TOWARDS ADAPTIVE SOCIAL PROTECTION IN BRAZIL

Assessing the Adaptiveness of Brazil's Social Protection System

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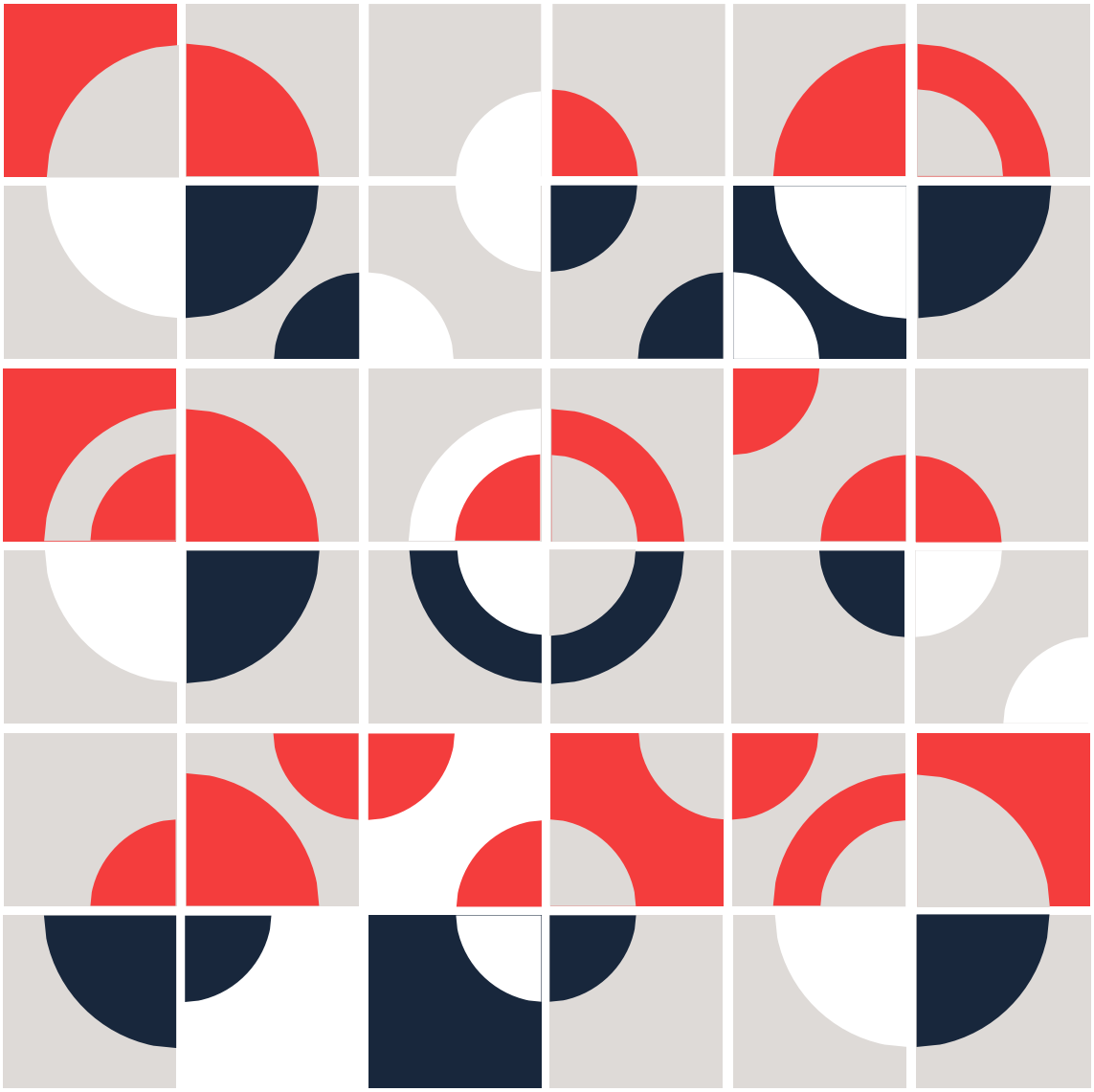

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LIST OF ACRONYMS

AE	Auxílio Emergencial
ASP	Adaptive Social Protection
BF	Bolsa Familia
BPC	Benefício de Prestação Continuada
CCA	Climate Change Action
CEMADEN	Centro Nacional de Monitoramento e Alertas de Desastres Naturais
CENAD	Centro Nacional de Gerenciamiento de Riscos e Desastres
CRAS	Centro de Referência da Assistência Social
DRIC	Disasters Risk Index by Capacity
DRM	Disaster Risk Management
EWS	Early Warning Systems
FGTS	Fundo de Garantia por Tempo de Serviço
FNAS	Fundo Nacional de Assistência Social
MdC	Ministério da Cidadania
PWP	Public Works Programs
SINPDEC	Sistema Nacional de Proteção e Defesa Civil
SNAS	Secretaria Nacional de Assistencia Social
ST	Stress Test
SUAS	Sistema Único de Assistência Social

TOWARDS ADAPTIVE SOCIAL PROTECTION IN BRAZIL

Introduction

The frequency and cost of climate change-related disasters have been on the rise in Brazil in the recent decades. Drought and excess rainfall, resulting in floods and landslides, are the most recurring climate related disasters in Brazil.[1] Over the past decades, the occurrence of these types of disasters and its associated costs have surged in the country. In 2022 alone, the total cost of damages from disasters in Brazil measured 5.4 billion USD, which corresponds to 0.3 percent of GDP.[2] Looking ahead, climate change impacts are expected to intensify in Brazil with the average temperature predicted to rise between 1 and 5^{0}C by the end of the twenty-first century.[3]

Despite Brazil's progress in decreasing poverty over the past decades, climate change is posing a threat to those achievements. Poverty in Brazil has steadily decreased over the past decades. However, climate change threatens to reverse these gains. According to Hallegatte et al. (2016), climate change could result in an additional 1.3 percent of Brazil's population living in poverty by 2030.[4] Climate change will also exacerbate existing inequalities and further marginalize the poor. The poor are particularly vulnerable to the impacts of climate change due to their often informal

[1] Pedroso. (2021).

[2] Based on EM-DAT database and IMF GDP estimates: Losses in 2022: USD 5.4 billion. GDP in 2022: USD 1,920 trillion.

[3] World Bank. (2023).

[4] Rozenberg. (2021) - based on Hallegatte et al. (2016).

dwellings in disaster-prone areas as wells as limited financial resources to cope with the costs of disasters.

The growing intensity and frequency of shocks in the country, along with the potential to push more people into poverty, make it increasingly important for Brazil to prioritize specific investments and efforts that support the advancement of the Adaptive Social Protection (ASP) Agenda. ASP aims to ensure that social protection interventions are well-positioned to build resilience, reduce vulnerability and mitigate the negative impacts of the most poor and vulnerable to covariate shocks. Brazil has an admirable track record of leveraging its social protection system in responding to shocks in the past. Most notably during the pandemic, the country expanded its main social assistance program Bolsa Familia (BF), to protect the poor and most vulnerable. However, given the increased pressure from climate change, it is crucial for Brazil to further invest in enhancing the adaptability of its social protection system to better manage future shocks. By bolstering ASP-related initiatives, Brazil can better address the challenges posed by on-going and future shocks and improving the overall resilience of the poor and vulnerable.

This note summarizes the findings from an ASP Stress Test (ST) assessment conducted in Brazil between January and March 2022. The ASP ST is a questionnaire-style tool developed by the World Bank to evaluate a country's social protection system's ability to prepare and respond to covariate shocks. In the case of Brazil, the ST assessment was conducted through a desk review and supplemented by a round of virtual consultations with relevant government and non-government stakeholders and experts. The primary focus of the assessment was to evaluate the adaptiveness Brazil's main cash transfer program BF. However, examples from the COVID-19 pandemic response as well as government-led responses to other shocks have also been considered to assess the adaptiveness of Brazil's social protection system as a whole.

This note is divided into five sections. The first section introduces the concept of ASP and its role in building resilience and reducing vulnerability to climate change. Section 2 provides a brief summary of the impacts of climate change in Brazil, specifically focusing on socio-economic and poverty outcomes. Section 3 offers a snapshot of Brazil's social protection system. Section 4 summarizes the findings of the World Bank Stress Test Assessment carried out in Brazil. Finally, section 5 suggests priority areas for enhancing the adaptiveness of Brazil's social protection system.

