The impact of the global financial crisis on social protection in developing countries

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Abstract The global financial crisis has had a devastating effect on poverty levels in developing countries, and the social protection response to date, in the form of social assistance, has been limited, constrained by the weak systems and low coverage of pre-existing provision. Developing countries have struggled to honour pre-crisis social protection policy commitments due to declining revenues, and in this context the potential for expanding coverage to assist those further impoverished and the "new poor" are remote. Despite the expansionary fiscal stance adopted by many developing countries, the focus of policy responses to the crisis has been on protecting and stimulating growth. The focus has not been on social protection provision to assist the poor directly. Where social protection interventions have been made they have, in many cases, been limited to ad hoc and often regressive interventions such as generalized food or fuel subsidies, rather than more systemic and pro-poor interventions. However, there may be some scope for optimism, as the crisis has stimulated a number of initiatives to promote donor coordination and programming coherence, which may result in improvements in the efficiency and impact of future social protection programming.

Keywords social protection, social assistance, poverty, economic recession, international

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The developing-country experiences cited in this article are based on ten country case studies carried out by the ODI from January to March 2009, which examined the impact of the financial crisis on social protection policy (te Velde et al., 2009).

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Introduction

This article sets out the implications of the global economic crisis for social protection provision in developing countries, with particular reference to the provision of social assistance. The article first examines the impact of the financial crisis on poverty, and then reviews the response in terms of social protection programming in developing countries. Next, the key determinants of social protection programming at the national level are discussed, with a focus on i) the overall fiscal stance, and ii) national perspectives on social protection provision, as well as perceptions of the equity/efficiency trade off in the context of the crisis. The role of the international donor community, and its approach to social protection financing in the wake of the crisis is then briefly reviewed, and some of the major donor initiatives in this area are highlighted. Finally, the challenges and opportunities, which the international response to the crisis presents for social protection programming in developing countries, are set out.

The impact of the crisis on poverty

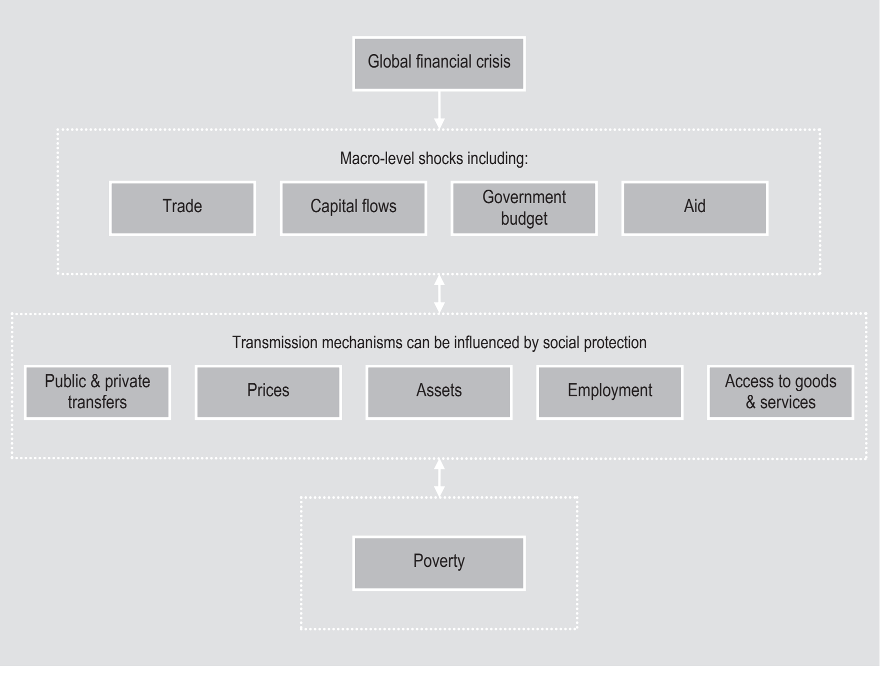
The World Bank has estimated that the global economic crisis, comprising the global financial crisis, which began in 2008, together with the food and fuel price crises which shortly predated it, starting in 2007, will result in an increase in the number of people living on less than USD 2.00 a day by some 120 million in 2009-2010 (Ravallion, 2008).[1] This composite crisis has resulted in a significant increase in poverty in the developing world, with shifts in the distribution of poverty both within and between countries.

