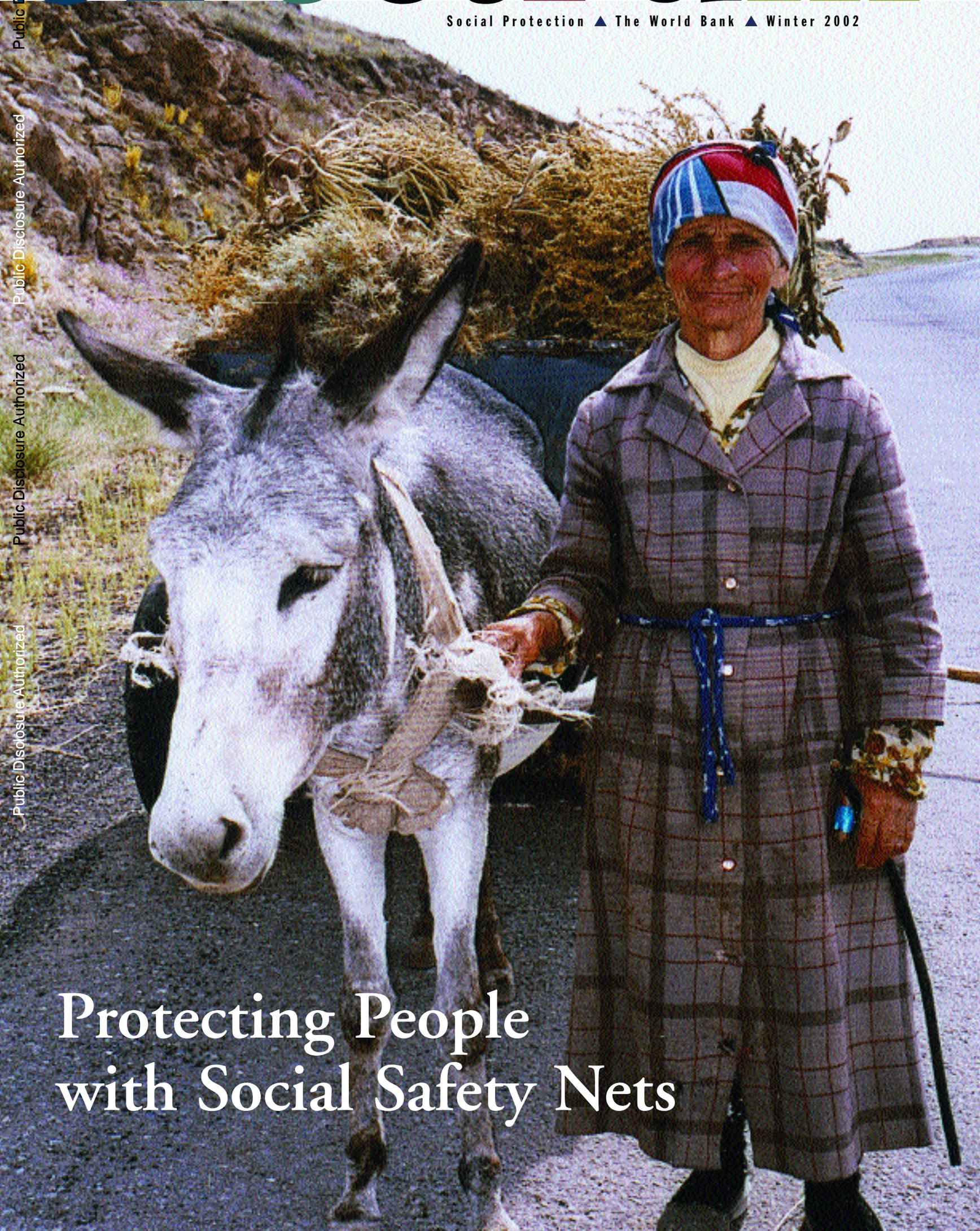


# SPectrum

23879

Social Protection ▲ The World Bank ▲ Winter 2002



Protecting People  
with Social Safety Nets

Public Disclosure Authorized  
Public Disclosure Authorized  
Public Disclosure Authorized  
Public Disclosure Authorized  
Public Disclosure Authorized



Social Protection is a collection of measures

to **improve** or protect

human capital, ranging from labor market

interventions and publicly mandated

unemployment or old-age insurance to

targeted income support. Social Protection

interventions **assist**

individual, households, and communities

to better **manage**

the risks that leave people vulnerable.

◀ Cover Photo: Lotte Lund

# Contents

## When the Present is at Stake

Governments and financial institutions can play an important role in helping households manage daily risks and cope with losses when they occur.	5
<b>Quid Pro Quo</b>	8
<b>Responding to the Crisis in Korea with Public Works</b>	9
<b>Slimming Down Consumer Food Subsidies</b>	10
<b>Linking Micro-finance and Safety Net Programs to Include the Poorest</b>	12
<b>Safety Nets in Very Low Income Countries</b>	13

## Response to a Crisis – and Beyond

Colombia's economic downturn sparked a social reform that looks to the future.	15
<b>How <i>Familias en Acción</i> is Helping the Poor and Vulnerable</b>	17

## The AIDS Orphans Crisis: The Need for Collaborative Action

A recent conference sought to promote awareness of the extent of this crisis and to probe the role of social protection in implementing a balanced response.	19
--	----

## Protecting Investments in People: Social Safety Nets are Central to Poverty Reduction

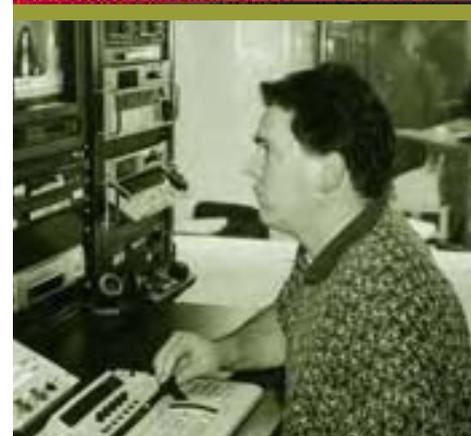
About the World Institute	23
Globalization at Work	24

## On Target in Armenia

In a country where half the population lives below the poverty line, it has taken unusual political courage to replace a Soviet style social assistance system with a single family benefit strictly targeted at only the poorest of the poor.	27
<b>IT Improves Social Safety Nets</b>	31

## Spectrum's Resource Guide

A New Safety Nets Primer from the World Bank	32
A Toolkit for Assessing Social Safety Nets	34
The Poverty Reduction Strategy Sourcebook	34
Poverty on the Map	35
Social Safety Nets on the Web	36
The Safety Nets Team	36



## Human Development Under New Leadership

As part of the World Bank's Human Development Network, the Social Protection Team welcomes the appointment of Jozef Ritzen as Vice President of the Network as of July 1, 2001. As Vice President for Development Policy of the Bank's Development Economics Group for the past two years, Jo provided effective leadership in bringing together our knowledge of the best development practices and in helping our operational vice presidencies apply this knowledge in support of our clients. Jo's pre-Bank experience, especially as Minister for Education, Culture and Science for the Government of the Netherlands, also makes him well qualified to lead our efforts in the overall area of human development.

## 10 Things You Never Knew About The World Bank

A new World Bank brochure makes it clear how dramatically the institution's priorities have changed over the last two decades. In 1980, investment in the power sector accounted for 21 percent of Bank lending. Today, that figure is down to 5 percent. In contrast, lending for health, nutrition, education and social protection has grown from 5 percent in 1980 to nearly 25 percent today.

10 things you never knew:

1. The World Bank is the world's largest external funder of education.
2. The World Bank is the world's largest external funder in the fight against HIV/AIDS.
3. The World Bank is the world's largest external funder of health programs.
4. The World Bank strongly supports debt relief.
5. The World Bank is one of the largest international funders of biodiversity projects.
6. The World Bank works in partnership more than ever before.
7. The World Bank is a leader in the fight against corruption worldwide.
8. Civil Society plays an ever larger role in the Bank's work.
9. The World Bank helps countries emerging from conflict.
10. The World Bank is listening to the voices of poor people.

For more information or how to obtain a copy of the brochure, please write to

The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
USA

Or send an email to: [feedback@worldbank.org](mailto:feedback@worldbank.org)

# Welcome

Dear Reader,

In this issue, we focus on the ways in which the World Bank helps our client countries develop social safety net systems through both lending and technical support. We hope to illustrate the growing importance of social safety nets and introduce you to new tools the Bank is making available to policymakers.

Because many countries prefer not to borrow for safety nets, the World Bank's role as "knowledge bank" is particularly important. The Bank now offers an annual core course in the design and implementation of social safety nets in Washington, D.C. And, as the World Bank is fast becoming a world leader in distance learning by using the latest communication technology, we are now also able to train people in their regions via satellite transmitted courses. It is fascinating to watch presenters in Washington interact with students in Argentina and Costa Rica to the benefit of both.

Examples of social safety net reforms where the Bank provided both technical assistance and lending will give you an idea of the political vision and courage social safety net reforms require. In the case of Colombia, we show how the government responded when the country went through its worst economic downturn in 60 years. A team made up of representatives from the Government of Colombia, the World Bank and the Inter-American Development Bank combined a short-term response to meet the country's immediate needs with long-term strategic planning, crafting reform that will secure Colombia's social safety nets in the future. In Armenia, this former member of the Soviet Union and now one of the world's poorest countries has led the way in the Caucasus region in reforming its social assistance system into a single family benefit that targets the country's poorest people.

The simple point we hope to make in this issue is that social safety nets should not be considered a luxury item only developed countries can afford. Well-designed and well-targeted safety nets are good investments that raise living standards and promote social cohesion. Social safety nets can also help prevent irreversible losses among poor people during hard times. It is in every country's best interest to support social safety nets because societies need educated, healthy, income-earning citizens in order to grow.

Please enjoy your reading.

Yours truly,



Robert Holzmann  
Director  
Social Protection

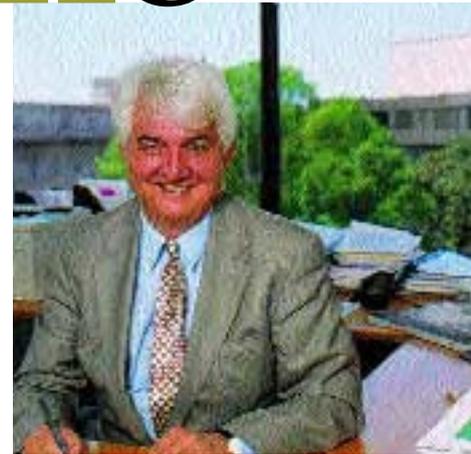


Photo: Robert Radifera



# When the Present is at Stake

by Margaret Grosh, John Blomquist and Yisgedullish Amde

**“When the present is at stake, the future can be sacrificed” from Voices of the Poor, from Indonesia**

Risks are part of everyday life. But the impact on the poor and other vulnerable groups, such as the elderly and disabled, are often more immediate and threatening than those faced by others in society. These risks can be either household (i.e. illness, disability or death and unemployment), community or regionally based (i.e. floods, famine) or nationwide (i.e. drought, global financial risks, shifts in terms of trade). The adverse effects of these risks will be far more damaging to the poor than those better-off in terms of income, physical and mental well-being, and long-term human development. For poor people, lost income may force them to sell their land, their livestock or their tools, send their children to work rather than to school, or eat less. These drastic measures may help families survive from day-to-day, but they will make it that much harder for these families to escape poverty in the future.

Governments and international financial institutions can play an important role in helping households manage daily risks and cope with losses when they occur. The notion that safety nets should be a permanent feature of social policy and not simply a temporary response to crisis is increasingly being embraced by the international development community. But, even when a country prospers, some households will face hard times. During economic downturns, such as the Asian financial crisis and recent crises in Latin America, problems are much more serious and immediate and the appeals for public action undeniable.

