

Social Protection and Poverty Reduction: Increasing the benefits of MGNREGS for children

The World Bank describes social protection as having preventive, protective and promotive aims. Key to the objectives of social protection policies is the need to prevent income shocks, to protect those with inadequate resources, and to promote opportunities that can help households improve their situation. Young Lives analysis shows the impact of the Mahatma Gandhi National Rural Employment Guarantee Scheme in India on families' ability to cope with shocks and adverse events, acquire productive assets, and invest in children's well-being. It has significantly higher coverage than previous public works programmes, and better inclusion of women and marginalised groups. Some of the positive impacts claimed for the scheme are that it protects people from hunger, reducing distress migration, empowering women, and creating useful assets. However there remain important challenges to be addressed to maximise the positive impacts on children's well-being.

In 2005 about 41.6% of the Indian population were estimated to be living on less than US\$1.25 per day. If India is to achieve the level of progress envisaged in the first Millennium Development Goal by 2015, the poverty rate would need to be reduced to 18.8% (Central Statistical Organization 2011). In order to reduce chronic poverty in rural areas, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has been rolled out by the Ministry of Rural Development. The scheme guarantees a minimum number of days of employment at the minimum wage and attempts to create a wage floor. This policy brief draws evidence from the Young Lives longitudinal study of childhood poverty in Andhra Pradesh to consider some of the issues raised by the performance to date of MGNREGS for social protection policy.

Since its inception in 2005, MGNREGS has generated 1,112.03 crore person days of work, and by December 2011 Rs.10,0452 crore had been spent on wages. The scheme has particularly benefited women and minorities and provides other benefits such as health insurance under the Rashtriya Swasthya Bima Yojana programme. Despite the criticisms of the scheme for failing to raise GDP, it has helped people to increase their expenditure on food and non-food items, reduced migration, and strengthened livestock assets.

Context: MGNREGS – what do we know?

- MGNREGS offers a safety net and employment to rural families who need social protection during the seasonal and variable nature of employment.
- The scheme reduces migration to urban areas and empowers rural women.
- It also has an important effect on the well-being of children, particularly long-term benefits and potentially helps in addressing malnutrition.
- Its benefits for children, however, are mixed: it increases work for some children who may have to combine work with school.
- Many households do not have sufficient knowledge about their eligibility and entitlements under MGNREGS.

Social protection can support the MDGs

Social protection schemes like the MGNREGS have the potential to facilitate progress towards the MDGs. In rural areas they can provide income protection during agricultural slack seasons and thereby mitigate the impact of shocks and adverse events such as drought and food price inflation. Poorer families are at greater risk of food price inflation since food represents a large part of their budget. Young Lives data collected in 2009 show that better-off households spent 38% of their income on food, while the poorest households spent 57%. However, the better-off households still spent about three times as much on food than the poorest ones. Participating in MGNREGS has helped 69% of the households with their spending on food, 59% said it helped them avoid migration, 47% reported that it helped their family to cope with illness, and 38% said it helped them to send their children to school (Dreze and Khera 2009).

MGNREGS has high coverage in rural areas and is reaching more deprived groups

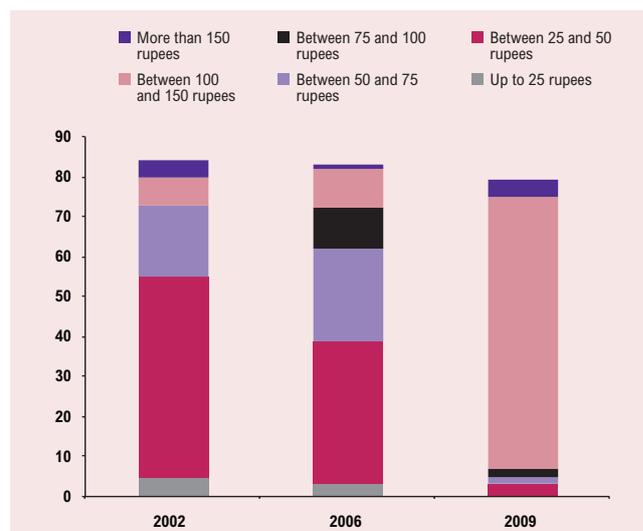
Data from Round 3 of the Young Lives survey show that MGNREGS had a high level of coverage among households in rural areas. Over three-quarters had registered for the scheme, nearly 70% had a member working, and over 10% of households had a member who worked the full 100 days available. (However, it should be noted that since the Young Lives sample is pro-poor, a higher coverage of MGNREGS would be expected than for the population as a whole.) Young Lives data also show particularly high coverage among Scheduled Castes and Scheduled Tribes. Almost 11% of the households worked for 100 or more days.