The effects of the crisis have been transmitted in waves of varying degrees of amplitude across different countries, contingent on the degree of exposure to the crisis, which is largely determined by the level of integration with the global economy and the nature of domestic financial institutions and policy.[2] Within countries, the pattern of the impact is also influenced by the structure of the labour market, hitting formal-sector workers first, and being transmitted through a variety of vectors to informal-sector workers and the wider economy.

To date, however, empirical data indicating the implications for either headcount poverty or the depth or distribution of poverty at national or regional levels are hard to find. While the first round, or direct, effects of the crisis have already been experienced, if not empirically captured, the second round, or indirect effects, and

1. The term “crisis” will be used in the remainder of the article as shorthand for the composite food, fuel and financial crises experienced from 2007 to 2010.
2. Financial vulnerability is contingent on key factors such as the “credibility of exchange rate policy, adequacy of reserves, sound debt management, proactive bank supervision and regulation, and sound macroeconomic policies in response to cyclical developments” (Masha, 2009, p. 24).

Figure 1. *Impact of global financial crisis on poverty*



Source: McCord and Vandemoortele, 2009.

their impact on the informal economy and poverty more broadly are only now emerging. Indications are that the economic recovery in many developing countries is speedier than had been anticipated at the onset of the crisis. However, in the wake of a continued slowdown in overall economic growth, progress towards the achievements of the Millenium Development Goals (MDGs) has been retarded, and a continuing deterioration in terms of levels of poverty is anticipated compared to the pre-crisis situation. The negative human capital consequences of the crisis are also expected to extend into the medium term, after the immediate crisis has passed, as a result of worsening child and maternal nutrition and declining rates of school participation (Ferreira and Schady, 2008).

Five channels have been identified through which macro-level shocks may be transmitted to the poor (Lustig and Walton, 2009, te Velde et al., 2009): public and private transfers, prices, assets, employment, and access to goods and services (Figure 1). How a shock is transmitted through these various channels determines who is affected, how deeply, and for how long.

The immediate poverty impacts of this crisis have been concentrated in countries and regions that depend heavily on exports, particularly in manufacturing, agriculture and minerals. In Indonesia, for example, the plantations supplying international markets are concentrated in areas that are dependent on revenue from a small range of export crops, and hence highly vulnerable to a contraction in global demand. The impact on single export economies such as Zambia, where copper represents 70 per cent of total exports, have been severe, with 27 per cent of jobs in the mining sector being lost during 2008 (McCord and Vandemoortele, 2009). Not only have jobs been lost in the formal sector as a consequence of the crisis, employment conditions are also worsening with some employees facing reductions in wage levels and changes in hours of employment in an attempt to retain business viability, effects which may be particularly acute for migrant workers (ILO, 2009a). Changes in formal-sector employment have significant secondary impacts in the wider economy. In Zambia, for example, each job in the formal sector is estimated to support another 20 jobs in services and the informal economy (Green, 2009).

The resulting loss in income is increasing the depth of poverty experienced in households already living below the poverty line, and pushing additional households into poverty (sometimes referred to as the "new poor"). The loss of income can result in the need for coping mechanisms. However, coping mechanisms, such as withdrawing children from school or reducing food consumption, may not only undermine household welfare in the longer term but also the prospects for addressing inter-generational poverty transmission and the attainment of the MDGs. The ability of households to cope in this context is linked to asset ownership, which may be social, physical, natural or financial. However, following the depletion of assets that occurred during the food and fuel price crises, the poor are particularly vulnerable to the additional shock of the global financial crisis, and continued food price inflation. The latter has tended to outstrip aggregate inflation, and despite the overall fall in commodity prices in response to lowering global market demand, the fall in world food prices has yet to reach poor consumers (Blas, 2009).