1. The role of Adaptive Social Protection

ASP aims to build resilience and reduce vulnerability among the poor and vulnerable to covariate shocks, reducing their negative impact on individuals, households and communities. It brings together the Social Protection, Disaster Risk Management (DRM) and Climate Change Action (CCA) sectors within countries to ensure that social protection interventions are well-positioned to build resilience, reduce vulnerability and address the negative impacts of the most poor and vulnerable to covariate shocks. ASP furthermore seeks to ensure that social protection systems are equipped and flexible enough to adjust their response to changing circumstances and needs of those affected when a shock occurs. This involves providing a timely and appropriate response to support individuals and communities in times of crisis.[5]

The three resilience capacities of ASP—prepare, cope, and adapt—highlight the ways in which ASP can build resilience among poor and vulnerable households. World Bank 2020 defines ASP in the following way:

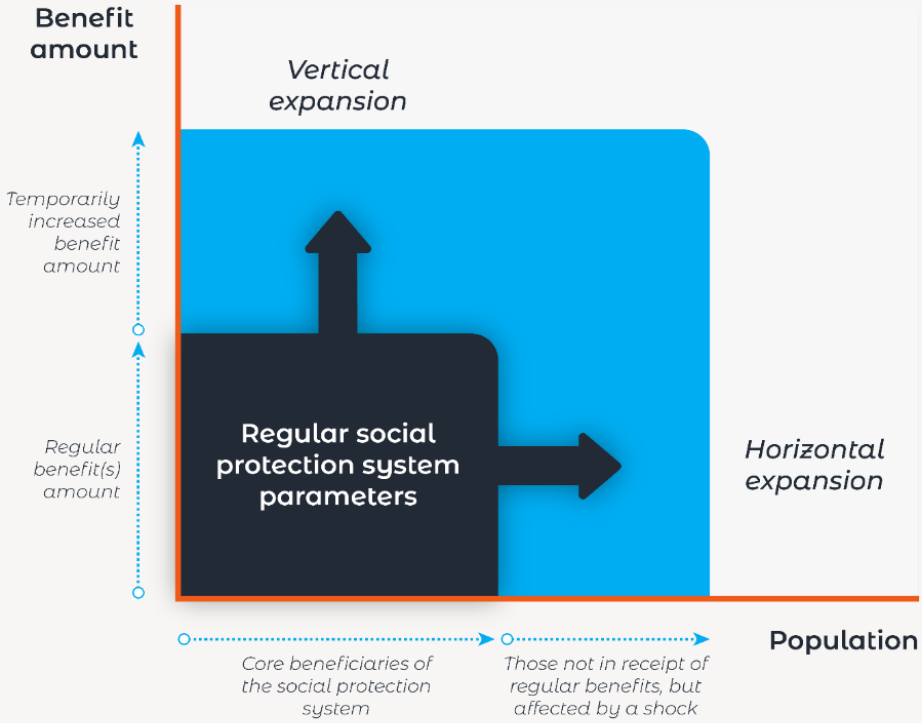
> *"Adaptive social protection helps to build the resilience of households that are vulnerable to shocks through direct investments that support their capacity to prepare for, cope with, and adapt to shocks: protecting their wellbeing and ensuring that they do not fall into poverty or become trapped in poverty as a result of the impacts."*[6]

Before a shock, ASP can help households **prepare** for shocks by help building savings through cash transfers and financial inclusion programs. During a shock, ASP can ensure that programs offer temporary assistance in various ways and thus help households to **cope** with the shocks: Programs can either expand "vertically" and offer greater assistance to existing beneficiaries and/or "horizontally" and use existing program systems to provide assistance to additional beneficiaries (Figure 1**Error! Reference source not found.**). After a shock, ASP can help households **adapt** to the new circumstances through livelihood programs and labor market measures.

[5] World Bank. (2020a).

[6] Ibid.

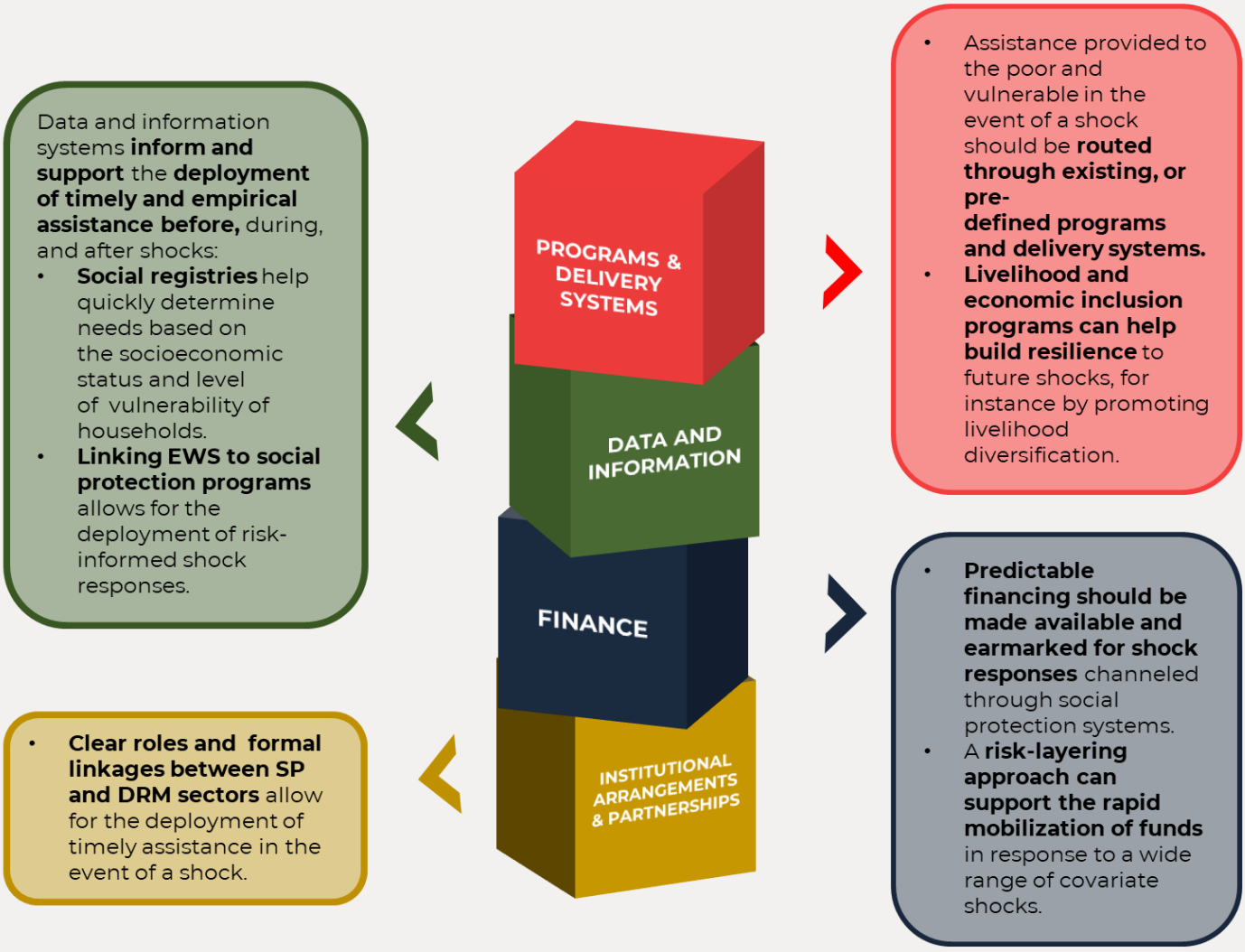
Figure 1: Expansion of social assistance during a crisis



Source: World Bank. 2021. LAC SPJ Social Protection Strategy.

A well-functioning ASP system depends on the robustness of the four building blocks of ASP, namely programs, data and information, finance and institutional arrangements and partnerships (Figure 2 Error! Reference source not found.**).** ASP can be achieved through: i) a stronger, more comprehensive social protection system composed of multiple *programs* with high coverage and adequate benefit levels; ii) better *data and information* on risks and people's needs and better management of socials registries and early warning systems (EWS) to allow a faster shock response through forecasting and impact projections; iii) improved *risk financing strategies and sufficient financial resources* that enable funding to flow in the event of a shock and thus enable a faster response to disasters; iv) better *institutional arrangements and partnership* that anchor the planning, coordination management, and delivery of ASP. The next sub-section will discuss how this framework is used to measure the adaptiveness of a country's social protection system.

Figure 2: The four building blocks of Adaptive Social Protection



Source: Tisei and Ed. Forthcoming.

1.1. The World Bank stress test assessments

The Social Protection Stress Test Tool is an assessment conducted at the country level to evaluate the adaptiveness of a social protection system in responding and scaling-up to the heightened needs caused by covariate shocks. This tool was developed and rolled out by the World Bank and is described in depth in the flagship report *Adaptive Social Protection – Building Resilience to Shocks,* published by the World Bank in 2020.[7] The tool provides a rapid appraisal of the adaptiveness of a country's social protection systems vis-à-vis potential covariate shocks. It consists of two modules, which can be carried out either independently or together:

1. **Scenario building:** This module simulates the potential impact of shocks on household welfare. It utilizes available household survey data and historical shock trends to estimate the effects of shocks on households.