## What are Safety Nets?

Safety nets are formal and informal measures that protect people from the worst effects of low income and poverty. The social policy aspect of safety nets is concerned primarily with formal programs designed to provide or substitute for income. These include cash and in-kind transfer programs, subsidies on basic goods (especially food and energy), labor-intensive public works programs to help poor people earn income, and targeted human development programs. Also included are means to ensure people’s access to essential public services, such as school vouchers or scholarships, fee

waivers for health care services or for heating in cold climates. Informal (private) safety net arrangements are also important in protecting household income, and must be considered in the design of formal mechanisms. Cash and food transfers between households are important in many regions; labor exchange is common in sub-Saharan Africa; and *zakat* — charitable giving expected of every able Muslim adult — is important in many Islamic countries.

Safety nets mostly transfer income in one way or another to needy people. In contrast, social insurance programs, such as contributory pensions or unemployment insurance, are largely related to earnings and need not include any transfers (though many schemes do contain an element of cross-subsidization). Social insurance programs help households manage risk, but before the fact. Safety nets take up the load where households cannot participate in social insurance schemes or when the benefits from those schemes are exhausted.

## The Role of Safety Nets

Safety net programs have two key functions in economic policy. Their traditional role is to redistribute income and resources to the needy in society, helping them to overcome short-term poverty. A more recently identified role for safety nets is to help households manage risk. Safety nets can increase options for the poor. Knowing that safety nets exist can allow households to take initiatives that incur some risks, but bring potentially higher returns, such as growing higher yield varieties of crops and using modern farming methods; concentrating household labor on the highest return activities rather than working in many separate informal activities; holding assets in more productive, but less liquid ways than cash under the mattress. When hard times do hit households, safety nets reduce the need to make hasty decisions that will diminish the chances of escaping poverty in the long run.

At the national level, away from household worries, effective safety nets can also contribute to society's choice of effective policies in other areas. They can broaden support for sound fiscal and trade policy, as well as allow the design of other social sector policies and programs to concentrate on efficiency rather than equity goals. For example, if sound safety nets are in place, the pension program can focus on improving the efficiency of providing benefits to contributing workers rather than finding ways to provide cash transfers to those who have not made adequate contributions.

### What is the Right Safety Net for a Country?

There are no universally accepted recommendations for deciding which social safety net is best for a particular country. Considerations vary and countries will have to seek the right balance based on three factors:

**Safety nets' place in social policy.** Policymakers must consider what the main sources of risk are in the economy (especially those faced by the poor) and how public action can be most effective in helping households manage them. Some actions will have nothing to do with safety nets — sound economic management will reduce the risk of economy-wide crises, loss of assets and unemployment; irrigation and research, development and extension supporting drought resistant crops will reduce the risk of poor harvests; health, disability and old-age insurance will reduce the risk of loss of income. Broad and effective health and education systems will help the poor improve their skills and productivity and financial services for the poor will help them to build and safeguard financial assets. But these will not be enough to prevent all risks and their side effects so safety nets will be needed to help people cope with emergencies when they occur.

**The right mix of programs.** Within the set of safety net measures, it is important to get the right mix of programs. This will depend on the mix of risks, vulnerable groups and institutions within a specific context. In some countries, for example, recessions drastically raise unemployment rates and self-targeting labor-intensive public works programs, such as building or maintaining roads, can give unemployed people a way to earn income while creating useful infrastructure. (Argentina and Korea chose this policy in their responses to recent crises). In other countries, recessions result in falling wages rather than

increased open unemployment. This was the case in Mexico's devaluation or so-called "Tequila Crisis" which began in 1994 and, thus, both the short run safety net established then and several subsequent long term programs emphasized continuing or establishing access to the social services needed by the working poor.

Countries will need a blend of safety net programs, because each option covers some risks and groups better than others, each requires different administration and factors into the political economy of social policy differently. The safety net as a whole should provide coverage to three rather different groups:

*The chronic poor* – even in "good times" these households are poor. They have limited access to income and the instruments to manage risk, and even small reductions in income can have dire consequences for them.



*The transient poor* – this group lives near the poverty line, and may fall into poverty when an individual household or the economy as a whole faces hard times.

*Those with special circumstances* – sub-groups of the population for whom general stability and prosperity alone will not be sufficient. Their vulnerability may stem from disability, discrimination due to ethnicity, displacement due to conflict, “social pathologies” of drug and alcohol abuse, domestic violence or crime. These groups may need special programs to help them attain a sufficient standard of well-being.

**Effective programs.** Regardless of the mix of programs used, each should be cost-effective in its own right, with appropriate benefit levels, administrative systems and targeting mechanisms. Indeed, there is broad consensus about “good practice” with respect to these characteristics, much more so than with respect to the appropriate mix of programs.

We know, for example, that effective design features of a labor-intensive public works program include setting wages at or below the effective minimum wage for unskilled heavy labor to ensure good self-targeting; that the works should be justified in their own right; and that works that will benefit the poor in the long run will improve the poverty reduction impact.

For food subsidies, effective design requires choosing a commodity that is more likely to be consumed by the poor than the rich and which has a marketing chain that makes it easy to apply the subsidy. Even so, errors of inclusion are likely to be relatively high, though errors of exclusion may be low.

General rules of thumb can be used to judge program efficiency. Administrative costs above 10 to 15 percent are usually a sign of inefficiency of one sort or another unless the program is a pilot not yet brought to scale, in a start up phase, or includes a heavy counseling compo-

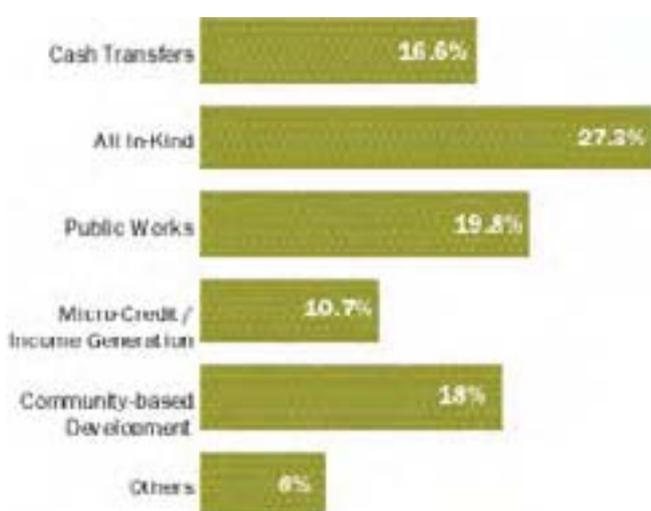
nent as well as transfers. The range of targeting outcomes associated with good programs observed in practice is that 60 to 80 percent of program benefits reach the poorest 40 percent of the population. A great deal more such information about “good practice” is available covering many kinds of interventions and many aspects of them.

### Safety Nets in World Bank Operations

The World Bank helps to improve the safety net systems of developing countries through technical assistance, knowledge dissemination and direct lending. About 100 active projects contain elements of a safety net covering many regions and types of interventions. Most of these support safety nets in a broader intervention for poverty alleviation, human development or reform program. A much smaller number of operations each year focus on safety nets alone. The size of this portfolio of safety nets projects varies markedly from year to year. For example, it quadrupled in number in the wake of the Asian crisis and then fell back to normal levels a year later.

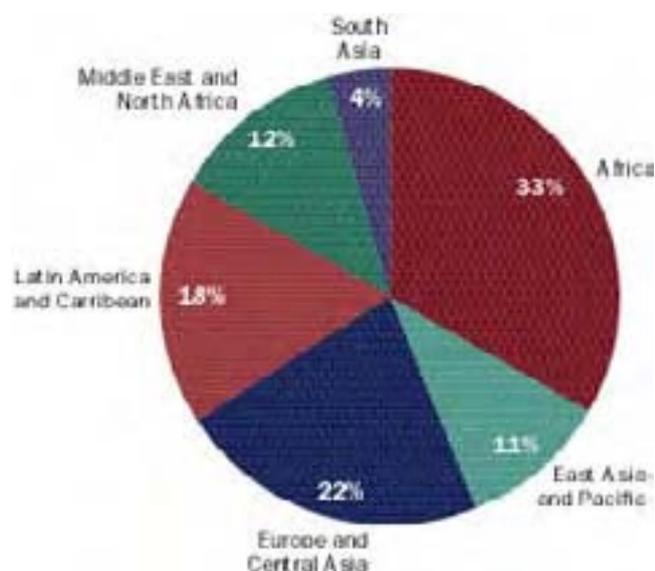
The World Bank’s role in knowledge management is a particularly important contribution for safety net development across a broad spectrum of countries and contexts. Safety nets are a theme of dialogue in a score of countries each year, often being one among many themes in poverty assessments or poverty reduction strategies. Or safety nets may get more focused attention. In the past year, the World Bank Latin American Region has supported several countries in a series of broadly comparable assessments of risks and safety nets programs. In other countries, analytic work is customized and focused on a specific theme. In Thailand, program administration and coverage is the focus of current work; in Ukraine, a piece zeroed in on targeting just finished. The World Bank maintains ongoing research and training programs on the subject as well, and actively participates in the international dialogue on safety nets, partnering with other organizations working on the issue, and sharing its knowledge with outside agencies. ▲

Types of Interventions with World Bank Projects\*



\*Note: Projects might have more than one type of intervention.

Projects with Safety Nets Related Activities



# Quid Pro Quo

by Margaret Grosh

## Experience with Conditional Cash Transfers in Latin America gives hope for the future

Conditional Cash Transfers are a type of social safety net targeted to poor households who, in order to get benefits, have to fulfill a set of conditions — usually a standard number of preventive health care visits for children under five and enrollment in school and good attendance for school-aged children. Large programs of this nature have been established and evaluated in Mexico and Brasilia (school portion only) and new programs have been or are about to be launched in Honduras, Nicaragua, other parts of Brazil, Ecuador, Colombia, Jamaica and, most recently, Turkey.

The programs are targeted to poor families, usually with a proxy means test, and, as in Mexico, Colombia, and Nicaragua, are sometimes restricted to poor districts identified with a poverty map (see p. 35). In order to determine how well-off a household is, proxy means tests calculate a score using a handful of easily observable household characteristics. Entry into various programs or the benefit levels are decided based on the household's score. The indicators and weights in the scoring formula are the result of a sophisticated statistical analysis of national

household survey data. The indicators include location and quality of housing, ownership of durable goods, features of household demographics, human capital and sometimes labor force activity.

Experience in Latin America proves that conditional transfers can be highly effective social programs. Mexico's PROGRESA program increased primary enrollment rates by about one percentage point from a base of 90 percent for boys and 94 percent for girls. Secondary rates increased by eight percent for girls from a base of 67 percent and went up five percent for boys from a base of 73 percent. Prenatal care in the first trimester rose eight percent, the incidence

of disease among children under five was reduced by 12 percent. Preliminary evidence shows that Brasilia's Bolsa Escola program participants have lower dropout rates than non-participants. The numbers declined from 5.6 percent to only 0.4 percent. Higher promotion rates mean that 80 percent versus 70 percent in the past are more likely to enter school at the right age and have similar learning outcomes.

Photo: Lotte Lund



▲ A group of fathers in Brazil whose families receive cash benefits for sending their children to school.

### Conditional Cash Transfers

#### Pros:

- Tie together short run assistance and long run human capital formation to help break the inter-generational cycle of poverty.
- Ensure families are proactive in seeking their own welfare.
- Add a demand side tool to help obtain desired health and education sector outcomes.
- May address gender issues by giving greater incentives to girls and/or by making mothers the recipients of the cash.

#### Cons:

- Most poor children already get primary education and many get health care and secondary education, so the cost per child of bringing new children into the system is high.
- Usually exclude poor families without children in the right age range.
- Require good physical access and quality of services to ensure human capital development.

