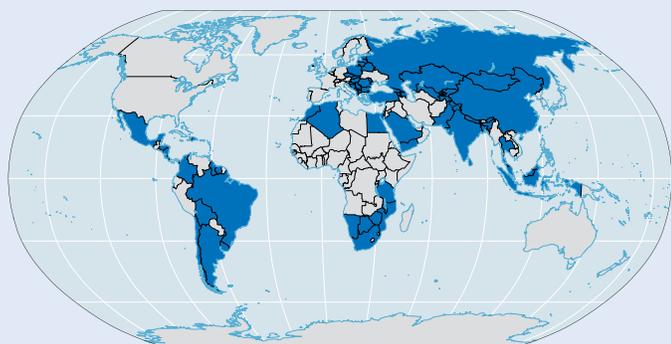


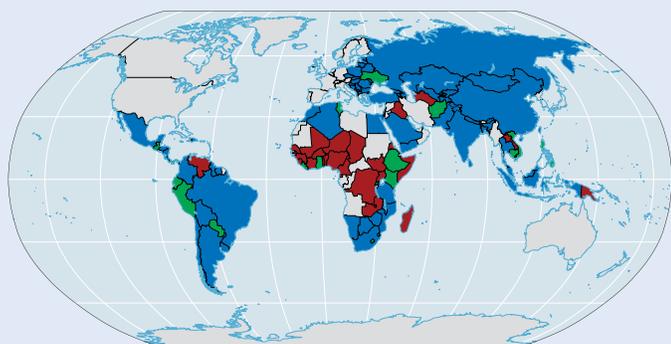
Closing the Gap: The State of Social Safety Nets 2013



THE WORLD BANK – WORKING FOR A WORLD FREE OF POVERTY



In 2000, 72 developing and emerging countries had at-scale safety net programs



By 2013, 98 developing and emerging countries had at-scale safety nets, 26 more than in 2000 (green), as well as 33 pilot programs (red)

An Explosion of Activity in Social Safety Net Programs—Now in **131** Developing/Emerging Countries

Over the last decade, the interest and activity in social protection has experienced a paradigm shift, with at-scale safety net programs expanding at a rate of two countries per year. Social safety net programs, today, are being built on a national scale in 98 countries, up from just 72 in 2000. In addition, some 33 countries currently are experimenting with innovative pilot initiatives, 22 of which are in Sub-Saharan Africa.

Every Year **50 Million** People Escape from Absolute Poverty Because of Safety Net Programs

Evidence from the new World Bank *ASPIRE* database shows that, each year, safety nets in developing countries lift 50.3 million people from absolute poverty (living on less than US\$1.25/day). At the same time, 96.4 million people are uplifted from the bottom quintile (relative poverty). Overall, this represents a significant impact on the global fight against poverty. Yet, safety nets coverage in low-income countries (LICs) remains limited, with poverty reduction occurring primarily in middle-income countries (MICs).

Safety Net Programs Have Also Helped Build Shared Prosperity by Decreasing Inequality

Safety nets, by providing income security for the poorest, also have helped lower inequality. For example, the Child Support Grant in **South Africa** has led to a reduction of the Gini index (a widely used measure for inequality) by 3 percentage points. In **Brazil**, about 28 percent of the fall in the Gini can be attributed to the *Bolsa Familia* program, combined with other non-contributory measures.

Evidence Continues to Mount for the Effectiveness of Safety Nets to Stimulate Local Growth, Education, Health, Nutrition and Jobs

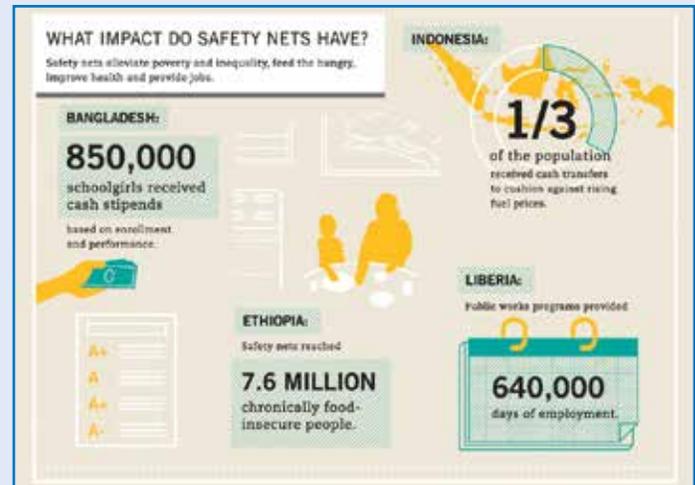
Safety nets are among the best-evaluated interventions in social policy. In a growing number of contexts, their performance is being measured using some of the most advanced evaluation methods. This includes an increasing application of randomized controlled trials (RCTs). In fact, about half of the current 119 rigorous impact evaluations supported by the World Bank in 24 countries use RCTs.