2. **Social Protection Systems' scalability and adaptiveness:** This module assesses the capacity of existing social protection systems to scale up in times of shock through a quantitative and qualitative analysis.

Module 2 of the ST Tool, which informs this note, assessed the capacity of Brazil's social protection systems to scale up rapidly in times of shock and identified the main constraints. The findings of note are based entirely on the results from the second module of the ST. Module 2 is conducted in a questionnaire-style format, consisting of four key sections and eight sub-sections aligned with the four building blocks of ASP. In the case of Brazil, a combination of research methods was used to provide a score to each question, including desk reviews and virtual interviews with government officials and other experts.[8] Based on responses to the questionnaire, each key section was assigned a score (1-5) and rating (Latent, Nascent, Emerging, Established, and Advanced) (Figure 3). The results of obtained from Module 2 help practitioners and governments understand the levels of preparedness of social protection systems *vis-à-vis* the recurrent covariate shocks and what investments and measures are needed.

[7] World Bank. (2020a)

[8] The following stakeholders were involved in the interview process: Secretaria de Avaliação, Gestão da Informação e Cadastro Único (SAGICAD), Centro Nacional de Gerenciamiento de Riscos e Desastres (CENAD), Secretaria de Inclusão Socioeconômica (SIS), Secretaria Nacional de Assistencia Social (SNAS) and The World Bank Brazil Country Team.

Figure 3: Stress test ratings as reported in the World Bank's official guidelines

Source: Tisei and Ed. Forthcoming.

2. Poverty and socio-economic implications of disasters and climate risks in Brazil

2.1. Climate change in Brazil

Climate change impacts are intensifying and increasing in frequency in Brazil. Over the past decades, the occurrence of climate-induced disasters has experienced a surge in Brazil. According to EM-DAT data, the average yearly number of disasters increased from four to six disasters per year between the percent between the 1964-1999 and 2000-2022 periods (Figure 4). In 2022, Brazil experienced a record of 12 natural disasters. The increase in frequency of disasters also has implications on the costs, which have increased over the past decades (Figure 5). In 2022 alone, the total cost of damages from natural disasters in Brazil reached USD 5.4 billion, or 0.3 percent of GDP. Brazil is predicted to experience a rapid change in climate conditions. By the end of the twenty-first century, the average temperature is expected to rise between 1 and 5ºC in Brazil 9, leading to more frequent and intense disasters in the years to come.

Figure 4: Brazil: Occurrence of disasters, 1960-2022

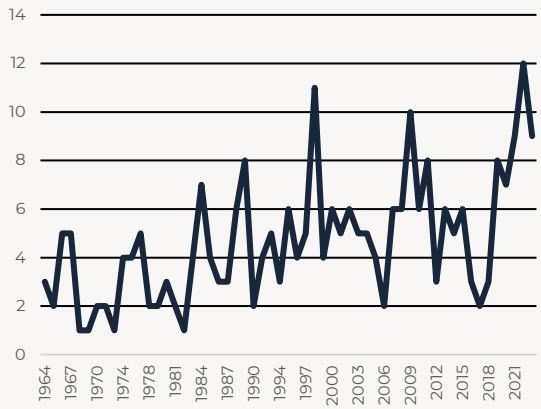
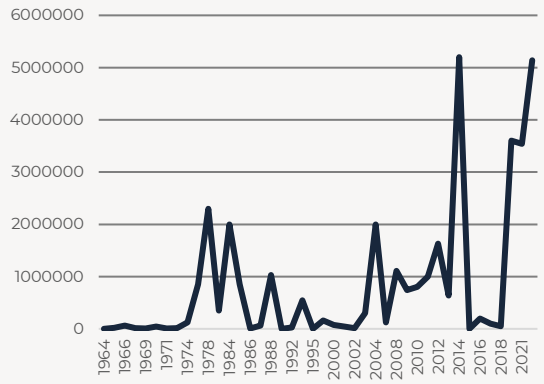


Figure 5: Brazil: Total damages (in US dollars), 1964-2022



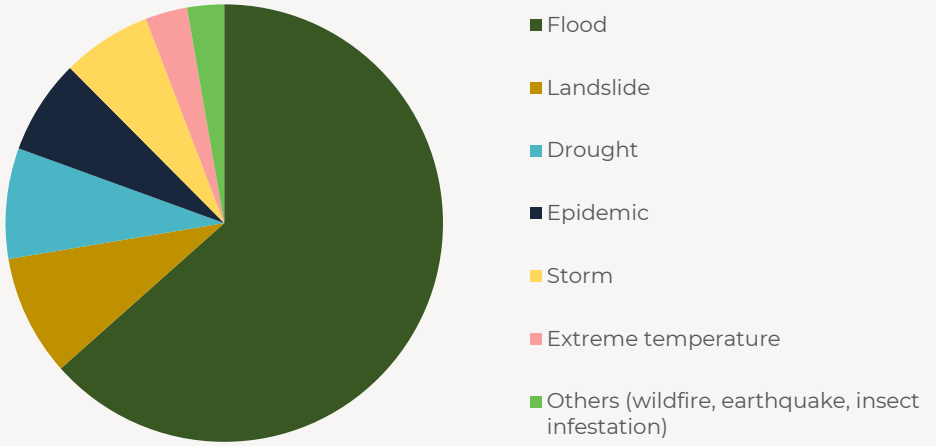
Source: The Emergency Events Database (EM-DAT). (2023).

Because of its big geographic scope, Brazil is impacted by a multitude of disasters. Figure 6 depicts the distribution of types of disasters in Brazil with floods and droughts being the most common since 1960. The type of disaster depends a lot on geography: In southern Brazil disasters such as landslides, flash floods, and flooding are the cause

[9] World Bank. (2023).

of 87 percent of disaster-related deaths.[10] At the same time, the northeast region of Brazil has experienced some of the worst droughts in the history of the country affecting millions of people every year.[11] About 13 percent of the Brazilian semiarid region (northeast and north of Minas Gerais) is considered to be under advanced stages of desertification. The southeastern Legal Amazon faces the greatest risk of climate-related changes (including Mato Grosso, one of the heartlands of soy production in Brazil), with rainfall projected to decrease by nearly 20 percent and temperature increases anticipated to be the most severe in the area.

Figure 6: Brazil: distribution of disaster type, 1960-2022



Source: The Emergency Events Database (EM-DAT). (2023).

2.2. Socio-economic implications of climate change

Brazil has made significant progress in reducing poverty[12] and extreme poverty[13] over the past decades. In 1990, 40 percent of Brazil's population lived in poverty and 25 percent lived in extreme poverty. However, thanks to various efforts and interventions aimed at reducing poverty, as well as a steady economic growth, the country entered the 21st century with nearly half of the poverty and extreme poverty rate observed in 1990. The downward trend in poverty has since continued, with the

[10] Pedroso, F. (2021).

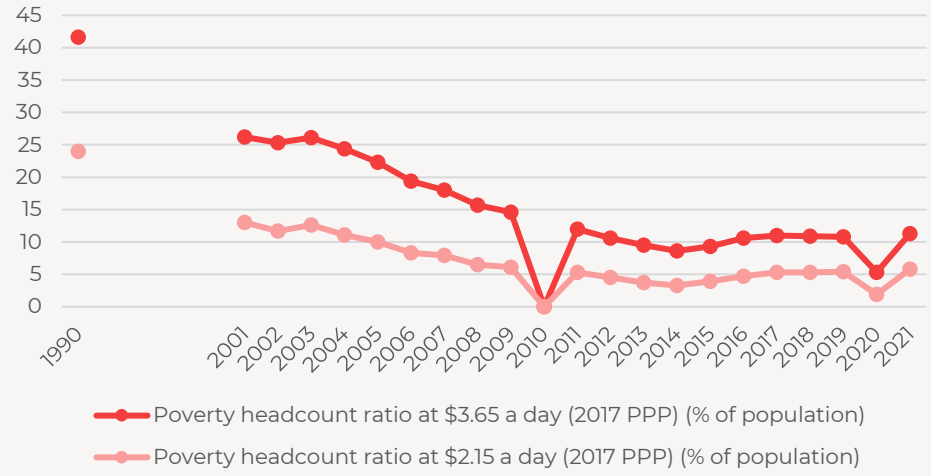
[11] World Bank. (2021a)..

[12] Measured as individuals living below $6.85 per day.

[13] Measured as individuals living below $2.15 per day.

share of Brazilians living in extreme poverty falling from 13 percent in 2001 to 5.8 percent in 2021. Similarly, the share of Brazilians living in poverty fell from 26.2 percent in 2001 to 11.3 percent in 2021 (Figure 7).