#### Bottom Lines:

- A new and increasingly popular element in safety nets programs.
- Best suited to settings where poverty is chronic and human capital outcomes low despite efforts to provide extensive and good quality services.
- Require significant administrative capacity for targeting, for verifying that conditions are met, to get transfers to individuals and to coordinate among the several agencies (ministries of welfare, health, education, planning, local government) and many local agents of each (clinics, schools, municipalities, banks).

For more information on PROGRESA, please visit their website at: [www.sedesol.gob.mx/progresas/progresas.htm](http://www.sedesol.gob.mx/progresas/progresas.htm)

For more information on Bolsa Escola, please visit their website at: [www.mec.gov.br/home/bolsaesca](http://www.mec.gov.br/home/bolsaesca) ▲

# Responding to the Crisis in Korea with Public Works

by John Blomquist

Public works are government-financed programs that provide short-term cash transfers to the able-bodied poor while developing needed physical infrastructure. The programs typically provide low-wage temporary jobs in labor-intensive activities, and can be initiated or expanded into economically depressed areas in need of roads or other infrastructure. They can thus be well-suited to responding to short-term poverty resulting from crisis conditions. An example of public works in action can be drawn from Korea's experience following the recent financial crisis.

The crisis had strong effects on Korean society, and they occurred quickly. Within the space of a year after the initial signs of the crisis became evident, Korea experienced a 4.3 percentage point increase in the unemployment rate translating into 1.5 million jobless individuals. The headcount poverty ratio jumped from 3 percent in the last quarter of 1997 to 7.5 percent in the third quarter of 1998 among households headed by workers in urban areas.

One of the most effective short-term poverty alleviation measures was the re-establishment of a temporary public works program. The program was launched in May 1998. It provided temporary jobs to the unemployed, typically for three months or less, who performed a variety of labor-intensive tasks to build or maintain roads, develop parks and natural areas and help create other public infrastructure. The program wage was set at a level slightly lower than the prevailing market wage for unskilled labor to ensure that only those most in need would participate in the program. During the crisis, the market wage rate fell, and the public works wage was adjusted downward several times to maintain self-targeting to the poorest.

Because the receipt of transfers is conditional on performing work (and the wages received are low), public works programs avoid the labor market disincentive effects of other unconditional safety nets programs. However, public works are not a good way to reach the most vulnerable and disadvantaged in society because participants must be able-bodied and young enough to engage in strenuous work. To help the more vulnerable individuals, Korea expanded its cash transfer program.

The employment response to the public works program in Korea was significant. By January 1999, the program was providing 437,000 temporary jobs at annual cost of about 2.1 trillion Won (US\$ 1.6 billion). About 70 percent of the total cost was devoted to labor, making the program quite cost-effective by international standards. By the first quarter of 1999, nearly 2.5 times more people benefited from the public works program than from unemployment insurance. As the country recovers from the effects of the crisis, the government envisages gradually reducing and eventually phasing out the major crisis-era public works programs, but a public works component remains integral to Korea's new welfare scheme legislated under the Minimum Living Standards Security Act.

The Korean experience illustrates some of the pros and cons associated with public works interventions.

## Pros:

- Self-targeting to the poorest if the wage rate is set properly, requiring no administrative targeting mechanisms.
- Targeted to geographic areas and times of particular need.
- Used to create needed infrastructure.
- Can be started quickly, and scaled back quickly when the economic situation improves.

## Cons:

- Can distort the incentives to labor market participation if the wage offered is too high.
- Are relatively costly as a poverty alleviation measure because the ratio of the net transfers to beneficiaries to the total program cost is typically low.
- Can be difficult to administer. There can be a tradeoff between infrastructure development and poverty alleviation objectives.
- Typically reach able-bodied males, and are inappropriate for the poorest of the poor.

## Bottom Lines:

- A politically palatable safety net instrument emphasizing cash-for-work.
- Best suited to temporary shocks affecting able-bodied workers, including slack agricultural seasons or those in the urban informal economy.
- Require adequate administrative capacity to design and monitor the program and balance the transfer of benefits with effective infrastructure development. ▲

# Slimming Down Consumer Food Subsidies

by Setareh Razmara, Elizabeth Ruppert and Harold Alderman

**Consumer Food Subsidies are difficult to change. Experience from the Middle East and North Africa can provide some guidance.**

In many developing countries, including those of the Middle East and North Africa, consumer food subsidies are a major part of social safety nets programs. Designs vary from country to country, but the subsidies are generally applied to a few foodstuffs, usually basic commodities that are a greater share of the diet of poor people than of the non-poor. The fact that the non-poor can afford to spend more on food than the poor leads to the central conundrum about food subsidies – they reach most of the poor and so have low errors of exclusion. But they give most of their benefits to the non-poor, that is, have high errors of inclusion.

Consumer food subsidies tend to moderate food prices, and depending on how they are financed, they can counter-balance inflationary wage pressure and improve nutritional status due to increased food consumption. Their wide coverage makes them expensive and often fiscally unsustainable. Moreover, the distortion in prices they cause can engender a range of unintended effects such as misallocation of agricultural production toward products without comparative advantage, and black marketing or rent seeking by producers and distributors. Because of their broad reach and effects on both consumers and producers, consumer food subsidies can be politically difficult to change.



Photo: Jaime Martin

For many years, reforms in the Middle East and North Africa had difficulty addressing these inefficiencies, making only marginal adjustments with a few exceptions. Overall, untargeted food policies were largely preserved to further social goals and because of opposition – or the anticipation of it – from consumers. In addition, progress has often been impeded by institutional players with vested interests. Therefore, the political sensitivities surrounding consumer food policies imply that the success of subsidy reform depends critically on the ability to manage political pressures.

Recent experience is somewhat better and a World Bank study of food subsidies in the Middle East and North Africa Region identifies a number of strategies available to governments to reduce political discontent resulting from food subsidy reform. The principal lessons are the following:

- *Provide a Rationale for Reforms through Publicity.* The public is more likely to accept a policy change if it understands the rationale, which can be communicated through advance publicity indicating the potential savings or tradeoffs. The government of Egypt, which learned from its reform mistakes in 1977, prepared the public in the 1980s by linking the cost of subsidies with the overall revenues from the Suez canal, in order to impress its magnitude upon the population. Similarly in Tunisia, which also has a history of violent protests to subsidy cuts, reforms in the 1990s were preceded by a public relations campaign that stressed the cost of the system and the alternative services – such as the number of hospital beds – that could be purchased using the same resources.
  
- *Introduce Credible Policies to Protect the Most Vulnerable Groups.* Broad coalitions of the poor and ideologically motivated groups can be built by introducing credible policies targeted to protect the most vulnerable groups. This can be done with schemes such as cash transfers which have a similar, or greater, impact on poverty than the food subsidies. Public acceptance is likely to be enhanced if the government introduces safeguards for the poor which are perceived to be equitable as well as credible. Credibility is greatly enhanced if these safeguards are in place when inefficient, but familiar programs are eliminated.
  
- *Set an Appropriate Pace of Reform which is a Long-term Undertaking and Transparent.* Reforms are difficult to implement rapidly. A gradual approach is therefore useful for publicizing the reform's rationale and introducing (or at least piloting) new targeted poverty programs before terminating more universal subsidies. It is important to time the subsidy reductions strategically so that domestic markets first confront world prices when they are low or declining rather than rising. Small price changes, to which households can adjust with minor budget adjustments, are favored because they do not provide a flash point for protest. However, repeated price changes can give the impression that the government has no plan or lacks the capacity to maintain its strategy. Thus, transparency and predictability of price changes and other measures are important to build the government's credibility.
  
- *Separate the Government's Financier Role from the Market's Provision Role.* Food policy objectives may be achieved more effectively by delivering income support without direct or indirect ties to food commodities. Reforms could separate income support from the consumption of particular commodities or the use of particular market channels. Separation increases flexibility, which can improve targeting and enhance the likelihood that transfers will lift the poorest beneficiaries from poverty. ▲

*Setareh Razmara is a Senior Human Resources Economist; Elizabeth Ruppert is a Senior Country Economist; and Harold Alderman is an Advisor for Food and Nutrition Policy for the World Bank.*

# Linking Micro-finance and Safety Net Programs to Include the Poorest

## The Case of Bangladesh's IGVD

By linking micro-finance to a social safety nets program, the Income Generation for Vulnerable Groups Development (IGVD) program has successfully opened up economic opportunities for the destitute which are normally so hard to reach.

The IGVD is a collaborative food security intervention jointly led by the Government of Bangladesh, the World Food Program (WFP) and the Bangladesh Rural Advancement Committee (BRAC), Bangladesh's largest NGO. The program is built on a Government safety net program that provides free food grain for an 18-month period to destitute, female-headed households that are at the highest risk of hunger.

The poorest generally remain outside the net of conventional micro-finance programs for several reasons. On one hand, successful micro-credit operations are careful to screen out potentially risky clients. On the other hand, the poorest people often self-select themselves out. They may not consider themselves to be "credit worthy" or may not feel they have enough resources to generate sufficient incomes to pay back the loans. Through its experience, BRAC discovered that it was difficult to include the poorest in its conventional micro-finance operations and was looking for another entry point to involve the destitute in its development activities.

In the IGVD program, the poor receive food grain relief assistance from the World Food Program to meet their immediate consumption needs. BRAC then adds skills training and savings and credit services to improve the recipient's potential for earning more with smaller than usual loans. Hence, when the cycle of free food grain ends, participants are able to engage in income-generating activities and become clients of regular micro-finance programs, earning at least the money equivalent of the wheat they received as relief assistance.

The IGVD program started as a pilot activity in 1985 and has since become a national program covering close to a million women. The overwhelming majority (about 85 percent) of IGVD members receive training and support in raising poultry and livestock, agriculture, fishery production, or the restaurant and grocery business. The women often already have some skills in these activities, and there is a ready market for such products. Two-thirds of the program participants have "graduated" from absolute poverty to becoming micro-finance clients, and have not slipped back into requiring relief assistance.

An evaluation study of the program reveals that women who participated have benefited greatly from the program by increasing their incomes and their asset ownership. Women said that the provision of food grain under the IGVD program allowed them to save money that would have otherwise been spent on food. The initial money they received as loans or their savings permitted them to start income-earning ventures. Having access to both food grain and loans at the same time allowed them to reinvest earnings into their business and make repayments. Raising poultry was the most successful activity; some women reinvested their income from selling chickens (or eggs) to buy goats, thereby increasing their earning potential. A few branched out into other activities, such as rice husking, petty trading and shopkeeping.

Survey data over a five-year period (1994-1999) following participants from one year before entering the program to three years after "graduation" indicates a clear decline in landlessness and an increase in ownership of homestead land between 1994 and 1996. It is also interesting to note that the percentage of women begging to maintain a livelihood declined from 18 percent in 1994 to 2 percent in 1996 to none in 1999. Ownership of blankets and beds also increased over the five-year period from 14 percent to 25 percent and from 58 percent to 64 percent, respectively.

BRAC's subsidy for both credit and training services amounts to US\$15 per client. If one were to add in the cost of the 18-month food grain supply (US\$ 120 at current prices), the total subsidy provided for each woman would amount to about \$135. Both the government and donors feel strongly that this represents a small subsidy, given the overwhelming majority of IGVD women who graduate out of a need for continuous handouts.

Though the IGVD program is deemed highly successful, there are some limits to its ability to be replicated. BRAC screens out about 10 percent of food grain recipients, often the very old and disabled who do not have good earnings prospects. And the range and profitability of enterprises that can be started by recipients with very little capital will vary from country to country. Moreover, program organizers caution that it is important to keep the relief and credit activities separate, ideally by having separate agencies carry them out in a coordinated fashion. This allows the micro-finance institution to maintain its financial discipline. ▲

For more information on the IGVD, please visit their website at: [www.brac.net](http://www.brac.net).