This situation has been compounded by significant reductions in both public and private transfers to the poor. The crisis has resulted in a significant reduction in private transfers to developing countries in the form of remittance flows (McCord and Vandemoortele, 2009). Moreover, the provision of goods and services by governments, non-governmental organizations (NGOs) and the private sector has in many instances decreased as a result of falling revenue. In a context of reduced public revenue and expanding debt, which increase the pressure on government budgets, both service provision and uptake are likely to worsen as the impact of the crisis works its way through the economy.

How governments respond to these multiple transmission channels, the fiscal stance they adopt, and the extent to which they reprioritize public spending across different regions and population groups over time will have a determining influence on a number of outcomes: the impact of the financial crisis on poverty, the development of social protection responses to the crisis, and the shaping of longer-term social protection policy development and provision.

Existing social protection provision in developing countries

Prior to the crisis, social protection provision was piecemeal and fragmented across much of the developing world, with low levels of coverage, particularly in sub-Saharan Africa (see for example Cichon and Hagemejer, 2007; McCord, 2009b). Existing provision was often characterized by an inequitable distribution of programme benefits. The majority of the poor were excluded from any form of provision, such that coverage of basic social protection has been estimated at around 20 per cent of the global population (ILO, 2009b), and disproportionate support was provided to those in formal employment, particularly social insurance for government employees. However, notwithstanding the low levels of actual coverage, in the decade preceding the crisis there had been a growing interest, among national governments and donors, in the potential of social protection in its various forms (social assistance, social insurance and labour standards) to play a key role in addressing both acute and chronic poverty. This period witnessed an explosion of regional and national policy initiatives and donor-supported pilots. These have explored the potential of various instruments to provide affordable and effective coverage and to extend social assistance as well as social insurance provision, together with ongoing campaigns supported by multilateral agencies to promote a more systemic and equitable approach to social protection programming. In this context of policy development and programming experimentation, the global economic crisis has represented a double challenge: how to support and continue with the development of social protection programming in the context of i) a significant growth in the need for social protection among vulnerable populations as a result of increases in both headcount poverty (the "new poor") and the depth of poverty experienced by the chronically poor, and ii) a significant contraction of the resources available domestically and internationally to fund such measures. A broad overview of responses to this double challenge by national governments and donors is offered below.

The social protection response

Overall, the scale of social protection responses to the crisis has been minimal in developing countries, reflecting in part the low levels of prior coverage. Evidence from previous crises suggests that without a basic social protection system in place, it is difficult to scale up provision significantly in the wake of a crisis (World Bank, 2001; Holzmann, 2009). In the absence of a pre-existing system, without basic institutions in place, the range of policy options may be limited to interventions such as non-targeted food or fuel subsidies, which may not effectively reach the most vulnerable (Ravallion, 2009). There is little evidence of major increases in coverage in response to the crisis, with only a limited number of countries, such as Bangladesh and Cambodia, reporting significant social protection expansion during 2008 and 2009. In the case of Bangladesh, however, much of this expansion was planned in the wake of the food and fuel crises, prior to the onset of the financial crisis, rather than in response to it. Even where significant pre-existing systems were in place prior to the crisis, this has not necessarily resulted in increased financing or coverage in the wake of the crisis, for example neither the relatively well-developed Indonesian social protection system nor the Vietnamese flagship National Targeted Poverty Reduction Programme have been expanded significantly in response to the crisis (Jones and Holmes, 2009).