Figure 7: Poverty and extreme poverty headcount, 1990 & 2021-2021



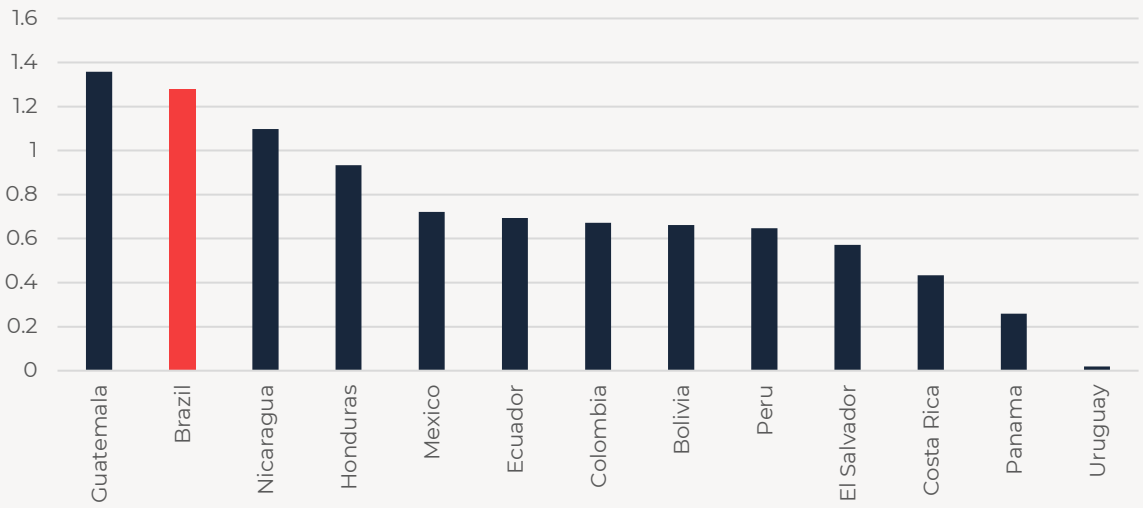
Source: World Development Indicators.

However, climate change threatens to reverse the hard-won gains in poverty. The future impacts of climate change on poverty in Brazil are uncertain but could be significant according to some predictions.[14] Based on a 'high-impact scenario' of climate change, it is predicted that by 2030, climate change could push an additional 1.3 percent of Brazil's population below the US$1.9 poverty line (Figure 8**Error! Reference source not found.**).[15] This is the strongest impact of climate change on poverty in LAC, after Guatemala. However, in a more optimistic scenario, the impact could be smaller, ranging between 0.4 to 1.0 percent. This underscores the importance of ASP interventions and risk management to enhance the resilience of vulnerable populations.

[14] World Bank. (2023).

[15] Rozenberg (2021) - based on Hallegatte et al. (2016).

Figure 8: Additional people living in poverty in 2030 due to climate change, percent of population, based on high-impact scenario

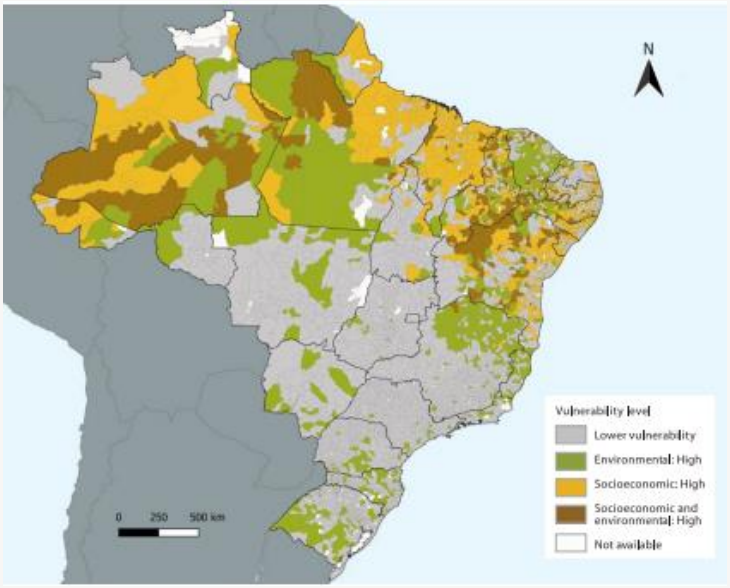


Source: Rozenberg. 2021 - based on Hallegatte et al. (2016).

Socio-economic and climate change vulnerability put many municipalities at risk in northern Brazil. According to analysis carried out by the Brazil poverty assessment, 814 municipalities, hosting approximately 45.5 million people, or one fifth of Brazil's population are highly vulnerable to climate induced disasters. The poorer municipalities in northern Brazil, which are at risk both socioeconomically and environmentally, are at most risk from the heightened threat of climate change. Vulnerability to climate change-related shocks is a reality for one in every five Brazilians (Figure 9).[16]

[16] World Bank. (2022).

Figure 9: Vulnerability levels of Brazilian municipalities according to the socioeconomic and environmental capacities indexes



Source: World Bank. (2022).

Climate change and exposure to climate-related disasters such as droughts and floods disproportionately affect low-income households in both rural and urban areas of Brazil. First, due to their low levels of asset accumulation and negligible savings, low-income households are usually less able to cope with shocks from natural disasters. Second, informal urban settlements with poor infrastructure and located in higher risk areas (like steep slopes, creeks, and low-lying plateaus in urban centers), face an increased exposure to natural hazards like floods and landslides. Households with low monthly per capita incomes are overrepresented in these at-risk settlements and more than two-thirds (69 percent) of households in these communities have household incomes below one minimum wage per person.[17] Lastly, many low-income households are small farmers in semiarid regions whose income and employment are vulnerable to changes in the climate and extraordinary precipitation levels. Studies suggest that global warming could lead to a loss of up to 11 million ha of agricultural land by 2030.[18]

[17] IBGE/CEMADEN. (2018).

[18] World Bank. (2021a).

Poverty also implies a range of other socio-economic impacts including on human capital, livelihoods and displacement. Recent studies on the effects of climate change have found significant impacts of heatwaves and droughts and heavy rainfall on poverty, human capital, livelihoods, and displacement (Table 1).

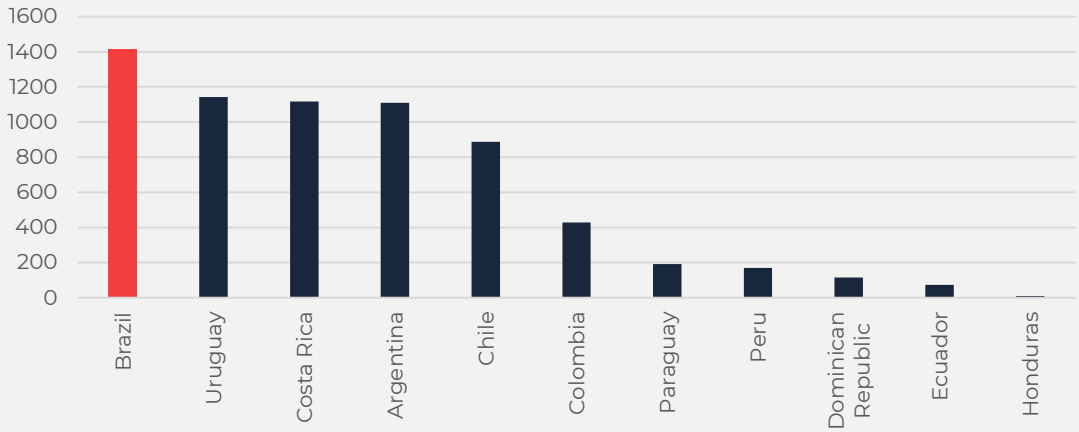
Table 1: Evidence on different types of climate change impact scenarios in Brazil

Impact	Climate-Induced Disaster/Changing Climate	Authors
Poverty	Climate change could decrease the income of the bottom 40 percent by over 6 percent by 2030	Jafino et al. 2020.
Human capital	• Air pollution, water scarcity, and wildfires could lead to worsened health outcomes among children • Droughts increase food insecurity and malnutrition rates • Adverse rainfall increase learning losses	• Rocha and Sant'anna.2022; Rocha and Soares. 2015. • World Bank. 2021. • Fitz and League. 2021.
Livelihoods	Unemployment in the agricultural sector	Wang and Guhry. Forthcoming.
Displacement	Drought and wildfires cause displacement of workers	Albert, C, P Bustos and J Ponticelli (2021)

3. A Snapshot of Brazil's social protection system

Brazil is world-renowned for its policies to include the poor and vulnerable in the social protection framework. The country shows impressive coverage levels and has developed social protection policies in almost all possible areas. Simulations suggests, until the recent pandemic, about 90 percent of households in theory had at least one member eligible for a 'protected income', through their formal work status, the old age, or their level of household income.[19] Compared to other countries in LAC Brazil is spending more per capita and has a higher coverage than any other country (Figure 10).