# Safety Nets in Very Low Income Countries

by W. James Smith and Kalanidhi Subbarao

What role, if any, should safety net transfer programs play in very low income countries, like Ethiopia, Nepal, Mali, Chad, Malawi and Niger? These countries exhibit some common characteristics: very low average incomes, a high proportion of the population below an absolute poverty line, limited revenues with which to finance transfer programs, pervasive dependence on subsistence agriculture, and growth trajectories that are not adequate to make a significant dent on the number of poor in the near term.

The fundamental contradiction is obvious: the countries that need safety nets most are the ones that can least afford them. But the answer is not obvious: is there a “right” safety net strategy in such countries? A forthcoming World Bank Safety Nets Primer paper analyzes the issues and provides guidance on ways governments can strike a balance between the difficult trade-offs involved.

In all countries, three factors determine the choice and scale of safety net programs: fiscal affordability, information, and administrative capacity. In very poor countries, these are also the binding constraints. Moreover, the actual growth records in these countries are often well below the minimum growth rates required to prevent an increase in the number of the poor. Under these circumstances, policymakers are understandably reluctant to divert scarce resources (both financial and administrative) away from growth-promoting investments to finance transfer programs.

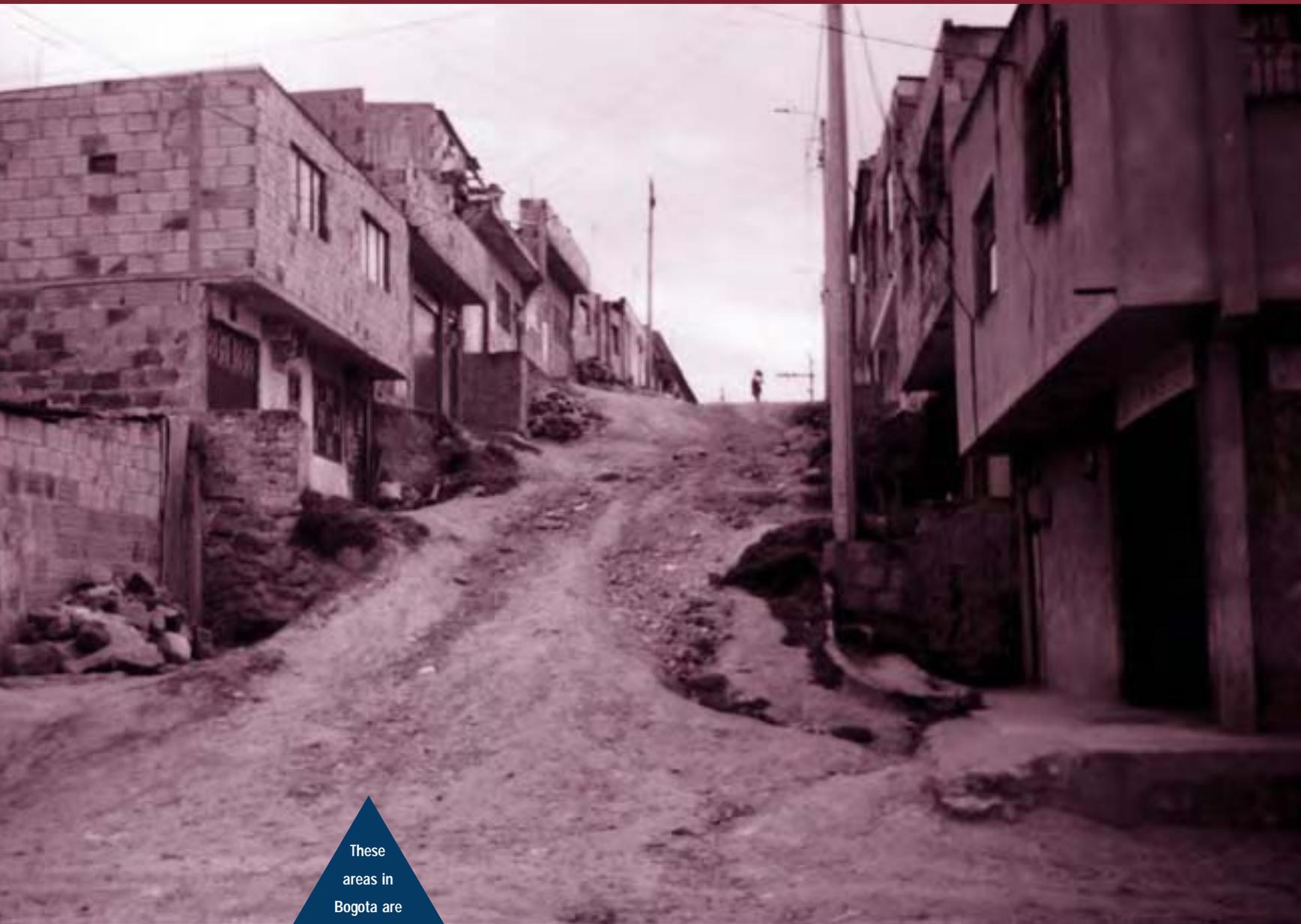
The paper argues that even in the poorest countries exhibiting the above characteristics and trade-offs, there is room for safety net interventions. However, how much expenditure is justified? Who are the truly vulnerable groups that cannot make do without assistance? What type of programs are to be financed? What targeting approaches are to be adopted? The answers depend very much on three considerations: (a) the degree of uninsured risk faced by the poor, (b) the feasibility of identifying the individuals, households and groups that are subjected to high levels of uninsured risk, and (c) the depth and severity of poverty. For example, in much of the African sub-continent, AIDS, conflict and pervasive tropical diseases have contributed to the emergence of orphans as a high risk vulnerable group. While not all orphans need a publicly funded transfer, careful analysis can help identify sub-groups within the larger pool of orphans that run a high risk of dropping out of school and can aid in the design a safety net intervention to prevent adverse welfare outcomes.

The challenge in very low income countries is to find ways in which the choice of target groups and programs limits the total safety net budgetary cost while complementing longer term growth and human capital development. Clearly, the needs and possibilities need to be worked out on a country-by-country basis. However, a number of general principles can help guide the decision-making process in most very poor countries:

- Choose safety net programs that help lift longer-term impediments to growth and human resource development (for example, carefully designed workfare programs in off-peak seasons help consumption-smoothing of very poor households while developing much-needed infrastructure; transfer programs, such as school fee waivers, to orphans and vulnerable children to help maintain or improve school enrollments).
- Identify sub-groups of ultra-poor or groups that exhibit distinct characteristics predisposing them vulnerability (e.g., street children, some categories of orphans in Africa and widows in rural India).
- Choose and/or design programs that have potential multiplier effects (e.g., cash or fertilizer voucher programs to very poor farmers that can enhance agricultural productivity, food-for-education transfers to very poor families that can help enhance girls’ enrollment).
- Determine timing of programs carefully; they need not be year-long to accomplish consumption-smoothing or enhance productivity.
- Given the administrative and information constraints, choose programs that are self-targeting; limit the number of programs operating in a country; keep design simple; and sustain programs over a prolonged period.
- Evaluate programs periodically to discover what works in a given country environment. ▲

*W. James Smith is a Senior Economist and Kalanidhi Subbarao is a Lead Economist for the Africa Regional Unit of the World Bank.*

To request a copy of the forthcoming paper, entitled “*What Role for Safety Nets in Very Low Income Countries?*”, please contact the Social Protection Advisory Service by e-mail at [socialprotection@worldbank.org](mailto:socialprotection@worldbank.org).



These areas in Bogotá are typical of the neighborhoods targeted by Colombia's *Empleo en Acción* Program.

# Response to a Crisis — and Beyond

by Laura B. Rawlings

Colombia's economic downturn sparked a social reform that looks to the future

Colombia and the World Bank have made use of the old adage “*in crisis lies opportunity.*” In the late 1990's, Colombia was hit by its worst economic downturn in 60 years. To address the social dimensions of the crisis, a team was put together from the Government of Colombia, the World Bank and the Inter-American Development Bank. The team carried out a two-track mission, combining short-term responsiveness with long-term strategic planning.

The team first addressed the immediate needs of the most vulnerable victims of the crisis by introducing an innovative, emergency package of targeted social assistance programs. Looking beyond the immediate response, the team has taken advantage of the crisis to craft a longer-term reform to Colombia's social safety net.

## The Crisis

While Colombia's recession was not nearly as severe as the economic crises that ravaged Asia, it was still a powerful jolt to a country that had historically been spared from this type of economic turmoil. A few numbers indicate the severity of the crisis: GDP shrank by 4.5 percent in 1999 alone, the historical rate of unemployment doubled during the late 1990's and gains in poverty reduction made over the past decade were reversed. The economic crisis was accompanied by an intensification of Colombia's decades-long civil conflict resulting in the displacement of hundreds of thousands of people and a general increase in violence and insecurity. These political and economic factors combined to worsen social indicators and prompted a response from Colombia and the international community.

## The Emergency Response

In order to address the pressing needs of two of the Colombian population's most vulnerable groups — the young and the unemployed — three new safety net programs were developed:

The *Empleo en Acción* (Employment in Action) community works program provides temporary employment to poor, unemployed, low-skilled workers by providing jobs in projects such as school expansion and road repair. The program targets urban areas where post-crisis unemployment is concentrated and will be available in close to 100 of Colombia's largest municipalities, including Colombia's seven principal cities. The small-scale public works projects are co-financed by municipalities, with the program principally financing labor costs and municipalities financing material. Many aspects of the program have been outsourced. For example, the FINDETER Financing for Territorial Development Bank will manage the selection of sub-projects, while NGO's, workers' cooperatives and local governments sponsor projects and pay workers.

The *Empleo en Acción* program is expected to generate several benefits. First, it would provide temporary employment for Colombia's poorest, unskilled workers and income to their families. Second, by employing workers in socially productive activities, the program could help restore the self-esteem of unemployed workers, reduce their frustration, and prevent violence. Finally, the public works financed by the program would help improve basic services to poor communities and offer the opportunity to build their social capital.

Secondly, the *Familias en Acción* (Families in Action) program protects children's health, education, and nutrition by providing cash conditional on keeping children in school and providing them with basic preventive health care. The program targets extremely poor families with children under 18 years of age in urban and rural areas. The program finances two kinds of grants. The first is an education grant equivalent to the direct cost borne by low-income families to send their 7-17 year-old children to school. The second is a health and nutrition grant that transfers enough additional resources to

extremely poor families to allow them to provide their family members with adequate food. A key feature is the delivery of the grants to the mother of the family — a mechanism designed to ensure that the money is invested in children and an incentive for empowering women within their communities.

Crucial to implementation is the involvement of Colombia's ICBF Colombian Institute for Family Welfare that will administer the program through its network of local and regional offices. Program staff responsible for selecting beneficiaries and monitoring their compliance with the program's requirements will work out of the ICBF offices throughout Colombia. Municipal governments are responsible for ensuring adequate coordination with schools and health centers and for working with the program to ensure its successful local implementation. Banks will deliver the grants to beneficiaries through local accounts set up for program beneficiaries and elected mothers will represent beneficiary families and monitor program implementation within communities.

The program is expected to raise the future productivity and, hence, earnings of over a million beneficiary children due to increased years of education and improved health and nutrition status.

Finally, a smaller program, *Jovenes en Acción* (Youth in Action) provides practical training and financial support to poor, unemployed youth. The program mobilizes private sector firms to provide training and employment through a combined teaching and internship program. The program is based in Colombia's seven largest cities and targets poor young people aged 18-25.