Figure 1. Rural households using MGNREGS in 2009



Source: Young Lives Round 3 data.
SC=Scheduled Castes, ST=Scheduled Tribes, BC=Backward Classes, O=Other.

Figure 2. Typical male wages reported by communities



Source: Young Lives community data collected from key informants

Helping poor households to cope with shocks and increasing their wages

Households that have variable incomes and are prone to seasonal shocks, lean agricultural periods, drought and food price inflation are more likely to register for and use the scheme. This suggests they are using MGNREGS as insurance (Uppal 2009).

Many Young Lives households experienced shocks and three out of four reported rising food prices. Of these, 12% reported that they were coping with inflation by working more. In each case, households affected by shocks were more likely to report being registered with the MGNREGS than households which had not suffered a shock (Dornan 2010).

The scheme has increased the income security of households who were able to achieve food security during shocks. Soon after the introduction of the scheme, local wages in some communities appear to have increased considerably; this may suggest that MGNREGS is creating a wage floor for male workers. Figure 2 shows the increases in wage levels (reported by community respondents) between 2002 and 2009. We have evidence from qualitative research that the scheme has helped households to acquire productive assets and one respondent told us: “We earned around 30 to 35 thousand rupees, with which I purchased one bullock card and two bullocks. It’s been good for us – without it we would have problems.”

MGNREGS is benefiting children

Since children are more likely to be poor than adults, social protection policies are likely to particularly benefit children. MGNREGS helps reduce chronic poverty, risks and vulnerabilities of poor households and therefore has a significant positive impact on child well-being. This should have long-term benefits for children in terms of reducing child work, malnutrition and ill-health, and improving education. For example, Uppal (2009) found that registering for MGNREGS reduced the probability of a boy working by 13.4%, and a girl by 8.9%, through the income transfer that it generated. He also found that MGNREGS was having a positive impact on nutrition outcomes for the Young Lives children, then aged around 5 years old. Both registration with MGNREGS and take-up of work were associated with better nutrition, although it was the actual take-up of work that seemed to be having an impact.

In interviews, the Young Lives households reported that accessing the scheme had positive effects on the education of their children. Parents were better able to purchase books and clothes. The *sarpanch* (elected leader) of one village believed that the scheme had increased both the number of households sending their children to school and those who sent their children “to good schools in the towns” (Camfield and Vennam 2012).

Another finding is that if women working in MGNREGS have control of their earnings, this can result in improvements in children’s well-being. Outes-León (cited in Dornan 2010) finds that women’s bargaining power buffers the negative impact of drought on both schooling and work hours. If increased participation of women in MGNREGS increases their bargaining power, owing to increased independent income, then this could be a further positive impact of the programme.

Maximising the impact of MGNREGS

The scheme presents certain operational challenges, which are important to address in order to improve and sustain it, not only for its efficient and effective implementation, but also to increase the confidence participants and observers have in it.

Ensuring women's participation: One important element of the scheme, aimed at facilitating women's participation, is childcare at work sites. The Young Lives survey showed that although childcare facilities improved between 2006 and 2009, much more is required in terms of quality. A report by the Poorest Areas Civil Society Programme (PACS 2008) suggests that facilities such as drinking water, shade, first aid and a crèche were not provided in many work sites.

Access to information: As MGNREGS is a rights-based scheme, there are challenges in ensuring good access to information about how it operates. Young Lives data show that awareness about how to access the work is low (6.8%) and hence it is essential to raise awareness.

Effective governance: PACS noted governance, administrative, accountability and monitoring-related shortfalls. Their report mentions not only payment delays beyond the prescribed 15 days, but also payments being made to unregistered workers or below the minimum wage level, all also

observed by Young Lives. Camfield and Vennam (2012) noted that some parents are sending their older children to work in MGNREGS, particularly during holidays, and so some older children are having to balance work and school.

Developing areas: The extent to which the communal assets MGNREGS has generated are productive remains to be seen, although productivity of individual farmers has certainly increased and the environmental benefits should become evident over time. The tension between the perspectives of landowners and the landless was also observed in Young Lives. While landowners have benefited from improved land quality, they are finding it harder to attract workers because of the increasing demand for labour and increases in wage rates. This has affected the intra-household division of labour among small-scale farmers as household members, and children in particular, are now needed for work previously done by hired labourers. This illustrates the way that social protection can disrupt existing power relations – leading to resistance from the better-off – and also increase pressures on households in the middle of the income distribution.