The results generated by impact evaluations are key to providing reliable data to inform decision-making and adjusting programs to enhance their efficacy. More generally, they tend to foster a culture for evidence-based dialogue among the various actors involved in building and improving safety nets. Recent impacts of safety nets include:

Stimulating local economies. Safety nets provided to poor households can have significant multiplicative effects on others in the local economy. In **Malawi**, a cash transfer program generated up to US\$2.45 in local communities for every dollar provided to beneficiaries. In **Lesotho** and **Mexico**, similar programs are estimated to have, respectively, a multiplier effect of US\$2.23 and up to US\$2.60 per dollar distributed.

Investing in human capital: education, health, nutrition. Conditional cash transfers (CCT) have increased school attendance in **Bangladesh** and **Cambodia** by 12 and 31 percent, respectively. In other words, in the absence of the CCT, school attendance by poor children in parts of Cambodia would have been around 60 percent instead of nearly 90 percent. CCT programs in **Colombia** and **Ecuador** have bolstered health center visits for children by 33 and 20 percent respectively. In **Guatemala**, children under two years of age who benefited from a nutritional safety net program earned wages 46 percent higher as adults compared to those who did not benefit from the intervention.

Promoting better job opportunities in the future. The *Oportunidades* program in **Mexico**, a CCT currently reaching 6.5 million households, sparked demand for higher-level education and improved job prospects. Recent evaluations



show that former beneficiaries are more likely to enter middle-class occupations than non-beneficiaries. And, this result is particularly significant for indigenous women who had participated in *Oportunidades*. On average, their share in better-paying jobs was about 25 percentage points higher than their peers who did not benefit from the program.

Safety Nets Improve Resilience to Crises

An established system of safety nets is key to respond and deliver assistance swiftly in times of crises. In addition, such a system connects beneficiaries to other livelihood interventions. For example, in 2011 the Productive Safety Net Program (PSNP) in **Ethiopia** scaled up to meet the additional needs sparked by the Horn of Africa crisis. On top of its core beneficiaries, PSNP reached an additional 3.1 million people with transfers over a three-month period. The entire response process, from financing to disbursement, took only six weeks. Because of programs like PSNP, the impact of crises such as droughts on poor and vulnerable families may be—in comparison to the previous decade—substantially lessened.

Moreover, the PSNP platform has been leveraged over the years to provide targeted beneficiaries with financial services (i.e., Household Asset Building Program, HABP). The combination of interventions amplified the impacts and resilience of the programs: When single-intervention beneficiaries are compared to dual-interventional beneficiaries (PSNP and



HABP), the latter produced 147 kg more of grains and were over 20 percentage points more likely to use fertilizers and invest in land improvements. The increased agricultural self-reliance, in turn, also helps to protect poor and vulnerable families against calamitous food shortages.

Reforming Energy Subsidies to Reduce Global Carbon Emissions and Fiscal Gaps: The Role of Safety Nets

It is often argued that low-income countries and fragile states have limited fiscal space for financing adequate safety nets. One way of expanding the resource base is to rationalize spending on certain measures like subsidies for energy.

In most cases, energy subsidies are regressive (benefit the non-poor), as a result of their universal nature and the spending patterns of the poor. Currently, about 42 developing countries have those measures in place. The impact of redesigning energy subsidies would be two-fold, lowering the global carbon foot print and accelerating poverty reduction.

In regions such as the Middle East and North Africa, energy subsidies account for about 8.5 percent of regional GDP (or 22 percent of government spending). Budgets allocated for energy subsidies tend to dwarf financing for targeted safety net transfers. For example, in Benin, a total of US\$22 million is spent on safety nets while ten times more, or some US\$240 million, is allocated to subsidies. In Tajikistan, that ratio is US\$80 million to US\$280 million, while in the Kyrgyz Republic it is US\$120 million to US\$650 million.

By Directing Just Half of the Spending On Energy Subsidies to Targeted Safety Nets, 27 Million more People Can Climb Out of Absolute Poverty. Of These, About 10 Million Live in Low-income Countries.

Next Generation Safety Nets: Systems, Technology and Urban Contexts

Building systems and reducing fragmentation. Basic systems of safety nets help enhance the performance, coordination, synergies and coverage of programs. In **Romania**, the Social Assistance Reform Strategy and Action Plan 2011–2013 is consolidating all means-tested safety nets into a single program targeting low-income households. In complement with other reforms, the number of safety net programs will be reduced by one-third (21 to 14) between 2010 and 2013. At the same time, payments will be made by a single actor (National Agency for Social Benefits) with a unique management information system. Similar initiatives are underway in other MICs and LICs.