The World Bank and the Inter-American Development Bank worked with the Government of Colombia to design these programs and secure financing in direct support of the Government of Colombia's emergency safety net strategy. This strategy is aimed at relieving the social consequences of the economic crisis through increasing public spending by an additional 0.3 percent of GDP per year (about US\$250-\$300 million annually), over and above current public social expenditures, on targeted social safety net programs through 2004. Colombia's Office of the President has overall responsibility for the programs, but the implementation of the new programs is carried out through established institutions with experience in financing community projects and assisting families. To ensure that the programs are directed to poor beneficiaries, all three programs use Colombia's proxy means test to screen for eligibility. The National Planning Department (DNP) is responsible for monitoring and evaluating the impact of each program, including a comparative review of their effectiveness as social safety net interventions.

### The Long-Term Reform Effort

The next step is to look to the future. The reform process will seek to reduce the risk of future crises by addressing fiscal sustainability issues and to enhance Colombia's readiness to address the social consequences of future crises. Recommendations for reform are being informed by World Bank and Inter-American Development Bank analytical work, including a review of Colombia's existing national social assistance programs, an analysis of poverty and vulnerability and an assessment of the labor market.

As part of its long-term strategy, Colombia is presently preparing a plan for reforming its social safety net in conjunction with the World Bank and the Inter-American Development Bank. Several key issues are on the reform agenda. First, Colombia is seeking to balance the functions of its structural safety net that addresses the needs of vulnerable groups during normal times with a counter-cyclical strategy that would be implemented during times of crisis. The availability of counter-cyclical financing and programs would allow Colombia to be better prepared to meet future crises. Second, policymakers are evaluating how the three new emergency programs might fit into the broader social safety net over the long-term. Finally, reforms to existing safety net programs are needed to improve their efficiency and effectiveness through efforts at improving targeting, program focus and flexibility. These latter reforms will be critical to meeting the needs of vulnerable groups in Colombia today — particularly young children, youth and the internally displaced population — as well as challenges posed by the future. ▲

*Laura B. Rawlings is a Senior Monitoring and Evaluation Specialist for the World Bank.*

For more information on these programs, please visit [www.mabonweb.com/fip/contenido/plan\\_english/intro\\_peace.html](http://www.mabonweb.com/fip/contenido/plan_english/intro_peace.html)



Photo: Laura B. Rawlings

▲ Some of the children benefiting from Colombia's new safety net programs.

# How *Familias en Acción* is Helping the Poor and Vulnerable

Gloria Pedraza is a 36-year-old mother of six, who lives in Tolima, a municipality near Bogotá. Like dozens of other single-family heads in her neighborhood, with tiny houses, dirty floors and no running water, Pedraza sleeps in one single bed with all her children. She belongs to the poorest of the poor in Colombia and is enrolled in the *Familias en Acción* (Families in Action), a public program that provides cash assistance in return for keeping children in school and bringing them to health clinics.

“Even though my husband is away, I have money for food,” Pedraza stated, referring to the US\$52 dollar subsidy she receives from the government every month as a beneficiary of *Familias en Acción*.

Thanks to these cash transfers, which are equivalent to US\$6 a month for each child enrolled in elementary school and US\$12 for secondary school (7th to 9th grade), close to a million children will be able to not only have an education, but also to eat properly.

After her first cash transfer, Pedraza went directly to the store. With the 8-month-old baby in her arms, she bought rice, cheese, bread and milk. Now her children, like many others, are able to go to school and concentrate on their studies without the pain of hunger.

“We have definitely seen a change,” says Aracely Tafur, an elementary school teacher in Tolima. “The students pay more attention as they have had breakfast. It’s not like before, when they were hungry and sleepy.”

*Familias en Acción* enjoys broad-based support from beneficiary families, participating neighborhoods and municipalities, and the Presidency of the Republic. Teachers, nurses, doctors and others involved in service delivery have similarly expressed great enthusiasm for this innovative social assistance program.

Beyond its direct economic impact on the population, the program is providing much more than money. In many areas, beneficiaries report that the project represents the first time they have felt the helping hand of the State in their communities. The project has given people new hope and trust in their future.

“I can do any job. I can sell empanadas, do deliveries, also sell cakes and even seed rice,” says José Eduardo Valencia, an elementary school student in Tolima. “But I want to stay in school. I want to be somebody some day; someone important: the President, for instance.” ▲

“The students pay more attention as they have had breakfast. It’s not like before, when they were hungry and sleepy.”

# The AIDS



The  
Friends  
of Orphans  
Community Center  
(FOCC) located outside  
the city of Blantyre in Malawi.

# Orphans Crisis

## *The Need for Collaborative Action*

by Antony Levine

In 23 countries heavily affected by HIV/AIDS, 40 million children are likely to lose one or both of their parents, while orphans will represent nearly 10 percent of all children in Sub-Saharan Africa by 2010. These figures, from a recent update to the 1997 USAID study, *Children on the Brink*, highlight an unprecedented global crisis in the care of orphans and other vulnerable children.

“We have never had to deal with the problem of figuring out what do with a generation of children who are being brought up without adults,” said World Bank Managing Director Dr. Mamphela Ramphele. “If you don’t deal with it, it will put at risk everything that we are trying to accomplish from a development perspective.”

Within the World Bank and in interactions with governments “we need to elevate the profile of this problem,” Ramphele told participants at a conference in early June 2001. “It is a global public problem so we have to come up with an approach that involves a global solution,” she said.

The “Orphans and Other Vulnerable Children: What Role for Social Protection?” conference was sponsored by the World Bank and World Vision and convened in Washington, D.C., to promote understanding of the role of social protection and the Bank’s comparative advantage in assisting countries to support orphans and vulnerable children. Over two days, 100 participants, including Bank staff, representatives from international and bilateral organizations, NGOs and community organizations shared best practice experience, examined the importance of being able to scale up the reach of programs, explored questions about cost efficiency and discussed a strategic framework for collaboration.

The social protection risk management framework shaped the conference’s agenda. This approach enables an understanding of how HIV/AIDS poses a systemic risk to children and societies and of who are the most vulnerable groups. It offers insights into appropriate interventions to reduce risk for high-risk groups, and helps to explain household behavior.

Orphans and other children in extremely difficult circumstances are among the fastest-growing and most visible high-risk group in parts of Africa. Participants discussed the many ways in which provision of appropriate risk management instruments—to communities, families, and children themselves—can shore up hard-won gains and enhance new poverty reduction interventions in the face of the society-wide effects of HIV/AIDS.

### **Sharing Best Practices**

The conference heard formal presentations on 10 programs implemented throughout Sub-Saharan Africa, and facilitated informal discussions of many others. These presentations reaffirmed the importance of developing innovative community-based responses to protect orphans and vulnerable children. They also highlighted the unmet task of significantly increasing the scale of these programs.

Among existing programs are those that promote succession planning, community-based and institutional development, income generation and community self-reliance and psycho-social recovery. A Plan International pilot program, for example, encourages community resilience through succession planning—an intervention that targets parents living with AIDS and other community members in an effort to ensure continuity of care and community fostering of orphaned children.

In another example, the Eritrean Government has worked on reuniting orphans and developing small-scale foster care facilities to accommodate the large population of orphans following the cessation of armed conflict in 1993.

### **The Centrality of a Community-based Response**

Given the long-term benefits of raising children in families and the infeasibility of providing institutional care to the millions of affected children, participants agreed that interventions must focus on facilitating community fostering.



▲ Self portrait of an African AIDS Orphan.

“We have never had to deal with the problem of figuring out what do with a generation of children who are being brought up without adults.”

Recognizing the constraints of community capacity, participants agreed that development practitioners must implement mechanisms to ensure that support reaches communities and improves the outcomes for its intended recipients. Where programs include giving financial incentives to families of foster children, governments and others must assiduously monitor to prevent the commercialization and exploitation of orphaned and vulnerable children.

### One Facet of a Comprehensive Response

Shocking as the extent of the orphan population is—especially in Sub-Saharan Africa, where it is estimated that orphans will total more than nine percent of all children younger than 15 by 2010, and where they already constitute 20 percent of all children in some countries—the numbers mask even broader ruptures in the social fabric and the state’s capacity to muster a response. Pervasive poverty remains the defining condition both fueling the proliferation of AIDS and undermining plans to ameliorate its impact on children.

Interventions to assist orphans and vulnerable children will take place against the backdrop of failing health systems, psycho-social distress and the reversal of gains in many other social indicators such as school enrollment rates. Regardless of the success of efforts to stem new HIV infections, the current orphan crisis will cause social upheaval for at least 20 years, as the children of today’s orphans will themselves be raised in the vulnerable environment of a heavily denuded extended family, where they will not benefit from the security of living grandparents.

These harsh realities point to the need for a farsighted perspective. Conference participants agreed that interventions for children must constitute only partial elements in comprehensive national plans to address both the broader AIDS epidemic and poverty reduction.

Considering the expense of targeted programs, many, including World Bank Social Protection Lead Economist Margaret Grosh, advocated a multi-faceted and balanced response incorporating programs dealing directly with orphans and vulnerable children’s special needs into broader investments in social safety net provision and social services, such as health and education.

Save the Children’s Namposya Serpell described the experiences of participants in a program to provide home visits and technical support to child-headed households in Uganda. While technical assistance could theoretically bridge the gap between childhood inexperience and adult production responsibility, in many cases it fails to prevent the early death of many children. In the context of pervasive poverty, technical assistance is not enough. “You have to go with medication and with food,” Serpell explained, describing one young girl in the program who “was going to die of not having food before AIDS kills her.”

## The Imperative to Scale Up Efficiently

Throughout the conference, participants reiterated the importance of promulgating projects that can be scaled up to address the enormity of the problem and its projected growth.

Serpell described the totality of current interventions as “the equivalent to putting out a burning house fire with a glass of water,” while the Population Council’s Laelia Gilborn warned “we shouldn’t bother doing any program that cannot be scaled up.”

The “main problem” in protecting vulnerable children and orphans is implementing programs that can accommodate the demand, argued Birger Frederiksen, director of Human Development in the World Bank’s Africa Region. “Now is the time for the international community to wake up” and fulfill its “responsibility to bring successful pilots to scale,” he said.

Trina Haque, World Bank senior economist, pointed to the necessary collaboration that such an effort will entail. “We cannot ignore the role of government in going to scale,” she warned.

Beyond collaboration, the fundamental consideration in such scaling up will have to be the cost implications. Kalanidhi Subbarao, lead economist for social protection in the World Bank’s Africa Human Development unit, explained that finding cost-effective solutions will be crucial. While some degree of targeting is desirable, he argued program designers must exercise extreme care to avoid stigmatization of orphans, ensure accurate targeting, and be aware of adverse incentives that targeted approaches can create and the inappropriate and/or unforeseen responses these might precipitate from households currently fostering orphans.

## Strengthening the Evidence

Rigorous monitoring and evaluation will also be crucial to determine which programs to scale up and to ensure their continued efficacy.

Conference participants decried the current dearth of quantitative data on the extent and experience of orphans and vulnerable children and on program costs and impacts. USAID’s Peter McDermott explained that “AIDS is the most studied pandemic from a medical standpoint, but we are largely ignorant about its effects on children.”

To organize an appropriate response will require a clearer enumeration of the problem and definition of orphans and vulnerable children, and a better understanding of the disaggregated household-level costs associated with AIDS and caring for children.

Ramphela also pointed to the importance of determining other impacts that AIDS has on children, beyond the economic repercussions. “I don’t think we’ve done enough work about the sociological impact of this magnitude of children and adolescents growing up without the cushion of generations,” she said.

## Strategic Framework

The conference concluded with a presentation and discussion of the joint Principles to Guide Programming for Orphans and Other Vulnerable Children Affected by HIV/AIDS. Developed through collaboration between UN agencies, bilateral donors, international NGOs and regional groups, these principles reflect an attempt to coordinate a response.

“The only hope we’ve got is to collaborate,” said USAID’s John Williamson. “If we’re going to collaborate we’ve got to do so within the context of a strategic framework.” The draft Principles were generally well-received by conference participants though some, like World Bank Social Policy Specialist Stephen Commins, pointed to the disproportionate focus on young children to the potentially dangerous exclusion of adolescents. Proposed interventions must account for the unique needs and challenges of orphaned and vulnerable adolescents, he argued.