The roll out of existing social protection commitments has been threatened by the reduction in public resources, and countries have adopted a range of different responses, which broadly fall into one of three categories: cutting existing allocations and roll-out plans, protecting expenditure on existing commitments, or extending service provision. Some countries have chosen to prioritize investment in macroeconomic stabilization initiatives (Indonesia) or promote fiscal stimulus packages while controlling a widening deficit by reducing social sector expenditure (Nigeria), rather than respond directly to consumption needs through social protection provision (te Velde et al., 2009). Countries, such as Kenya and Uganda, have struggled to meet pre-existing social protection commitments, while others have attempted to extend the coverage of existing programmes (Ghana) or initiated new programmes (Cambodia), with assistance from the World Bank, even at the cost of a widening fiscal deficit. The extent to which the expansionary social protection programming of countries such as Ghana and Cambodia are sustainable in the medium to long term, institutionally and financially, is open to question, given the tendency of donors to provide short- rather than medium-term financing for recurrent programming costs. However, it could be argued that the additional demand for social protection arising from the crisis will abate as the situation normalizes, and hence it is appropriate for programming to contract over this period.

While the financial crisis has not resulted in major policy reform or the large-scale expansion of social protection in most countries, a small number of pre-existing programmes have been extended, and new programmes introduced, albeit on a modest scale, and largely in response to the food and fuel price crises. The initiatives that have been implemented in developing countries in response to the crisis tend to take the form of temporary social assistance interventions, and are primarily focused on addressing acute needs relating to consumption smoothing, rather than underlying chronic poverty. The main instruments that have been adopted are food subsidies and rationing (Bangladesh and Indonesia); food distribution for vulnerable groups, including school feeding programmes (Bangladesh, Cambodia, Ghana, Indonesia, Kenya and Nigeria); in-kind transfers offering fertilizer to stimulate agricultural production (Kenya); cash transfers (Ghana); education scholarships and subsidies (Cambodia and Ghana); and public works programmes (Bangladesh, Cambodia and Indonesia) (McCord and Vandemoortele, 2009).

Notwithstanding the range of responses, the scale of social protection provision in the wake of the crisis has been, in most cases, marginal. The limited social protection response may, in part, be explained by the fact that the extent to which expenditure on social protection, and the social sector generally, is prioritized is informed by both perceived need and also political exigency. In many countries, large-scale impoverishment arising from the crisis is not yet visible, as those affected by it may not be sufficiently socially, geographically or numerically significant to require a political response. In Kenya, by contrast, the existence of a large number of "Internally Displaced People" following the civil unrest in 2008 and the national food shortage, together, represented a significant threat to national security, and resulted in the allocation of 15 per cent of the total government budget to food security in 2008-2009 (te Velde et al., 2009). For other countries, responding to the needs of those impoverished by the crisis has not been so urgent from a political perspective.

Other external factors also determine the nature of the response. For example, in countries where components of social sector expenditure are funded from conditional Highly Indebted Poor Country (HIPC) debt relief funds, these allocations are ring-fenced and enjoy some protection, even when other areas of social sector expenditure are cut (as with Universal Primary Education in Nigeria and Uganda). In Zambia, budgetary ring-fencing has been less positive in terms of equitable social expenditure. In this instance, spending on pensions for government employees, accounting for 75 per cent of total government social protection expenditure, is ring-fenced, while provision for others has decreased (McCord and Vandemoortele, 2009). In addition, without data on the scale and depth of the problem, policymakers may be reluctant to allocate additional resources to poverty alleviation or food security, particularly when it is not clear who is affected or where. Even where needs are already apparent, any extension of social protection to those affected by the crisis is likely to be compromised by a lack of resources.

Determinants of the social protection response

Developing country governments are facing choices in terms of what forms of public expenditure to prioritize as deficits rise. The domestic policy response to the crisis is largely determined by a combination of i) the overall national fiscal stance, and ii) perspectives regarding social protection provision that inform the priority accorded to social protection relative to other crisis responses. Hence, policy responses depend not only on domestically-available resources and whether alternative sources of income can be accessed to address the deficit, such as official development assistance, but also on the relative priority given to social protection, and the extent to which social protection expenditure is perceived as representing a trade off between equity and efficiency. This latter consideration is linked to whether a "direct" (social protection, in the form of cash or food transfers, food subsidies, public employment programmes etc.) or "indirect" (public expenditure stimulus) response to the poverty caused by the crisis is the preferred policy choice.