Figure 10: Per capita spending on SP in LAC, $USD



Source: Isik-Dikmelic. (2022). Stronger Social Protection and Labor Systems in Central America for Resilient and Inclusive Recovery. Washington, D.C.: World Bank.

Over past decades, Brazil has built a strong social protection system for its working-age population, comprising various programs. The array of social protection initiatives in Brazil is extensive and covers non-contributory safety nets, such as conditional cash transfers; contributory insurance schemes, including provisions for pensions and unemployment insurance; and active labor market programs, encompassing training, job placement services, and interventions for productive inclusion. To simplify, Brazil's social protection landscape can be categorized into three overarching pillars: social assistance, social insurance, and employment policies.

[19] It is important to highlight that 90 percent is achieved if the SP system works at perfect implementation: all families claim the benefits that they are entitled to, all benefits are available, there are no waiting lists, and no misinformation.

1. **Social Assistance:** In the early 2000s, Brazil established an effective social assistance system through the creation of the single registry (*Cadastro Único*), the consolidation of various state-level benefits and in-kind transfers in BF program, and the institution of the national social assistance network (*Sistema Único de Assistência Social*, SUAS). Brazil's decentralized social assistance delivery model includes local social assistance offices (*Centro de Referência de Assistência Social*, CRAS) in nearly all of the country's 5,570 municipalities. Additionally, there is a minimum income guarantee (*Benefício de Prestação Continuada*, BPC) for disabled and elderly individuals, and an early childhood program (*Programa Criança Feliz*).[20]
2. **Social Insurance:** This pillar encompasses contributory pensions for formal workers.
3. **Employment Policies:** Labor regulations and benefits for formal sector workers include labor incentive programs, such as the Family Income (*Salario Familia*) and the income bonus (*Abono Salarial*); the unemployment insurance (*Seguro Desemprego*); unemployment insurance savings accounts (*Fundo de Garantia do Tempo de Serviço*, FGTS); severance pay (*Multas*); and public employment services (XXX, SINE).

The existing social protection system faces several persistent challenges. There is an imbalance in the reach of the social protection system, with the elderly being the most protected, while children and parts of the working adults remaining relatively vulnerable. Pensions account for a substantial 8.2 percent of GDP spending, while all other social assistance and labor market policies make up 2.1 percent of GDP. Since the social protection system in Brazil was not developed through coordinated efforts, a lot of overlaps and gaps currently exist.[21]

The maturity of Brazil's social protection system enabled Brazil a quick and comprehensive response to the pandemic. In addressing the crisis, the Ministry of Citizenship (*Ministério da Cidadania*, MdC) initiated an emergency cash transfer program—Emergency Aid (*Auxílio Emergencial*, AE)—and expanded the BF CCT program, offering economic protection to the most vulnerable during the pandemic. AE reached 68.3 million beneficiaries in 2020 and continued into October 2021, though gradually reducing its base benefit value and coverage before phasing out. This constituted a much stronger social protection response compared to previous crises, and among the largest in the world.[22]

Despite possessing an advanced social protection system, countries like Brazil, susceptible to frequent and costly disasters, must further adapt their systems to effectively tackle future challenges. The upcoming section of this report will delve into the findings of the social protection assessment conducted in Brazil, shedding light on the limitations of the current system in responding to and addressing covariate shocks.

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[20] The program Criança Feliz has been discontinued and a new initiative, *Primera Infancia now SUAS*, is being deployed throughout the country.

[21] Morgandi et al. (2022),

[22] Gentilini et al. (2020).

4. Results from the Adaptive Social Protection Stress Test Assessment

The overall aggregate ST score of Brazil indicates that the country has an "established" social protection system in place to respond to respond to the most recurrent and disruptive climate-induced natural disasters (Figure 11). Brazil's main strength lies in its the *Institutional Arrangements and Partnerships* building block with an average score of 4.7. This is a result of having an institutionalized system for shock response, linking and articulating DRM and social protection agencies through clear roles and responsibilities. Additionally, Brazil has a robust *Data and Information* building block (4.3) with a functional EWS system and a social registry (Cadastro Único) with high coverage of the poor and vulnerable.

However, there are still some gaps and limitations in Brazil's social protection system restricting its scalability and readiness to ensure a timely and appropriate response to those in need. The subcomponents of *Financing* and *Programs* are at an "emerging" state with average scores of 3.5 and 3.7, respectively. While social protection programs in Brazil have a high coverage, they tend to be fragmented or overlapping. For recurrent and local events, payments are regularly made to affected persons, but they tend to vary in amount and coverage of the affected person's consumption needs. In addition to this, there are no programs in place designed to specifically address post-disaster economic inclusion of vulnerable populations. Furthermore, although some financial instruments for shock response exist as part of large-scale programs from the Federal Government, there are no dedicated financial instruments specifically designed for ASP. Figure 11**Error! Reference source not found.** below summarizes the overall scores of each building block and their respective components in terms of robustness and adaptiveness to climate shocks.

Although there are limitations in the adaptiveness of Brazil's social protection system, it can be considered a good practice in the LAC region. When compared to other countries in the LAC region Brazil performs better in terms of its overall ST score (Figure 12). With that said, it is important to acknowledge that comparing systems is challenging due to several reasons including vast country differences in population size, the nature and impacts of covariate shocks and fiscal space in each country.

Figure 11: Brazil's Stress Test Assessment Results

		Latent	Nascent	Emerging	Established	Advanced
Programs and delivery systems	Programs			3.7		
	Delivery systems				4.1	
	Payment systems				4.3	
Data and information	Early warning systems				4.5	
	Registries				4.1	
Financing				3.5		
Institutional arrangements	Government leadership				4.3	
	Institutions					5
Overall score					4.1	

Figure 12: Overall Stress Test Assessment Results in LAC

Source: Tisei and Ed. Forthcoming.

4.1. Programs and Delivery Systems

The Programs and Delivery Systems building block of the ST assessment focuses on understanding the features of social assistance programs in a country as well as their ability to respond to a covariate shock. It addresses various questions, such as the types of non-contributory and livelihoods programs available, the adequacy of a cash transfer for shock response, the use of needs assessments in delivering cash transfers, post-shock enrollment of beneficiaries and scalability of existing payment systems. Brazil's overall score for this building block measured 4.1.

Brazil's primary social protection program, the Bolsa Familia (BF) conditional cash transfer program, is recognized as one of the largest of its kind globally.[23] The program provides basic monthly income to families living in extreme poverty, while also fostering human capital accumulation. Eligibility for the program requires that families are registered in the national social registry, Cadastro Único, and are classified as 'extremely poor'. The program is assisting over 21 million beneficiaries in 2023 (60 percent of Brazil's poor families). The basic monthly benefit was set to USD 89 in 2019 with variable amounts depending on household size and pregnant women or nursing mothers. Several studies have found a positive effect of the program on socio-economic indicators. While past studies have not been able to isolate BF's effect on poverty and inequality, there is a consensus that the program played an important role in this regard. [24]

The ST assessment in Brazil has underscored both the robustness and adaptiveness of its main social assistance program. In response to the COVID-19 pandemic, several social protection measures were leveraged to cushion the most vulnerable segments of the population from its negative economic impacts, including the expansion of BF, the introduction of a temporary emergency cash transfer intervention, *AE*, and the provision of subsidies to maintain formal labor contracts (*Benefício Emergencial de Manutenção do Emprego e da Renda, BEm,* and *Benefício Emergencial de Suporte ao Emprego, BESE*).[25] The BF program was expanded horizontally, extending assistance to an additional 1.2 million families. Notably, the BF program eliminated the waiting list of families that met the eligibility criteria for accessing BF but could not be enrolled due to budget constraints.[26] Over the course of the pandemic, BF beneficiaries were also automatically enrolled to receive AE benefits whenever the latter proved to provide larger benefits.[27] The BF cash transfer has also been leveraged in response to previous disasters, such as the dam collapse in *Brumadinho* in 2019. Two days after the disaster, the MdC in Brazil, which is the main implementor of BF, announced that beneficiaries in the shock-affected areas could make anticipated withdrawals of the benefit and conditionalities were temporarily lifted. [28] According to consultations with the MdC, the main implementor of BF,

[23] Morgandi et al. (2022)

[24] Neves et al. (2022).

[25] World Bank. (2021b).

[26] Morgandi. (2020).

[27] World Bank. (2020b).

[28] Ministerio do Desenvolvimento e Assistencia Social, Familia e Combate a Fome. (2019).

payments in response to a shock are usually done with little delay, most payments are practically on time relative to the type of shock.