## Responsibilities and Opportunities

Chairing the conference’s final session, Ramphela exhorted participants to acknowledge the extent of the challenge, but not to lose hope.

“The AIDS epidemic has laid bare the fault lines of our societies [and] poses the threat of enhancing these inequalities,” she said. The crisis of children in a world of AIDS places “enormous responsibilities” on development practitioners. However, rather than despairing in the face of this challenge, we should instead embrace the “opportunity to make our children’s future different now.”▲

*Antony Levine was a consultant for the World Bank when this article was produced.*

For a copy of the Conference proceedings, please contact the Social Protection Advisory Service by e-mail at [socialprotection@worldbank.org](mailto:socialprotection@worldbank.org).



People  
receiving  
social assis-  
tance benefits in  
South Africa

# Protecting Investments in People: Social Safety Nets are Central to Poverty Reduction

“Social safety nets should not be considered a luxury item only developed countries can afford,” said World Bank Managing Director Mamphela Ramphele as she launched the Washington, DC-based course on *Protecting the Vulnerable: The Design and Implementation of Effective Safety Nets*. “Well-designed and well-targeted safety nets are good investments that help the poorest when hit by a shock, raise living standards, and promote social cohesion.”

Social safety nets are an integral part of the Bank’s poverty reduction strategy. Protecting poor and vulnerable groups from the risk of losing their incomes, and ensuring that they have adequate access to essential services such as health, education, and nutrition, is at the heart of the development process. Not only do safety nets promote equity, they also insure against the loss of human capital.

“The time to design safety nets is when a country is not in crisis. Rebuilding human assets out of abject poverty is extremely difficult,” added Robert Holzmann, the Bank’s Director for Social Protection.

This learning event which ended on December 7, 2001, after two weeks of lively interaction among 60 participants from around the world, considered the role of social safety nets within the broader context of equitable economic development, public expenditure and budget constraints, and institutional structure.

“Currently I’m involved in the comprehensive poverty strategy for my country, and my objective is to learn about the experiences of other countries and how to design effective social safety nets for the poor,” said Ms. Huong Thi Lan Nguyen from Vietnam’s Ministry of Labor, Invalids, and Social Affairs. Bank staff also found the course useful, as one that “helped me put into perspective many things related to my work,” said Alexei Ionascu of the Bank’s Moldova office.

The course takes into account potential implications from the perspective of political economy and gender equity, among other factors. Participants exchanged experience and reviewed principal types of safety net interventions and the mechanics of their delivery, including cash and in-kind transfers, income-generating schemes and public works, and social funds.

“My goal is to find out what the role of NGOs might be in the poverty reduction programs of any country,” said Ms. Saba Kidanamariam, from IPAS International in Ethiopia.

According to Ms. Babalwa Ntsokolo, from the Nelson Mandela Children’s Fund in South Africa, “I’m starting microfinance specifically targeting poor communities that are suffering from AIDS and the international community is reluctant to lend to such communities. So I am hoping to learn about strategies that will help me.”

Among the issues that arose during the course were the trade-offs between safety nets and non-safety nets interventions, costs versus benefits of various interventions, the types of safety nets that make sense in different economic and social situations, the most at-risk groups and how to target them, as well as effective ways to design and implement the monitoring and evaluation of policies and interventions.

“The phrase ‘equitable economic development’ sounds deceptively simple and straightforward,” said Ramphele. “And yet we have come to understand that achieving this goal is elusive and exceedingly complex. It is very easy to draw lines that exclude and divide. It is very hard to draw lines that embrace and encompass.”

The 60 participants were extremely rich in their diversity of background and geographic dispersion: They came from 20 countries; and nearly half were from Africa. Almost 50 percent were women; and a quarter were staff of multilateral and bilateral agencies, including Bank staff. The mix of disciplines was also rich: policymakers, PRSP and country teams, NGO staff, researchers and trainers from academic institutions, and the private sector.

“You are the most valuable resource in this course,” said World Bank Institute Director John Middleton in his welcome to participants. “You represent more than 500 years of development experience. I encourage you to tap this expertise during and after the course through active networking.”

Safety Nets feature prominently in the Bank's war on poverty. The *World Development Report 2000/2001: Attacking Poverty* proposes a strategy for attacking poverty on three fronts: promoting opportunity, facilitating empowerment, and enhancing security. Social Safety Nets are central to enhancing security and reducing the risks faced by poor people. The growing importance of this security dimension is reflected in the Bank's lending for social protection which increased from US\$240 million in 1994 to US\$1.7 billion in 2001.

As lending has increased, so too has the demand for complementary services such as capacity building and technical and policy advice. This demand has been met in part by the learning programs of the World Bank Institute which designed this course jointly with the Human Development Anchor and in collaboration with the Research Department and the various Operational Regions of the Bank. Added expertise was brought to the table by many resource persons, including well-known researchers from universities and research institutions, and from partner institutions in developing countries.

"Courses like this one that include people from all over the world not only help disseminate new ideas and building skills, they also generate new knowledge through the interaction and exchange of experience among the course participants," said Middleton. "It is also an opportunity for Bank staff and their client countries to take part in this exchange of ideas which we hope will result in a more informed policy dialogue among key development stakeholders."

Courses on safety nets have also been offered in English, Spanish and French for a number of Latin American and African countries through distance learning; and other offerings are planned for the Middle East and North Africa and Europe and Central Asia. ▲

This article originally appeared in the December 13, 2001 issue of Bank's World Today.

For more information on the Social Safety Nets Core Course, please visit <http://www.worldbank.org/wbi/socialsafetynets/>



◀ Participants in the 2001 Safety Nets Core Course

## About the World Bank Institute

The World Bank Institute supports the World Bank's learning and knowledge agenda by providing learning programs and policy advice in the areas of human development, economic policy for poverty reduction, governance, regulation, and finance, and environment and natural resources. It also provides skills for development training for World Bank staff.

WBI draws on and disseminates the World Bank's global knowledge and expertise. The Institute combines face-to-face and distance learning using new and traditional media, including the Internet and videoconferencing, to reach policymakers as well as representatives from civil society.

### WBI Facts:

- Active in 149 countries.
- Delivers nearly 500 learning programs for clients annually.
- Reaches some 30,000 external clients annually.
- Delivers nearly 1,500 training activities for World Bank staff annually.
- Collaborates with more than 150 partner institutions.
- Country Offices: Beijing, Moscow, Kiev, Tashkent, and Bishkek.
- Joint Japan/World Bank Graduate Scholarship Program: 600 scholarships awarded in 2000.
- Robert S. McNamara Fellowships Program: 15 post-graduate fellowships awarded annually.

For more information on the World Bank Institute, please visit their website at: [www.worldbank.org/wbi/](http://www.worldbank.org/wbi/)

# Globalization at Work

by Lotte Lund

In a vivid example of globalization at work, the World Bank's Margaret Grosh, Gillette Hall and Helena Ribe deliver an adaptation of the Social Safety Nets Core Course via satellite from Washington, DC, to an audience of 60 students in San Jose, Costa Rica, and Buenos Aires, Argentina. A taped version of the session will be aired later in Santa Fe, Argentina, and Cali, Colombia, at the Universidad del Valle through the Television Educativa Iberoamericana – a Spanish network specializing in distance learning.

The Bank has also offered the safety nets distance learning course to English- and French-speaking audiences in Africa from the Washington studio as well as from facilities in Europe with the help of a consortium of universities led by the University of Maastricht in the Netherlands. By working out of Europe using local experts, the course can overcome the challenge of language and time zones. At the receiving end in the client countries, the World Bank works with local universities where facilitators and content providers can assist the participants in applying a local context to the subject matter.

For example, participants from Mozambique wanted to focus on design issues related to coping with catastrophic events such as the recent devastating floods. In South Africa, participants were especially interested in designing a social assistance program for children affected by HIV/AIDS. The course transmitted to sites in Latin America focused on the region's need to strengthen the instruments used to assist people in dealing with the income shocks associated with the economic crises of the 1980s and 1990s.



Photo: Lotte Lund

"I strongly believe that the course helps to empower government as well as civil society," says Dr. Victoria Kisyombe who participated in the distance learning course from Tanzania in the fall of 2000. She likes the "bottom-up" approach and how the course empowers NGOs to know their rights. "They learn to understand how important their participation is in safety nets programs," she says.

Looking ahead, the World Bank's vision is to continue along this path so that increasing numbers of people can acquire the knowledge and skills they need. "Distance learning is a way for the World Bank to increase its outreach," says the World Bank Institute's Azedine Ouerghi, one of the organizers of both the Core Course and the distance learning version. "We can link policy to implementation and introduce the latest in research," he says. "By combining the three and making them available for our client countries, I believe we have the most powerful capacity building network in the world." ▲



# On Target in Armenia

by Lotte Lund

In this landlocked, mountainous country of almost four million people where almost half the population is living below the poverty line, it has taken tremendous political courage to replace a Soviet-style social assistance system with a single family benefit strictly targeted at only the poorest people. But, over the last decade, the Armenian government proved that it is possible.

The move away from the Soviet-style safety net in which most people had jobs and a high level of social security began in 1988 when a devastating earthquake killed 25,000 people and left one third of the country's homes and even more of the country's industrial infrastructure lying in ruin. Then in 1991, the Soviet Union dissolved and the old patterns of trade fell apart. The final blow came as a result of military conflict with Azerbaijan over the Karabakh region. From 1992 to 1994, Azerbaijan — Armenia's then principal source of energy — and Turkey imposed a crushing trade blockade on Armenia, the effects of which were accentuated by local conflicts in Georgia and Russia that made the rail and oil pipelines to the north unreliable. As a result, the Armenian economy all but collapsed. Today, unemployment remains widespread and there is an acute housing shortage.

The earthquake triggered a flow of humanitarian aid to Armenia that lasted until around 1995. The aid varied in volume and frequency of delivery and was sometimes earmarked for specific groups like the disabled. Most of the aid was, however, distributed among all victims of the earthquake. In the hardest years from 1992 to 1995, Armenia actually saw a continuous inflow of humanitarian aid which was subsequently distributed among 80 percent of the population.

In order to administer the numerous assistance programs, the Armenian government established the Central Commission for Humanitarian Aid Delivery and a network of local Social Services Offices in 1993. Soon, more than 500,000 applicants were being provided with aid through a simple registration card or "social passport" endorsement procedure.

Because of the great demand for social assistance, there was a need for better targeting. Thus, the Paros Targeting System was launched in 1994 for proxy means testing of low-income households. It was one of the first programs in Armenia which used economic criteria for targeting. The program was based in the Social Services Offices and created the first comprehensive database on household welfare in Armenia.

The economic situation forced the government to supplement the humanitarian aid of the international community by reactivating a budget-supported program of social assistance inherited from the Soviet era. This became the *Program of Budget Transfers* and only provided assistance to people that fell into groups deemed to be at risk. These risk groups were made up of categories that included young children, disabled people, and pensioners. From 1992 to 1998, the Government issued numerous decrees expanding the social assistance system to 26 types of benefits.



Minister of Social  
Welfare Razmik  
Martirosian.

Photo: Lotte Lund

Photo: John Blomquist

Demolished building in  
Armenia's earthquake zone.

There were a number of drawbacks to this approach. For one, the Program focused on individuals as beneficiaries rather than households. As a result, a person could be eligible for government assistance despite being a member of a household that, as a whole, was relatively well-off. The increased number of benefit types also allowed for an overlap in assistance in which one person could receive two or more benefits at a time. For example, a single mother with a disabled child received one type of benefit for being a single parent and another for the child.

On the whole, these practices resulted in inefficient and inequitable allocation of scant budget resources. It was evident that the Program was in need of restructuring to better service target groups and to direct financial assistance more efficiently.