The fiscal response to the crisis at a national level is the key determinant of the resources available for social protection financing, and this has varied significantly across developing countries. Te Velde and Massa suggest that, overall, the adoption of an expansionary fiscal stance was the dominant strategy in Africa, accounting for 80 per cent of countries reviewed in 2009. This contrasted with only 19 per cent who adopted a contractionary policy, and a very limited number who refrained from making significant change to their pre-crisis fiscal position. After the sudden economic contraction experienced in 2008, growth in sub-Saharan Africa is anticipated to increase from 1 per cent in 2009 to 4 per cent in 2010 (te Velde and Massa, 2009), and monetary policy is expected to have eased further in the majority of countries in the region during 2009, with widening fiscal deficits.

However, this fiscal easing does not necessarily translate into the safeguarding of existing policy commitments to social protection provision, or any expansion in response to the crisis. The focus of the policy response to the crisis has, in most developing countries, been to protect and promote growth and economic recovery, in preference to expenditure on social protection responses. Many developing country governments have attempted to respond to the needs of the poor indirectly. For example, this has been done through interventions that combine the front loading of investment in infrastructure provision in order to provide both an economic stimulus, and also short-term employment, as in the case of Indonesia, and labour market initiatives to stimulate formal- and informal-sector employment, rather than directly through social protection provision. Where there have been social protection responses designed directly to address the immediate consumption needs of the poor, these have tended to be in the form of short-term, ad hoc interventions to protect consumption. For example, price subsidies or school feeding programmes. Typically, the scale of such interventions has been limited and the resulting increase in social protection coverage has been marginal.

The role of donors and international agencies

In this context, the role of the donor community is critical, and where social protection provision has been safeguarded or extended in the wake of the crisis, this has largely been due to additional external financing. Prior to the crisis, many developing countries were already highly dependent on donor resources for their social protection interventions overall, with domestic resources accounting for only a marginal proportion of the cost of various social protection initiatives (see for example McCord, 2009a, with reference to Zambia and Malawi). The challenge of financing social protection provision in low-income countries exclusively from domestic resources in the short to medium term has been widely recognized (ILO, 2008), and this situation has been exacerbated by the tighter fiscal context resulting from the crisis. Some countries, such as Kenya, pursued a more autonomous line in terms of social protection financing modalities prior to the crisis, deliberately limiting the extent of donor financing of social protection provision in order to maintain policy independence and financing security. But in the wake of the crisis, Kenya has been forced to looked to the international community to underwrite existing social protection commitments (McCord, 2009a).

The donor community has responded rapidly to the crisis overall, particularly the multilateral donor agencies, in terms of the provision of rapidly accessible funds. However, among bilateral donors the response has been more varied, with some donors significantly cutting their levels of ODA (Italy and Ireland) in the face of revenue constraints, others reprioritizing their funding portfolio (Australia), and others actually increasing their overall allocations (United Kingdom). The result has been significant changes in aid volumes, aid programming, and aid instruments during 2008 and 2009 (te Velde and Massa, 2009). OECD analysis (2009) based on donor data from January 2009 indicates that in the short term, only highly-exposed countries (most notably India, Pakistan and Viet Nam) are expected to receive additional aid, calculated on a year-on-year basis (totalling USD 1.2 billion). For exposed countries in sub-Saharan Africa, aid is projected to decline overall by 1 per cent over the same period (te Velde and Massa, 2009).

Social protection financing

The implications of the crisis for allocations to social protection among bilateral donors have varied significantly. Some donors such as AusAID (Australia) have explicitly increased allocations to social protection in line with its *Global Recession Task Force*, which recognizes the central role of social protection in addressing the consequences of the crisis among the poor (te Velde and Massa, 2009). The United Kingdom's Department for International Development (DFID) has committed itself to the objective of supporting the extension of social assistance to 50 million recipients in the wake of the crisis (DFID, 2009).