One third of beneficiaries in the BF are in municipalities considered at-risk or high risk to climate disaster, according to a recent study on risk exposure. Using data from the Brazil Center of Natural Disaster Prevention, the World Bank 2021 Disasters Risk Index by Capacity (DRIC) estimates the extent of exposure to natural disasters of Brazilian municipalities, and the capacity of these municipalities to respond to disasters.[29] Municipalities are divided in five groups: those in classes D and E are those at high or very high risk due to a combination of high exposure and low capacity to respond. Combining data from DRIC and the social registry, Cadastro Único, it is estimated that 30 percent of all BF recipient households in 2021 reside in high or very high-risk areas. This emphasizes the disproportionate exposure of the poor to the effects of future disasters, but it also highlights the crucial role of leveraging Bolsa Familia in responding to shocks.

Despite good practices in terms of programs and delivery systems, the ST assessment also points out several challenges:

1. Social protection programs exhibit tendencies of fragmentation or overlap, lacking specific labor market programs that address post-disaster economic inclusion, such as Public Works Programs (PWPs).
2. The benefit level of shock response is not always sufficient to cover household consumption during shocks due to the absence of protocols and minimum parameters of acceptable value in emergency situations.

4.2. Data and Information

The *Data and Information* building block of the ST assessment offers a comprehensive overview of the functionality and efficacy EWSs and social registries in informing and supporting the deployment of assistance during a shock. This building block addresses various aspects, including the functionality of EWS systems and the type of shocks it covers, as well as the social registry's coverage of disaster-prone areas and the frequency of updates to the registry. Brazil's overall score for this building block measured 4.3.

Brazil has a functional EWS that effectively alerts for all regular and recurrent shocks. The country has successfully established effective systems and agencies to monitor and respond to various natural disasters, including floods, droughts, and geological hazards. Utilizing early warning data, risk mapping, and continuous surveillance, Brazil ensures timely and appropriate actions are taken to mitigate the impact of these disasters. For geological and hydrological risks related to excessive rainfall in vulnerable areas, Brazil has implemented an alert system in about 1,000 municipalities with a history of landslides, flooding and other risks related to heavy rainfall. The system is overseen by the National Center for Monitoring and Alert of Natural Disasters (*Centro Nacional de Monitoramento e Alertas de Desastres Naturais*, CEMADEN) and takes into account mapping of previous risk areas and

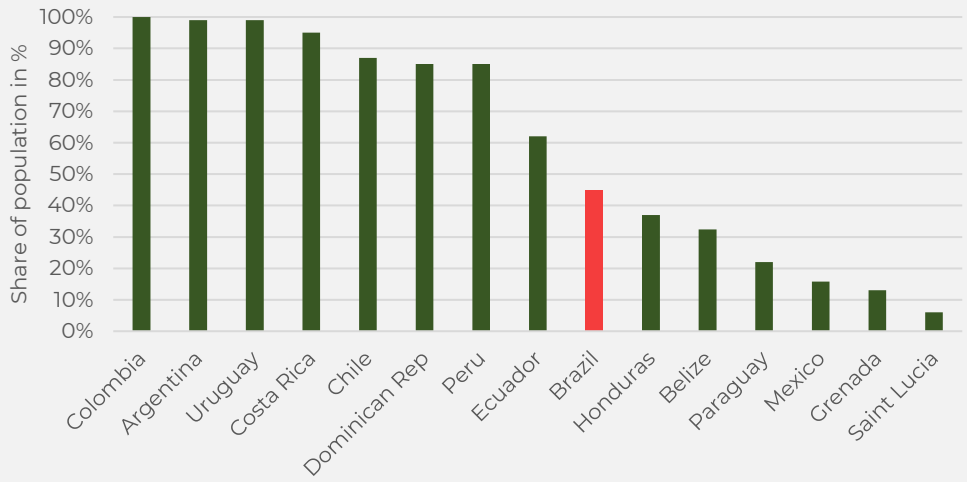
[29] Calculations based on WB DIRC, CEPED UFSC. (2019) & Codificação Brasileira de Desastres (Cobrade) e Relatório de Danos CEPED (2016).

conducts 24-hour monitoring.[30] In the case of droughts, Brazil relies on a Drought Monitoring system implemented by the National Water and Basic Sanitation Agency (ANA), which carries out monthly national monitoring of drought parameters.

Data gathered from EWS systems is used to assess future risk and vulnerability. Risk mapping of areas for geological and hydrological disasters, which are those with the greatest potential for damage in the country, is carried out by the Brazilian Geological Service (CPRM). Currently, about 1,500 municipalities have had their risk areas mapped since 2021.

Brazil has a robust social registry with high coverage of poor and vulnerable. Brazil's social registry Cadastro Único plays a crucial role in the selection of beneficiaries for more than 30 programs and covers around 47% of the population.[31] While some other countries in the LAC region have achieved universal coverage of their social registries, the coverage of 96 million individuals is still noteworthy considering that Brazil is the most populous country in the region (Figure 13). The registry covers most of the poor and vulnerable living in both rural and urban areas susceptible to shocks (particularly drought and floods) and enjoys of a high degree of data reliability and accuracy. By law, registered information must be updated every 24 months (from the date of last interview) or whenever there is a change in the family's composition, address, or socioeconomic conditions. Every year *Cadastro Único* manages some 14.4 million updates and/or new entries, equivalent to 25 per cent of the national population.[32]

Figure 13: Population coverage of social registries in LAC



[30] Consultations with CENAD in 2022

[31] CONGEMAS. (2023).

[32] Barca. (2017).

Source: Based on Isik-Dikmelik et al., 2022; Berner, 2021 and Part 2 of ST assessments

The pandemic became an unexpectedly accelerated the use of converging technologies in Brazil's social protection system. In 2020, the GoB launched AE to alleviate the social and economic repercussions of the COVID-19 pandemic. The delivery of the aid was assigned to two state companies: *Dataprev,* responsible for processing applications to the program and verifying eligibility, and *Caixa Economica Federal,* in charge of disbursing the benefit. One entry point into the program was through an app, allowing Brazilians to enter their credentials and apply. The app garnered a total of 115 million downloads[33]. *Dataprev* adopted Big Data technologies and developed a big analytical database to determine the eligibility of several million applicants and cross-checked their information against several administrative registries.[34] AE was the largest income transfer in Brazilian history considering the number of beneficiaries reaching 55.6 percent of the population and becoming one

[33] G2Px. (2021).

[34] Ronqui et al. (2023).

the most agile responses worldwide.[35] There are also sub-national efforts to leverage converging technologies in the response to shocks (Box 1)

BOX 1: ASP AND CONVERGING TECHNOLOGIES IN BRAZIL: THE CASE OF THE 2021-2022 FLOODS IN BAHIA

Salvador is the capital of the state Bahia, located in the southeastern corner of Brazil, in an area frequently affected by heavy rainfall and subtropical cyclones. The terrain of Salvador, with alternating steep slopes and flat areas, makes the city particularly vulnerable to the impacts of rainfall, which often results in flooding and landslides. Unplanned urbanization in the city puts many households at risk in the event of a weather shock: 1.3 million people (45.5% of the population) live in high-risk areas of flooding and landslides in Salvador. A flood risk assessment conducted, shows that the population may suffer from increased risk of flooding in the future.[1]

In 2020, Salvador published a Climate Change Action Plan[1] including a response strategy to floods and landslides. One of the suggested climate adaptation strategies of the plan includes the launch of the Platform for Intelligent Adaptation to Environmental Vulnerabilities and Risks. The platform will integrate Internet of Things, Geographic Information Systems, Artificial Intelligence and Machine Learning to easier predict and more rapidly respond to weather related emergencies. Furthermore, the platform has capabilities to real-time monitor and analyze extreme weather events to alert the potentially affected population and prepare for disaster response. Components of the platform will also allow two-way communication with particularly vulnerable groups.

Despite good practices of data and information, Brazil's faces challenges with leveraging data to estimate the potential impact and cost of shocks. The country exhibits limited capacity to model and evaluate the potential effects of shocks on vulnerable populations, and there is a lack of systematic assessments leveraging the available data.

4.3. Finance

The finance building block of the ST assessment assess the financing instruments in place that ensure a timely ASP response to disasters. It addresses issues such existence of a disaster financing strategy, ability to analyze and model potential costs implications of the shocks as well as mechanisms to ensure a timely response to shocks. Brazil's rating in the finance building block is 3.5, indicating that this area represents a notable weakness for the country.

[35] World Bank. (2021b).