Concerns that the number of days of work provided by MGNREGS may not adequately meet demand, and that the quality of assets created and their relevance to local livelihoods is inadequate remains one of the key challenges.

How does social protection affect children?

Social protection includes a wide range of measures such as employment guarantees, conditional cash transfers, unconditional cash grants, and social insurance. National choices about coverage and design can have different consequences for children.

Important considerations for children include:

- Poverty reduction:** Since children are more likely to be poor than other groups, anti-poverty policies are likely to particularly benefit them. Poverty is multidimensional so policies which seek to increase household income or extend access to services are likely to support children's development. This alone is an important justification for social protection.
- Early investments:** Childhood is a sensitive period of development and early deprivations in nutrition or learning have long-term consequences. Investments to protect and promote early child development have both individual and society-wide impacts.
- Adequate coverage:** Although access has widened, many poor people still are not covered by social protection programmes. Some commentators argue for 'progressive realisation', building on existing schemes to widen coverage. Although narrow targeting may be cost-effective in some terms, it comes with its own disadvantages.
- Targeting schemes require assessing need,** which may be difficult or divisive especially where only small differences exist between households in very poor communities. Narrow Targeting also may lack public support (if most don't benefit) and comes with the risk of excluding even some of the poorest households.
- Developing systems of provision:** The development of social protection schemes supports the development of wider social policy. Practical examples of this include the co-location of social protection access points with other services or requiring households to have birth certificates for their children (and providing registration services for those who do not).
- Design matters:** The design of schemes influences how they are experienced and received by recipients. For example, payment to mothers may alter gender relations within households and affect how money is perceived or used. Employment guarantees increase the amount of work and so can result in some labour displacement on to children (as parents do more paid work). Access to childcare is an enabler, especially to avoid responsibilities falling to girls. Since marginalised groups often already face social stigma, assessing how policies are perceived and described is an important element of overcoming social exclusion.

These and related issues are discussed in detail in UNICEF's social protection strategy (*Integrated Social Protection Systems Enhancing Equity for Children*, 2012).

MGNREGS and the MDGs

MDGs	Potential impact of MGNREGS as social protection
Goal 1: Eradicate extreme poverty	Public employment programmes like MGNREGS provide temporary employment especially in times of economic stress and thereby reduce transient poverty among vulnerable communities.
Goal 2: Achieve universal primary education	MGNREGS protects from shocks and thereby increases/ensures school enrolment and lowers child work; discourages drop-out and non-attendance.
Goal 3: Promote gender equality and empower women	MGNREGS has specific provision for equal pay for women and men. The increased participation of women in the labour force creates incentives for female education. Income insurance ensures sustainable enrolment for girls.
Goal 4: Reduce child mortality	Better income can improve access to healthcare and better nutrition for mothers and children, particularly when households experience shocks.
Goal 7: Ensure environmental sustainability	Provides environmental benefits and temporary employment; lower transient poverty may reduce the need to exploit natural resources unsustainably.

Conclusions and policy implications

Social protection aims to enhance the capacity of poor and vulnerable communities to manage economic and social risks such as unemployment and food price inflation. The MGNREGS is a large, complex and innovative scheme. Although most households still use less than the guaranteed 100 days, the employment it generates has been much higher than in previous public works programmes in India. The fact that some households do not work the full 100 days may mean that they have other employment options.

The evidence from Young Lives indicates the necessity of raising awareness at community level about MGNREGS and supporting poor households to register. Wage rates have to be increased to benefit non-farm labour and marginalised sections. Better childcare facilities and measures to ensure workplace safety for women are also needed. It is also important to ensure that no child under the age of 18 works in the programme. Good governance, better wages and an increased number of days of work would all benefit poorer households. If these challenges can be addressed now to build on the Scheme's success to date, even greater progress towards MDG targets in two years' time could be made.

Finally, to ensure that MGNREGS continues to work for child well-being, it is essential to encourage focussed studies to assess the programme's impacts on children, particularly on gender equality and women's access and control of economic resources and decision-making power within the household. Finally, policymakers need to be aware of the scheme's impact on children's work, and its potential to contribute to breaking the cycle of childhood poverty.

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