In order to address these shortcomings, the Armenian Government made a bold move in early 1999 and abolished the *Program of Budget Transfers* in favor of a new program that, in July 2000, would become known as the *Poverty Allowances Program*. In the process, all the old categories of benefits were turned into one single family benefit.

The new program is based on:

- The recognition of a household (rather than an individual) as a base unit of human society that should be supported by the government in case of need;
- The determination of eligibility through a range of factors;
- The use of information technology for eligibility determination;
- Adjusting the size of the project in accordance with the actual needs of a household.

Proxy means testing used for distribution of humanitarian aid became the basis of the new program. This decision was motivated by a number of reasons. The Paros Targeting System had created a well-developed network of 52 local Social Services Offices and a unique database of nearly all low-income Armenian households including those who were not officially recognized as needy, but believed they were and those who had applied, but had not yet received eligibility status. The Paros program also served as a model for a well-designed document flow and a tested technique of score-based assessment of household material and financial status. The World Bank's role in the reform process has been to provide diversified assistance for the project, including financial and technical support. Other agencies assisted the reform, among them USAID which provided very early assistance in the development of the Paros Targeting System and the proxy means test.

One of the leading figures in the reform process was Minister of Social Security Razmik Martirosian. Continually decreasing living standards and growing social disparity made the creation of sustainable, well-designed and targeted safety nets a special concern for his government. It has not been easy, but he is committed to meet the main goal of the reform, namely to create a modern system of social security to improve people's lives. Transformation is needed on more than one level, however.

"We have a strong need for mental change. The old system is still in the minds of people," he says. Martirosian spends every Wednesday in his office talking to ordinary Armenians who come to present their problems with the social assistance system. These workdays are his longest of the week.

Martirosian has also helped bring social reforms to the top of a government agenda that, in the past, has been dominated by national security and privatization. "Social reforms have lagged behind economic reform. We were at war and had serious problems in our government. But it is now up to this Ministry to make sure that our social system gets higher priority," he says.

This sentiment is echoed by Sona Harutunian, head of the Ministry of Social Security's Social Services Department, an economist and the person responsible for the *Poverty Allowances Program* in the Ministry. "Ten years ago we had a good standard of living in this country," she says. "I am fully behind the government's current strategy of investing in the private sector and creating employment. But we need to strike a better balance. We cannot tell the poor people that they must wait to get food until we have economic growth, if we want to convince them about the advantages of democracy."

In the first year using the single family benefit, the number of households that received benefits remained fairly constant at about 12 percent of the population. The increased benefit level meant that, in the first year, spending for social assistance rose from 13.4 billion drams to 21.1 billion drams. In subsequent years, the cutoff threshold for eligibility became stricter and social assistance spending decreased, in turn. In 2000, social assistance spending was 16.7 billion drams (1.6 percent of GDP). These figures do not include pensions and make Armenia one of the region's biggest spenders on cash assistance.

In the *Poverty Allowances Program*, eligibility is calculated from a formula using assessment criteria such as affiliation of a household with a standard social category, number of disabled members of a household, place of residence, housing conditions, car ownership, and monthly rate of power consumption in addition to aggregate household income.

These different criteria are weighed and entered into a formula. The system is constantly being refined and corrected and the Government is now working on a new formula based on statistical analysis of household survey data. Also being discussed is the appropriateness of using the income factor in a country dominated by an informal economy. These changes are the result of an important weakness in the current system, namely that the weights of eligibility factors were derived subjectively. When the difference between being eligible or not is determined by very a small margin, how do you make the system fair? For example,

how many points should a household with a disabled child get in comparison to a mother with a child under two years of age? The use of a household survey will help make the weights more objective.

Households seeking assistance under the established procedure must send a delegate, normally the head of the household, to a local Social Services Office with an application and documents disclosing the household's composition, incomes and assets. After a preliminary examination of these documents, the office may require additional information from the applicant.

Once the information is verified, it is entered into a central database where the case is corroborated with information from other sources such as police and electric company databases. This process may lead to the qualification score being changed or even reduced to zero. This information is then sent back to the local office who, in the case of a approval of eligibility, then issues a "passport" recording the eligibility status of the household. Allowances are delivered to the households by local post offices in accord with the monthly payrolls issued by the local Social Services Office.

**“Ten years ago we had a good standard of living in this country.”**

◀ Anna Sasgysyan is one of the many Armenians who lost everything in the devastating 1988 earthquake. She and her family still live in a shelter and rely on social assistance benefits.



The *Poverty Allowance Program* offers several advantages over the previous system of benefit delivery. The single legislative framework reduced the number of social assistance programs and the number of benefit types offered, thereby increasing efficiency in benefit delivery. A single database makes it possible to better assess the need for and provide social assistance to large numbers of households across Armenia. The extensive network of Social Services Offices brings the program closer to people and the automated process allows for a prompt response to any changes in a recipient's household composition or status. Overall, the unified system has stronger impact and is more efficient and the decentralized social services offices and local councils brings the system close to the clients and communities.

The *Poverty Allowance Program* suffers from certain shortcomings that are now of particular concern to the Government. First, due to the absence of an adequate telecommunications network, Social Services Offices have to use computer diskettes to share information, substantially slowing the process of data verification. Subsequently, it is now a priority of the Ministry of Social Security to connect the computers at Social Services Office to each other. In Armenia, this is easier said than done and requires substantial capital investment.

But perhaps most importantly, the new benefit rules are improving the program's targeting. Only six months after the *Poverty Allowance Program* was reformed, the share of benefits going to those in the poorest 40 percent of households rose from 53 percent to 65 percent. Moreover, the Ministry of Health has decided to use the same targeting mechanism to grant poor people access to free health care starting in 2001. ▲

Photo: John Blomquist



# IT Improves Social Safety Nets

by Lotte Lund

The Nemrout Center of Information and Analysis is the first center in the Caucasus to employ modern computer and software technology to deliver social safety nets. What makes it even more unique is that it is directly owned by the Government, thereby securing for itself an invaluable in-house capability to do its own economic analysis on social security issues.

The center, conveniently located in the heart of the Armenian capital of Yerevan, opened in the summer of 2001. It employs a staff of 30 persons – from programmers and operators to administration and support staff. Armenia has many top programmers as the country used to be host to one of the Soviet Union's leading computer facilities.

It was the Armenian Government that ordered the center to be established as a closed joint stock company with all shares in the center held by the Government itself. The Government wanted the capability to do its own analysis instead of having to depend on international consultants. So the World Bank and USAID have only been involved in giving financial assistance for the renovation of the space and the cost of new high technology equipment.

For people eligible or in need of social benefits, from poverty allowances to old age pensions, the advantages of computerization are significant and allow for:

- A much simpler and faster application process for social benefits with a reduction in the number of documents the applicant has to provide and more effective use of the staff in Social Services Offices.
- More accurate and fair calculation of social benefits based on better information related to a family's economic status or an individual's actual work history.
- Improved opportunities for each individual or family to receive all the benefits to which they are entitled resulting from the ability to share critical information between different social insurance and social assistance programs.
- The ability to pay larger benefits to those in most need, while lower benefits are paid to families who are better-off.
- Reduced administrative costs of the social insurance and social assistance programs, allowing better services and a higher amount of budget funds allocated to benefits rather than administrative costs.

In addition to the tasks already performed by the center, work has started on a new project to create a central database containing information based on a personal ID number.

For more information on the Nemrout Center, please visit their website at:  
[www.nemrout.am/index\\_us.html](http://www.nemrout.am/index_us.html) ▲

The Nemrout Center is named for nearby Mount Nemrout. On the top of this 3,600 meter high mountain, a Yerevandan king built a sacred site in 69 BC. Huge statues of pagan gods, almost eight meters high, decorate the site. The sides of the statues are inscribed with the country's laws, making this one of the earliest information centers in the region.

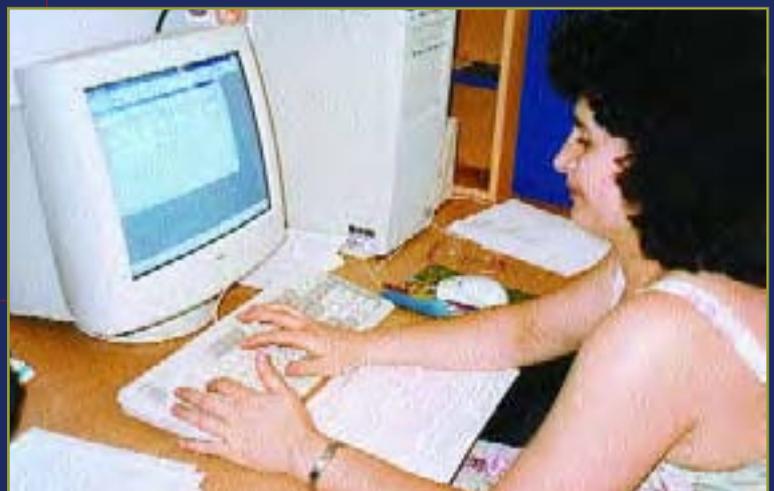


Photo: Lotte Lund

# *S***P***e***c***t***r***u***m**'s Resource Guide

## New Tools for Social Safety Net Reform

In addition to training and technical assistance, a host of new toolkits for policymakers and others faced with the challenge of reforming social safety nets are available from the World Bank. From the Social Safety Net Assessment Toolkit to the comprehensive Safety Nets Primer, the Poverty Reduction Strategy Sourcebook and new software to help map poverty, our goal is to help countries to determine their own solutions more easily and with the benefit of learning from the experience of the Bank and our partners in this area.

### A New Safety Nets Primer from the World Bank

A comprehensive, up-to-date Safety Nets Primer targeted at an audience of policymakers and those who advise them, will soon be made available by the World Bank.

The Primer is composed of three suites of papers. One suite covers each of the main safety net interventions (cash transfers, food-related programs, price subsidies, public works, fee-waivers, etc.). A second suite covers various cross-cutting themes (targeting, political economy, institutions, monitoring and evaluation, etc.). A third suite looks at working with social safety nets under special circumstances (safety nets in very low income countries, in transition economies, in post-conflict settings, for orphans and vulnerable children, etc.).

Some of the papers provide a synthesis of the development profession's thinking and experience with respect to the topic in a condensed form, but with references for further readings. Others push forward what is known or how to think about an issue.

So far a score of papers are finished or nearly so, written by leading specialists from the World Bank and academia, sponsored by the Bank's Social Protection Sector and a variety of partners, the largest of which being the World Bank Institute (WBI). For many of the topics, especially the suite of papers on program interventions, there will be output available on different levels. There will be a full overview paper, a two-page summary of it, an annotated bibliography and a PowerPoint presentation. Several of the papers are being translated into Spanish and French.

The Primer will be posted on the Internet and the main paper versions will be printed as a part of the Social Protection Discussion Paper Series. It will also serve as training material for the Core Course on Safety Nets and its distance learning versions. The WBI is also making the Primer available as part of their Working Paper Series for the topics covered in the Core Course in

versions that also include the individual papers, PowerPoint presentations and bibliographies. Finally, selections from the Primer will be published formally in an edited book volume in 2003.