Brazil has established disaster risk financing policies for at least one type of shock, backed by legislative and financial commitments. The country's legal framework for Civil Defense and Protection, dating back to the 1990s, outlines a comprehensive DRM approach, encompassing Prevention, Mitigation, Preparation, Response, and Recovery stages. Since 2010, regulations have specified funding and the Federal Government's obligation to support states and municipalities in DRM efforts, facilitating decentralized implementation with resource transfers. The National Policy on Protection and Civil Defense, introduced in 2012 through Law 12.608, delineates roles for the Union, states, and municipalities in Disaster Risk Reduction. However, there is a lack of specific instruments and financing mechanisms dedicated explicitly to Actions for Social Protection (ASP).

Social assistance in Brazil is financed through a combination of sources. SUAS, which is the unified network of social services, is funded by the federal government, as well as states and municipalities. The financing is shared among these different levels of government, and they contribute financially to the implementation and operation of social assistance programs and services. The funding for social assistance programs varies depending on the specific program and the target population. in Brazil. Social insurance programs, which are contributory, are funded through earmarked taxes on payroll contributions from employers and workers. Overall, social assistance programs in Brazil are financed through a combination of general budget resources, contributions from employers and workers, and transfers from the federal budget funded by general taxation.[36]

The national social assistance fund (*Fundo Nacional de Assistência Social*, FNAS) and the national social assistance policies (*Política Nacional de Assistência Social*, PNAS) play a strategic role in the funding of Brazil's social assistance system. The FNAS aims to ensure the effective and efficient use of resources in the provision of social assistance services and benefits.The PNAS is a framework that organizes and regulates social assistance actions in Brazil. It establishes guidelines and principles for the provision of social assistance services, programs, and benefits.[37]

To date, funds to respond to shock in Brazil are allocated on an ad-hoc basis. Budgetary reallocation after the occurrence of a disasters has been the most common practice in Brazil.[38] In general, Brazil's budget has emergency contingent allocations that can help channel resources in the case of a shock and the congress can rapidly approve top-ups when needed. These mechanisms facilitated the rapid response to the pandemic through AE. In 2022, MdC published an Ordinance SNAS 5/2022, with the aim to facilitate the process for municipalities to receive financing in the event of an emergency. Furthermore, some Brazilian states have even established their own disaster funds.

The Federal Government has established specific laws and an information system to utilize historical data to inform post-disaster financing. This system captures the social impacts and economic losses from disasters, and municipalities are obligated to report this directly. Assessing federal funds needed for response and recovery relies

[36] CONGEM. (2023)

[37] Ibid.

[38] World Bank. (2014).

on this system. Despite being publicly available and used in studies by practitioners and academia, there's a notable gap. The Federal Government has yet to systematically incorporate this valuable information into planning actions to reduce the risks of future disasters.

There are still challenges that needs to be addressed in terms of finance according to the ST assessment:

1. ASP funds are limited in the absence of a risk-layering financial strategy including a menu of different types of financial instruments to meet differentiated costs of social protection responses for different types and magnitudes of shocks.
2. The government has the capacity to analyze and model the potential cost implications of social protection responses to different shocks (including drought and floods), but these estimations have not been implemented so far.

4.4. Institutional Arrangements and Partnerships

The institutional arrangements and partnership building block of the ST assessment aims to provide a picture of the roles and linkages between the DRM and social protection sector. It addresses issues such as government policy or strategy that recognizes the role of (adaptive) social protection in DRM and how effectively the government leads a response plan. Brazil scored an average of 4.75 in the institutional arrangements and partnerships building block, indicating that this is one of the main strengths of the country.

Brazil's Social Protection has a notable strength in its robust institutional arrangements for responding to shocks and emergencies. The country has established a comprehensive system that effectively facilitates the interactions between the DRM and social protection agencies. This system ensures that there are clear roles and responsibilities assigned to different actors involved, minimizing any overlaps. At the core of this effort is the National Policy for Protection and Civil Defense, which is implemented through the National System for Protection and Civil Defense (*Sistema Nacional de Proteção e Defesa Civil*, SINPDEC). This system is designed to strategically align various actions such as prevention, mitigation, preparedness, response, and recovery in the face of recurring or sudden disasters within the country. When a state of emergency is declared, a well-coordinated network of agencies comes into play. The process begins with the activation of EWSs developed by CEMADEN in high-risk areas. These EWSs help to identify potential risks and provide timely alerts to the authorities. Subsequently, the Civil Defense steps in, and triggers the SUAS. SUAS promptly identifies individuals who have been affected by the emergency and initiates active search efforts to locate them. These affected individuals are then enrolled in the Cadastro Único registry. MdC also plays a crucial role by providing temporary benefits, including advance payments of the BF Program or the minimum income guarantee for the disabled and elderly, BPC. Furthermore, thanks to its advanced referral mechanisms, CRAS centers guides families to access

essential services such as shelter, healthcare, social care, and other public amenities. This orchestrated collaboration ensures a comprehensive response to crises.[39]

Brazil has made significant progress in enhancing its preparedness for emergencies through the establishment of a comprehensive shock response plan. In 2021, SNAS introduced Guidelines for the implementation of the Social Assistance Policy in contexts of Social Assistance Emergency. This framework focuses on the role of Social Assistance during emergencies and provides a proactive set of measures to be implemented before, during, and after such situations. The guidelines take into account the distinct competencies and roles of entities at the federal, state, and municipal levels of government. This ensures that there is a coordinated and synchronized effort across all levels of governance. The plan encompasses six main strategic axes, which are: Legal, Administrative, and Budgetary Management; Social Assistance Surveillance; Social Work with Families and Individuals; Social Assistance Benefits and Income Transfer; Reception; and Articulation and Intersectionality. The plan's scope extends to a wide array of risks, including natural disasters like earthquakes, floods, hurricanes, as well as epidemics and plagues.[40] This holistic approach positions Brazil to respond to a diverse range of challenges while ensuring a well-coordinated and synchronized effort across all levels of governance.

Despite good practices in terms of institutional arrangements and partnerships, the ST highlighted a number of challenges:

1. At the policy level, while there is not an integrated ASP strategy in Brazil, relevant social protection and DRM strategies exist with complementary links to ensure a fast response during an emergency.
2. Shock response plans has been put in place covering most recurrent and disruptive shocks, but robust implementation is still challenging, and shock responses are often conducted on an ad-hoc basis.

[39] Consultations with the MdC of Brazil carried out in January 2022 as part of ST assessment

[40] SNAS. (2021).

5. Towards an Adaptive Social Protection system: priority areas for Brazil

Although Brazil's high coverage of social assistance and mature social protection system puts the country at a good starting point, the ST assessment reveals further room for increasing the adaptiveness of Brazil's social protection system. The recommendations of this section are summarized below (Figure 14) and are organized into the four building blocks of ASP. As the ST primarily focuses on federal level responses to shocks, there is a need to further explore responsibilities at the state and municipal level as Brazil is a highly decentralized country. Thus, a more detailed analysis of state and municipal shock response in regions affected by public calamities and emergencies is crucial for future considerations.

1. Programs and services: Investing in a stronger, more comprehensive social protection system composed of multiple programs with high coverage provides the foundation for building household resilience to shocks. The positive impacts of social safety nets on poor household 's ability to cope with shocks, maintain food security and refrain from negative coping alternatives are well-documented (e.g. Ulrichs and Slater 2016).[41] Brazil already has a strong foundation of social protection programs to build upon and can further develop ASP by adjusting its targeting approaches, informing CCT beneficiaries about risks and appropriate actions in emergencies, and promoting livelihood programs that help those exposed to shocks.