“Leapfrogging” through technology. Safety net programs are using a wide variety of technology—from mobile phones to smart cards, from internet-based monitoring to harmonized databases—in order to leapfrog barriers to development. For example, the Benazir Income Support Program (BISP) in **Pakistan** is currently delivering cash transfers electronically to nearly 70 percent of beneficiaries, or 3.5 million households. Since its launch, more than 15 million BISP women beneficiaries have registered for a Computerized National Identity Card, which also lets them vote and access financial services. In Sub-Saharan Africa, where more than 60 percent of the poor have access to mobile phones, programs are beginning to use them for safe and efficient delivery of cash transfers on a significant scale, including in challenging environments.

Adapting to urban challenges. As urbanization in the developing world increases, poverty tends to concentrate in urban areas. For example, in Kenya, more than half of Nairobi’s people are estimated to live on 5 percent of the city’s total land area. Only 7 percent of households living in slums have access to piped water and electricity, while about three-quarters are poor. The different nature of poverty and vulnerabilities that characterize urban areas implies a range of analytical and operational adjustments (e.g., assessments and targeting) for social protection interventions. A cash transfer program in Korogocho, **Kenya**, an electronic urban food voucher scheme in the **Gaza strip** and *Familias en Acción* in **Colombia** are part of a new generation of programs testing innovative ways on how to assist the poor with safety nets in urban contexts.

The World Bank's Contribution to Building Safety Nets

Growing financing and engagement in safety nets. In FY10–12, the World Bank-financed portfolio of safety nets totaled US\$6.7 billion. This represents a five-fold increase for both IBRD and IDA countries compared to FY04–06. Between FY09–12, a total of 30 countries with limited or no previous World Bank engagement received financing for safety net expansion.

Closing the gap between IDA and IBRD-eligible countries. For the first time, lending allocated for safety net activities in IDA-eligible countries matched IBRD countries. Still, substantial IBRD financing commitments reflect the mature nature of these programs, including investing in second-generational issues (e.g., systems) and becoming key vehicles for sharing South-South knowledge. At the same time, there is a new generation of promising interventions in MICs, including in the Philippines and Vietnam.

A diversified mix of safety net activities and social protection interventions. The World Bank has an ongoing engagement in safety nets in 88 countries. Out of these, 60 are engaged in both financing and knowledge activities, while the remaining participate in one activity or the other. As country systems develop, safety nets are being combined and integrated with other social protection and multi-sector interventions such as youth training, skills and entrepreneurship (e.g., **Tanzania** and **Sri Lanka**).

The World Bank's new Social Protection and Labor Strategy 2012–2022 sets out the institution's vision and framework to provide resilience for the vulnerable, equity for the poor and opportunity for all.

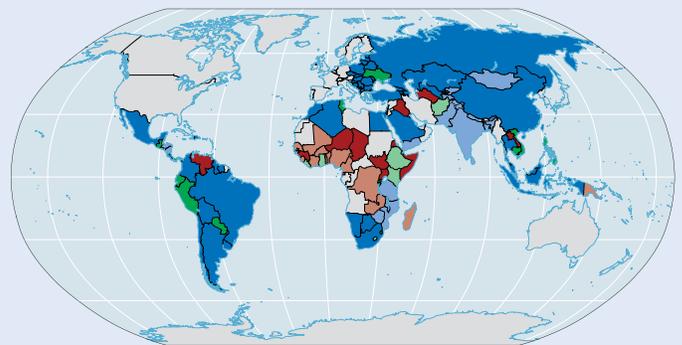


www.worldbank.org/sp

RSR: Helping Build Safety Nets Where They are Most Needed

Unlocking the capacity trap. The RSR helps IDA countries strengthen systems for delivering social protection. It does so through helping countries build the basic components of social protection systems, and helping them access and enhance knowledge and evidence about what works and what does not. The program was first established in 2009 with contributions from the Russian Federation, Norway and the United Kingdom. In 2012, Australia and Sweden joined RSR as new donors.

Focus where challenges are greatest. RSR provides catalytic resources in relatively small amounts. However, its impact is often transformative and helps attract sizeable resources. During the first three years, US\$ 61.7 million of RSR resources catalyzed US\$ 2.8 billion-worth of IDA resources for 41 projects in 34 countries, particularly in Africa.



RSR supports 83 projects in 42 countries, including supporting large-scale initiatives (light blue and light green) and pilot programs (pink) leading to initiation and improvement of social protection systems.



RAPID SOCIAL RESPONSE



www.worldbank.org/rsr