terms of reducing vulnerability to HIV and AIDS and better protecting children from violence and abuse.
- Social cash transfers can strengthen access to and promote the effectiveness of social welfare services and other interventions protecting children. Examples include linkages between social transfers and early childhood development

¹⁵ For more detailed analysis of economic growth and government fiscal performance, see IMF (2007), particularly page 17 for specific recommendations.

¹⁶ IMF (2007), page 16.

programmes in Malawi, home-based care in Malawi and Uganda, psychosocial support in Mozambique, Malawi and Chile, and other complementary interventions.¹⁷

- They can reinforce human capital development and help bring the country on track to improve MDG performance.¹⁸
- Cash transfers provide the security that households require to better manage social risk, improving prospects for productive investment.
- They can be initially calibrated at an affordable level given Papua New Guinea's fiscal and development partner resources, and then scaled up depending on the government's fiscal resources and capacity.
- While cash transfers require significant administrative and bureaucratic resources, they can be designed in line with existing and potential capacity and expanded progressively as government capabilities develop.

Cash transfers, however, are only one element of the required social protection system. In particular, other elements must address the problems of gender discrimination and violence, and ensure appropriate mechanisms to protect children from violence and abuse. Ongoing initiatives to empower women and protect children are critical elements of a broad-based social protection program.

In addition, commitments to cash transfers must be balanced with an appropriate mix of broader social service investments, particularly health, education and protection. For instance, in every country for which impact analysis is available, cash transfers have important direct impacts in terms of promoting nutrition, especially for children. Better nutrition, particularly in early childhood, generates significant lifetime improvements in education, health and labour productivity.

One of the main advantages of social cash transfers in Papua New Guinea's context is their appropriateness for addressing some of the key challenges facing children vulnerable to HIV and AIDS. Cash transfers provide flexibility, which is particularly important for AIDS-affected households, enabling families to allocate resources to specific nutritional requirements, treatment, transportation and other priorities. In addition, cash transfers support a broader strategy of empowerment, reinforcing the broader social policy framework required to effectively protect children.

CAVEATS

Cash transfers work primarily by linking poor households to well-functioning markets. However, if markets cannot supply the goods and services that poor households require, cash transfers can fail, often resulting instead in high inflation or windfall profits for the retail sector. Cash transfers are not a perfect solution in themselves. Alone their impacts are limited to what markets can deliver, and the multiple deprivations of child poverty encompass more than just income poverty. In particular, social cash transfers alone will not protect children from abuse nor prevent intra-household discrimination. Practically, reaching the poorest and most vulnerable children is challenging, particularly when children live outside of family settings or without adult caregivers.

Transformative social protection requires much more, including government provision of health, education and other vital services as well as the legal institutions that protect children from neglect, violence and abuse. The implementation of cash transfer

¹⁷ See Adato (2007) for further detail on these and other examples, including social cash transfer programmes that raise developmental awareness among beneficiaries in Kenya, Malawi and Chile, assist with access to identity documents in El Salvador and Pakistan and provide referrals to alternative programmes in Jamaica.

¹⁸ See Adato (2007), Samson (2007).

programmes are most effective as part of a broader strategy for child-centred social protection. For example, the provision of appropriate and safe child care services not only better protects and provides for children but also increases the likelihood that caregivers and other adult household members are able to take advantage of empowerment and income generation opportunities. A balance between social cash transfers and welfare services is necessary to ensure an appropriate emphasis on community-based responses to vulnerable children and strengthened state welfare services and systems.¹⁹

5. CONCLUSIONS

The patterns of poverty, HIV and AIDS, and child abuse in light of Papua New Guinea's social and policy context indicate the potential for social cash transfers to help address these problems and promote social development. International experience documents successes in many countries with similar challenges. Cash transfers can help families with children cope with the increasing stress on traditional and informal safety nets as well as the vulnerability shocks posed by HIV and AIDS. Social cash transfers also provide an opportunity to promote the empowerment of women and support positive child protection outcomes. Papua New Guinea's recent economic progress creates new opportunities to tackle social challenges, and the developmental impact of more effective social protection may help to reinforce the foundations for continued economic growth.

Consultations with senior government officials, representatives from civil society and international organisations, development partners and local authorities have begun to build a consensus towards providing social cash transfers for women caring for children in Papua New Guinea. Geographic targeting criteria for a pilot intervention would include both HIV and AIDS prevalence and the severity of poverty in the community, increasing the likelihood that social cash transfers would achieve multiple outcomes, including poverty reduction, mitigating the impact of HIV and AIDS on affected children, empowering women and strengthening child protection. The social cash transfers would be universally provided to mothers and other women caring for children in these targeted areas. At the pilot stage, registration would be closed after identifying the initial group of participants in order to reduce incentives for inefficient migration. The programme design would take careful consideration of the wantok system.

The pilot phase would aim to build an evidence base to inform the potential process of scaling up to national level. In particular, the monitoring and evaluation (M&E) process would assess the extent to which social cash transfers empowered women and promoted child protection outcomes, with a focus on the role of the independent source of income and impacts that promote education. In addition, M&E would focus on how the social transfers reduce vulnerability to HIV and AIDS, and in the case of affected households help to mitigate the consequences. The M&E process would also measure the broader developmental impacts.

The next steps in this process involve the design of an appropriate evidence-based social cash transfer model reflecting international lessons of experience and rooted in Papua New Guinea's social and policy context. This model development will require national capacity in order to appropriately balance local knowledge and an understanding of relevant cultural influences. The resulting model will refine the conceptual framework drafted through the preceding consultative process, formulate specific programme guidelines and develop the monitoring and evaluation framework. This design phase will provide a foundation for capacity building and

¹⁹ UNICEF (2008)

implementation, potentially generating the necessary government and development partner commitment required to sustain a national program.

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