Among multilateral agencies several key initiatives pertaining to social protection funding have been developed in response to the crisis. The World Bank has been criticized for its failure to give adequate emphasis to the needs of the poor in its responses to previous financial crises, and for focusing its efforts instead on financial and public-sector reforms (World Bank, 2009a). In response to this criticism the provision of safety nets to protect the most vulnerable has been explicitly highlighted as one of the three components of the World Bank's crisis response, along with maintaining long-term investment in infrastructure and support to the private sector (World Bank, 2009b). The safety nets component is funded through the Vulnerability Financing Facility (VFF), established in 2009, via the Global Food Crisis Response Programme (GFRP) and Rapid Social Response Programme (RSR).

The Global Food Crisis Response Programme was established in May 2008 in response to the food crisis, with the objectives of reducing the negative impact of high and volatile food prices on the poor, supporting governments in the design of policies to mitigate the impact of high food prices on the poor, and supporting productivity growth. The programme budget was increased from USD 1.2 billion to USD 2 billion in April 2009 in response to the anticipated additional needs of the financial crisis. The objective of the Rapid Social Response Programme is to improve access to basic social services, with particular emphasis on maternal and infant health and school feeding, the scaling up of targeted safety net programmes, and expanding labour market initiatives, although the relative share of allocations across these three areas is not yet explicit (te Velde and Massa, 2009).

The International Labour Organization (ILO) has used the opportunity provided by the global crisis to rekindle debate around the provision of a minimum level of social protection as an “undisputed part of the socio-economic floor of the global economy”, as demanded by the World Commission on the Social Dimension of Globalization (ILO, 2004). The result is a cross-United Nations commitment (ILO, 2009b) to the provision of a “social floor” entailing the provision of social protection and access to basic services in response to the current global crisis. The initiative is also attempting to promote the harmonization of donor programming in the social protection sector in order to improve effectiveness in a sector that is in some instances fragmented and characterized by somewhat disparate donor preferences relating to individual institutional priorities, rather than the promotion of integrated and unified social protection systems at the national level (McCord, 2009b). Given the paradox of greater need for social protection at a time of dwindling domestic resources — a consequence of the counter-cyclical demand for social protection provision (Alderman and Haque, 2006) and the intensification of the “catch 22” situation in which social protection is needed most urgently in those countries least able to afford it (Devereux, 2003) — present attempts to promote greater efficiency in social protection spending and the rationalization of donor resource allocations are particularly significant.

Financing the development of social protection systems

Several countries will face a growing dependence on donor funding in the wake of the crisis if they are to meet their commitments to health and education and to continue rolling out social protection programmes. Timely emergency funding by the World Bank and Asian Development Bank has supported one-off social assistance responses in countries such as Ghana and Cambodia, (te Velde et al., 2009), but long-term funding from donors is needed if social protection is to reach, both, those impoverished by the crisis and the chronically poor through institutionalized social protection provision. This is particularly so given many developing country governments' reluctance to take on medium- or long-term financial liabilities in the context of a volatile economic climate. Such financing, however, has not characterized donor allocations to the social protection sector, either prior to, or following, the crisis. Specifically, the emphasis continues to be on temporary responses, rather than investment in the development of systemic responses to address the underlying and far larger problem of the chronically poor.

The crisis may however have stimulated some positive movement towards a more systemic approach to social protection financing and programming. Attempts at donor harmonization, through initiatives such as the ILO Social Floor and the Bank's VFF, may represent a move towards more coherent and coordinated use of donor resources in the sector. In turn, the flow of resources into countries in response to the crisis may, in some cases, result in a greater degree of policy coherence in terms of social protection programming at the national level. This is the case of Cambodia, which is currently developing a national social protection strategy, in part stimulated by the inflow of donor resources.

Social protection challenges and opportunities arising from the crisis

The actual response to the crisis, in terms of the headcount expansion of social protection provision, has been limited. However, the crisis has served to stimulate significant critical reflection on social protection programming within the donor community, particularly in relation to issues of donor coordination. It has also provided a stimulus to revisit older debates relating to rights-based social protection provision.