#### SAFETY NETS PRIMER PAPERS

##### Completed Papers:

Community Based Targeting Mechanisms for Social Safety Nets — Jonathan Conning, Department of Economics, Williams College and Michael Kevane, Department of Economics, Santa Clara University (Social Protection Discussion Paper No. 0102)

Orphans and Other Vulnerable Children: What Role for Social Protection? — Antony Levine, The World Bank (Social Protection Discussion Paper No. 0126)

Safety Nets in Transition Economies: Toward a Reform Strategy — Emily S. Andrews and Dena Ringold, The World Bank (Social Protection Discussion Paper No. 9914)

Social Services Delivery through Community-Based Projects — Dinah McLeod and Maurizia Tovo, The World Bank (Social Protection Paper No. 0118)

### Forthcoming Papers:

Cash Transfer — Stephen R. Tabor, Economic Service Management

Cash Transfer Programs in Rural Areas: Lessons from Experience — Louise Cord, The World Bank

Emerging from Ethnic Conflict: Challenges for Social Protection Design in Transition Countries — Christian Bodewig, Robert Bosch Fellow

Ensuring Access to Essential Services: Demand-side Housing Subsidies — Harold M. Katsura and Clare T. Romanik, The Urban Institute

Food-Based Safety Nets and Related Programs — Beatrice Lorge Rogers and Jennifer Coates, Tufts University School of Nutrition

Gender and Risk in the Design of Social Protection Interventions — Kene Ezemenari, Nazmul Chaudhury and Janet Owens, The World Bank

Institutional Design and Institutional Incentives in Social Safety Nets — Chris de Neubourg, Kai Bucholz and Christine Weigand, University of Maastricht

Long-term Welfare and Investment Impact of AIDS-Related Changes in Family Composition: Evidence from Uganda — Klaus Deininger, Anja Crommelynck and Gloria Kempake, The World Bank

Price and Tax Subsidization of Consumer Goods — Harold Alderman, The World Bank

Public Attitudes Matter: A Conceptual Frame for Accounting for Political Economy In Safety Nets and Social Assistance Policies — Carol Graham, Center on Social and Economic Dynamics, The Brookings Institution

Public Works Programs: A Survey — Kalanidhi Subbarao, The World Bank

Safety Nets, Non-Formal Insurance, and Micro-finance — Jonathan Morduch, New York University and Manohar Sharma, International Food Policy Research Institute

### Commissioned Papers:

Evaluation of Social Safety Nets Programs — John Blomquist, The World Bank

How Much Should Governments Spend on Social Safety Nets? — Timothy Besley, Robin Burgess and Imran Rasul, Department of Economics, London School of Economics

Safety Nets in Transition Economics — Louise Fox, The World Bank

The Targeting of Transfers in Developing Countries: Review of Experience and Lessons — David Coady, International Food Policy Research Institute, John Hoddinott, Dalhousie University and Margaret Grosh, The World Bank

User Fees in Health: Mitigating their Effect on the Poor — Ricardo Bitrán and Ursula Giedion, Bitrán y Asociados

## A Toolkit for Assessing Social Safety Nets

by Kathy Lindert

World Bank staff in the Latin American and Caribbean Region have developed a new tool to help understand the strengths and weaknesses of a country's safety net — the Social Safety Net Assessment (SSNA) Toolkit.

The first output of the initiative was a prototype Terms of Reference used to guide initial SSNA work in several countries. With appropriate country-specific modifications, this basic template tool has been applied by teams working on SSNAs in a number of countries, including Argentina, Colombia, Dominican Republic, Guatemala, Jamaica, Nicaragua and Uruguay.

The experience from these countries is now being used to further develop the SSNA Toolkit, which is intended to be web-based. The basic architecture of this SSNA

Toolkit will involve:

- An updated template Terms of Reference;
- A set of Frequently Asked Questions and Answers regarding Social Safety Nets covering basic principles;
- A number of “how to” notes for analytical methods using “first, second and third best” indicators for analysis of the various types of programs depending on data availability (examples include how to analyze targeting incidence, program costs, and public spending on social safety nets).
- Annexes with various international comparisons for Latin American and Caribbean countries and possibly others, including OECD countries, to provide a common set of benchmarks covering basic topics such as overall public spending on social safety nets, administrative and program unit costs and target incidence.
- Existing case study applications. ▲

*Kathy Lindert is a World Bank Senior Economist.*

## The Poverty Reduction Strategy Sourcebook

Developing Poverty Reduction Strategies is on the agenda of about 70 low-income countries. The approach was adopted in 1999 to help poor countries and their development partners strengthen the impact of their common efforts on poverty reduction. To assist these countries, a new online tool, named the Poverty Reduction Strategy Sourcebook, was developed by staff from the World Bank and the International Monetary Fund (IMF). The sourcebook reflects the thinking and practices associated with the Comprehensive Development Framework, as well as lessons emerging from the World Development Report on Poverty, and good international practices related to poverty reduction. The resulting Poverty Reduction Strategy Papers (PRSPs) make up the basis for assistance from the Bank as well as from the IMF.

The Sourcebook contains a collection of broad policy guidelines, examples of best practice, and technical notes. It is not intended to be prescriptive, nor does it provide all the final answers as the process of preparing and implementing Poverty Reduction Strategies will take time and involves learning by doing – for the Bank and Fund staff as well as for the countries. The Sourcebook is to be considered a living document which is expected to change in light of experience and comments. Readers are therefore invited to actively participate in the formulation of the evolving document and they are encouraged to watch out for updated versions.

The Sourcebook is divided into three parts. Part I focuses on the core techniques (poverty diagnostics, monitoring and evaluation etc.). Part II deals with macro and sectoral policies. The last part of the Sourcebook addresses cross cutting issues including gender and environment. Readers concerned with a specific sector or topic are encouraged to refer directly to their area of interest.

A chapter in Part II is devoted to Social Protection. While policies that promote economic growth are central to poverty reduction, social protection measures have a role to play in reducing the vulnerability and protecting the welfare of the poor. Choosing the appropriate mix of social protection programs and policies to best contribute to poverty reduction requires careful consideration. The Social Protection chapter presents a step-by-step approach to producing a national social protection strategy including safety nets and presents three country cases from Argentina, Malawi and Togo. ▲

The Poverty Reduction Sourcebook is available on the web at: [www.worldbank.org/poverty/strategies](http://www.worldbank.org/poverty/strategies)

## Poverty on the Map

by Peter Lanjouw and Berk Özler

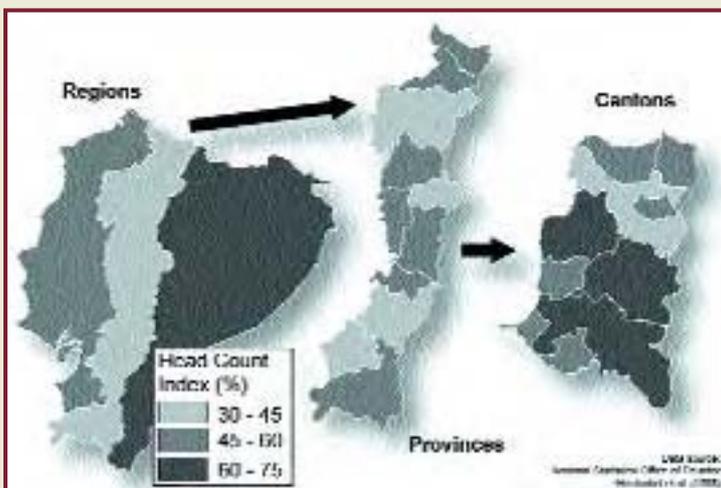
Many policymakers use poverty maps — territorial descriptions of the distribution of poverty within a country or region — when planning public investments in education, health, sanitation, water, transport and other sectors. Social Funds often use poverty maps because geographically targeted investments are thought to reach many poor citizens and have spillover effects enhancing productivity in depressed areas. Transfer programs are also often operated in only the neediest areas of the country.

Poverty maps are most accurate when they are finely disaggregated, i.e. when they represent small geographic units, such as counties or villages in the countryside and neighborhoods within cities. Unfortunately, almost all household surveys are too small to be representative at such fine levels of disaggregation, and most census data (or other large data sets) do not contain the detailed information needed to calculate monetary indicators of poverty or inequality. In general, there is a tradeoff between the number of observations in a data set and the information content because collecting a lot of information for a very large sample is prohibitively costly.

How can this obstacle be overcome? One way is to apply econometric techniques to combine data from a sample survey data with data from a census to predict consumption-based poverty indicators using all households covered by the census. Because policymakers in many countries are familiar with poverty and inequality indicators (e.g. the Foster-Greer-Thorbecke measures, the Gini coefficient, etc.) that are regularly reported in country poverty profiles using household surveys, this method is appealing as it produces estimates of these same measures as well as an indication of the degree of statistical precision of these estimates for smaller administrative units. Poverty maps constructed in this fashion are more likely to be put to practical use because the statistical underpinnings of the methodology makes them more credible and more readily endorsed than the more commonly found maps based on ad-hoc methods.

A small team of researchers in the “poverty cluster” of the World Bank’s Development Economics Research Group have now developed a methodology along these lines and have piloted it in several countries, among them Ecuador, South Africa, and Nicaragua. The team provides technical assistance, capacity building and various free software tools to statistical institutes in developing countries upon demand, conditional upon availability of suitable data such as a recent census. Furthermore, the team is currently working on developing a “how-to” manual for poverty mapping, platform-independent software tools and a training course for staff from statistical institutes and researchers from developing countries. A training course combined with user-friendly tools and technical assistance should make poverty maps accessible for a wide range of countries in the very near future. ▲

*Peter Lanjouw is a Senior Economist and Berk Özler is an Economist for the World Bank’s Development Economics Research Group.*



## Social Safety Nets on the Web

Many social safety nets resources are available on the World Bank's website reflecting the work being done not only by the Social Protection Safety Nets Team, but many others as well. Here are some useful websites for those interested in the Bank's work in Safety Nets and beyond.



World Bank Safety Nets and Transfers –  
[www.worldbank.org/poverty/safety](http://www.worldbank.org/poverty/safety)

Using “safety nets” as the search term produces many publications and project information on the following websites:

World Bank Research – [www.econ.worldbank.org/](http://www.econ.worldbank.org/)

■ Presently returns 21 working papers and six abstracts of current studies.

World Development Sources – [www-wds.worldbank.org/](http://www-wds.worldbank.org/)

■ Presently returns 366 records.

World Bank Projects & Operations –

[www4.worldbank.org/projects/](http://www4.worldbank.org/projects/)

■ Presently returns 15 projects.

## The Safety Nets Team

The Social Safety Nets Team within the Social Protection Unit of the Human Development Network supports World Bank staff and client countries in developing effective safety nets through the following activities:

### Technical and operational support

We assist both World Bank staff engaged in projects and country policymakers in doing good work on safety nets. We provide answers to questions on international practice, referrals to appropriate experts, pointers to pertinent readings or experience, etc. We often peer review analysis of safety nets or proposals for new projects. We also spend up to a third of our time working directly with World Bank country teams to design and provide project loans.

For further information about Safety Nets, please contact:

The Social Protection Advisory Service  
1818 H Street, NW  
G8-802  
Washington, DC 20433 USA  
E-mail: [socialprotection@worldbank.org](mailto:socialprotection@worldbank.org)  
Phone: (202) 458-5267  
Fax: (202) 614-0471



▲ Back (left to right): Manorama Rani, Program Assistant, Yisgedullish Amde, Senior Operations Analyst, Front: John D. Blomquist, Senior Economist and Margaret Ellen Grosh, Lead Economist



*Spectrum* is published four times a year by the Social Protection Unit of the World Bank. *Spectrum* is intended to raise awareness, enliven debate and present the latest thinking around social protection issues, including child labor, labor markets, pensions, social funds and social safety nets. The views presented in the articles are solely those of the authors and do not reflect the views of the World Bank. Articles appearing in *Spectrum* may be reproduced or reprinted provided the author(s) and *Spectrum* are cited and a courtesy copy is provided to *Spectrum*.

Submissions, letters and story ideas are welcome and may be sent to:

Lotte Lund, Editor  
Social Protection Unit  
The World Bank  
1818 H Street, NW  
Washington, DC 20433 USA  
Tel: +1 202 473 1143  
Fax: +1 202 522 3252  
Email: [llund@worldbank.org](mailto:llund@worldbank.org)



**Social Protection**  
**Human Development Network**  
**The World Bank**  
1818 H Street, NW  
Washington, DC 20433 USA