The crisis has also highlighted a series of challenges and dilemmas in the current social protection discourse, regarding the very nature and objectives of social protection. Which segment of the population should be the primary target for social protection, and on what criteria should this choice be made? Should the priority be to assist those newly impoverished through the crisis, the "new poor", who were previously consumers driving national growth? Or should it be to assist those already poor, long excluded from the benefits of growth, who were further impoverished by the crisis, despite their limited role as consumers? What are the ethics of the rapid mobilization of additional resources for the provision of temporary social assistance to a limited number of those affected by a particular crisis, when the dimensions of chronic poverty may be far greater, in terms of numbers affected and the depth of poverty? If poverty is not prefigured by a global "event", is it appropriate that it does not receive a similarly urgent response? Are resources more effectively used if allocated on a short-term basis in response to the acute phase of the crisis, or should they be focused on developing systemic responses to the underlying chronic poverty that renders populations vulnerable to external crises? Should the poor be assisted directly (through social protection) or indirectly (through fiscal stimulus packages)? What are the poverty implications of the continued perception of the equity/efficiency trade-off that underlies much of the policy response to the crisis and the posited fiscal choice between "consumption" expenditure on social protection and "investment" expenditure on economic stimulus packages?

In this way, the crisis has highlighted tensions in the current social protection discourse, and also promoted some rethinking of institutional responses. The crisis has served as a reality check to illuminate the limitations of what is in place in most developing countries, and possibly also the inadequacies of the current international approach.

Ravaillion has attempted to resolve some of the tensions outlined above by arguing that while the limited nature of the current crisis response in the face of global poverty must be recognized, the crisis response has the potential to promote significant social protection benefits in the medium to long term:

> Even a highly successful effort to protect the living standards of the world's poorest from the global crisis will leave a reality in which poor people face multiple risks on a daily basis well after this crisis. If the crisis does create the opportunity for supporting or building an effective safety net then it should become permanent and automatic, dealing simultaneously with crises and the more routine problems of transient poverty in normal years (Ravallion, 2008, p. 20).

Whether this potential will be realized is dependent on two broad elements. First, the extent to which the resources mobilized by governments and the international community in response to the crisis are used to establish permanent social protection systems, in preference to transient, ad hoc interventions. Second, whether donor agencies are able to coordinate their activities effectively.

Conclusions

The impact of the global financial crisis on poverty is likely to be experienced in different ways across different countries, sectors, social groups, locations, time and according to the level of integration in the global economy. The immediate impacts were transmitted most strongly through employment, private transfers and prices. The second round impacts are only now being fully experienced in many developing countries.

Despite the mobilization of resources by multilateral agencies, social protection responses to the crisis have, in general, taken the form of ad hoc programmes and marginal increases to already limited programmes, and most developing countries are struggling to maintain existing commitments in this sector. The crisis represents a major challenge to countries attempting to develop and extend social protection programmes, and has meant that some initiatives planned prior to the crisis have had to be suspended, or only continued with increased external support.

Donor responses to the crisis, overall, have prioritized investments to protect growth rather than social protection provision per se. Where donors have supported direct social protection provision, this has tended to be in the form of short-term social assistance, focused around food provision and subsidies, and temporary employment, for example through public works. Such an approach has been adopted in preference to promoting systemic or medium-term initiatives to respond to the challenge of poverty more generally, and different donors have tended to support interventions specific to their institutional mandate rather than adopting an integrated needs-based approach, which would offer a basis for future systemic programming in the sector.

However, the crisis has stimulated some rethinking of donor coordination issues, most notably in the form of the United Nations Social Floor initiative, and the World Bank's Vulnerability Financing Facility, which may presage a greater degree of financing and policy harmonization, and efficiency in the sector. Potentially, the flow of additional resources in response to the crisis, albeit limited, may also serve to stimulate a more coherent and systemic approach to social protection programming at a national level. In this way, while the crisis has resulted in the impoverishment of many millions and suspended progress on pre-existing social protection programming in many developing countries, it may also serve to stimulate improved policy development, and hence social protection provision, in the long run.

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