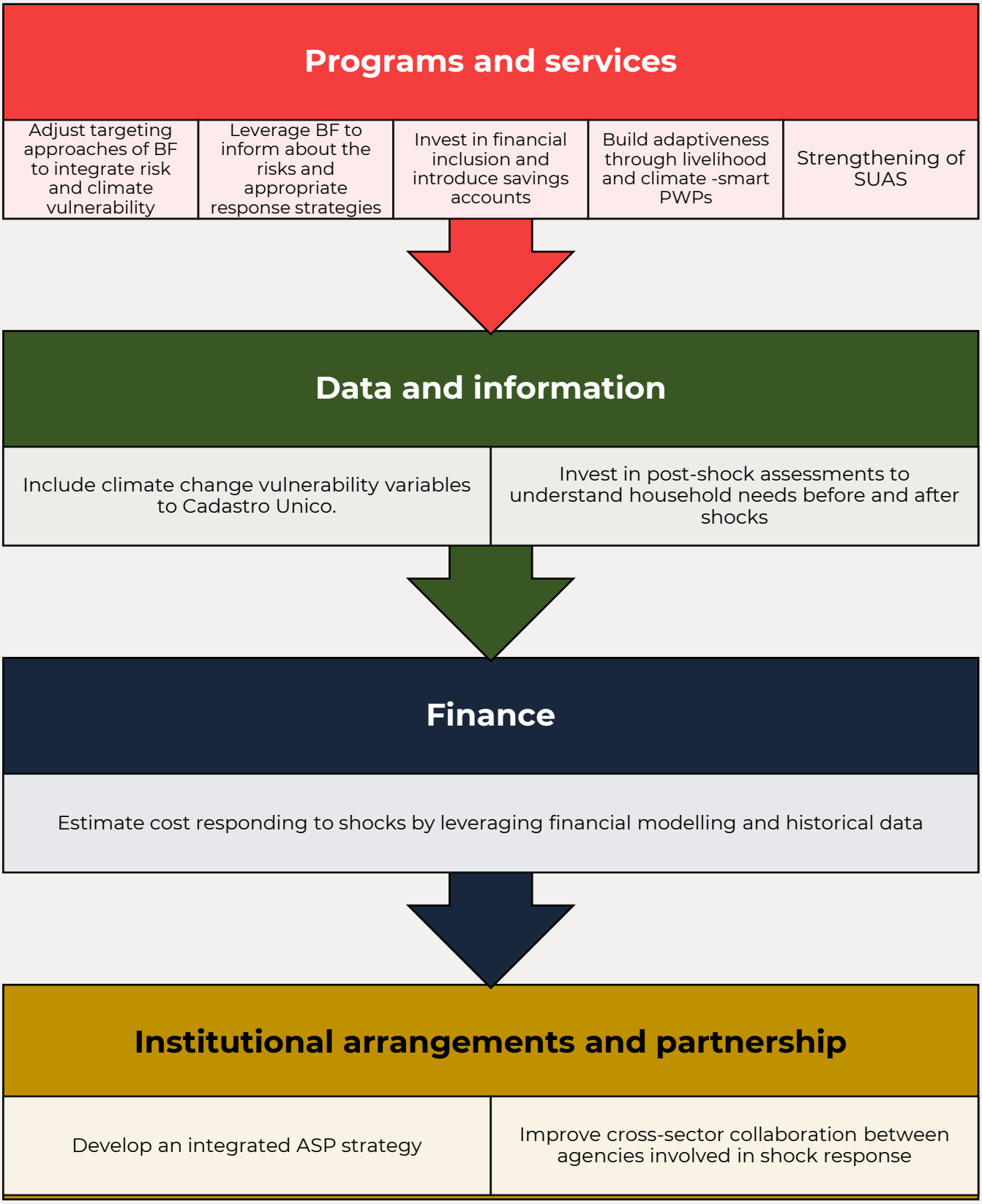
> ***1.1. Adjust targeting approaches of the BF program and integrate climate change risk and vulnerability into eligibility criteria and beneficiary selection.*** Measures of vulnerability to covariate shocks can be incorporated to program eligibility criteria to better identify and reach households most vulnerable to shocks. Such "climate-smart targeting" would incorporate area and household data to identify the households vulnerable to natural hazards and climate-change risks.[42] In Brazil, combining data from Cadastro Único with data on climate change related disasters[43] could help identify and reach households vulnerable to climate change.

[41] Ulrichs and Slater. (2016).

[42] World Bank. (2020a).

[43] e.g. CEPED UFSC, S2ID.

Figure 14: Priority interventions for increasing the adaptiveness of Brazil's social protection system



1.2 To help households prepare for shocks, savings accounts could be introduced for low-income workers in the AB program. Savings and financial inclusion can help low-income workers prepare for, cope with and adapt to a shock. In Mexico, beneficiaries of the former CCT program *Prospera* were targeted with savings accounts. When evaluated, several *Prospera* communities exposed to climate shocks, such as hurricanes or droughts, reported that they used their transfers to "save for bad times".[44] Low-income workers in AB and Cadastro Único, with the ability to save, could be directly targeted with savings accounts to help them deal with income volatility (see Box 2).[45]

1.3 Address post-disaster inclusion and build adaptiveness to climate change through productive inclusion and climate-smart public works programs. For workers that are adversely affected by weather shocks (such as farmers in the agricultural sector) there is a need to diversify their assets and livelihood to reduce their vulnerability to climate shocks. In Brazil, the Programa Garantia Safra provides agricultural families with insurance to protect them against loss of crops due to droughts or other natural disasters. However, complementary programs are needed for other climate vulnerable households. Productive inclusion programs can be used as powerful instruments for supporting their ability to build resilience towards climate shocks.[46] These programs usually contain a bundle of interventions spanning from savings programs to entrepreneurship training. In addition to this, climate-sensitive PWPs can help communities address structural vulnerabilities. These programs usually focus on improving waste-management, reforestation, soil and water conservation among others. Evidence from India's Mahatma Gandhi National Rural Employment Guarantee Scheme indicates that it can help to build resilience to various climate shocks.[47]

1.4 Learn from the COVID-19 experience of the rapid roll-out of the emergency cash transfer program, AE. It is important to draw from lessons from previous shocks to address future ones. The response to the pandemic by AE has been well-documented in Brazil (see Lara de Arruda et al, 2021).[48] AE showed the advantages of digital enrollment which led to a rapid inclusion of affected vulnerable individuals and a fast payment of emergency benefits.

[44] Solórzano. (2016).

[45] Morgandi et al. (2021).

[46] World Bank. (2020a).

[47] Esteves et al. (2013).

[48] World Bank (2021b).

Such design features should be integrated to the current programs to shorten the future shock response.

BOX 2: PREPAREDNESS TO SHOCKS THROUGH SAVINGS AND CREDIT

High income volatility is a characterizing feature of poor households in Brazil. Morgandi et al (2021) estimated that before the pandemic workers in informal wage employment or self-employment experience at least twice as high variation of income compared to formal wage employees. Thus, a major challenge for vulnerable families will be to navigate temporary income shocks due to climate change that will likely increase in frequency. A recent World Bank report suggests that access to credit or savings can be a way to prepare vulnerable workers for sudden income shocks and help them cope with and adapt to shocks.[1]

Compared to other countries, the saving rates in Brazil are low—and especially low among the poor and behavioral biases and financial illiteracy are present. The note suggests the following to increase the financial inclusion and savings among low-income workers in Brazil:

1. Provide voluntary savings accounts to low-income families in the cash transfer program, AB, and in the social registry. Even though this audience has a low savings ability due to their low income, it has been shown that safety net beneficiaries are more likely to save than non-beneficiary households.

2. Increase financial inclusion and preparedness for income shocks among low-income families through complementary financial interventions (such as financial education, provision of microinsurance)

1.5 Preparedness to shocks can be enhanced by levering social safety nets to inform beneficiaries about the risks they face and the appropriate strategies and actions they can take. CCT programs around the world already use the programs as communication platforms to provide information on benefits of education, health check-ups or vaccines to beneficiaries. The same type of communications strategy could be used to provide information on potential disasters and risks and how to deal with them. In line with this, the AB could be leveraged to channel very basic disaster preparedness training and information on the timing of dry or rainy seasons or early warning information to beneficiaries.

1.6 The strengthening of SUAS is crucial for enhancing the resilience of vulnerable populations to shocks. This can be achieved by improving the mobility and connectivity of SUAS, as well as expanding the active search and mobile SUAS team. To ensure a smoother deployment of aid in the event of a shock, it is important to enhance the mobility and connectivity of SUAS. This involves ensuring that individuals can easily access SUAS services, regardless of their location. By leveraging mobile phones and technology, vulnerable

populations can overcome barriers and access the necessary social assistance provided by SUAS. Expanding the active search and mobile SUAS team is another important aspect of strengthening the system. This involves actively reaching out to vulnerable populations and providing support directly in their communities. By expanding the mobile SUAS team, more individuals can be reached and provided with the necessary assistance, especially in remote or underserved areas.. By ensuring accessibility, accuracy, and proactive outreach, SUAS can effectively support and protect those in need during times of crisis or adversity.

2. Data and information: Information on household vulnerability to shocks and their relative capacity to cope and recover is crucial for the design and implementation of ASP programs. Social registries are particularly useful for estimating the effects of a disaster on a household and for providing information on social protection beneficiaries and nonbeneficiaries. Brazil already has a well-established social registry with high coverage but can further modernize it to enable shock-responsive social protection.

2.1 Include climate change vulnerability variables to the social registry and identify communities most vulnerable to climate change. Cadastro Único has relevant coverage of areas prone to drought and excess rainfall, particularly in rural settings. However, its current integration with DRM and CCA sectors is limited. In Brazil there is not a single database of disaster risk data covering the entire territory, instead there are 5570 risk maps at the community level. Combining these maps with the social registry will thus be challenging. As a first step to modernize the social registry to better inform climate change preparedness and response strategies, Cadastro Único could enhance the pre-identification and collection of variables and data related to household's vulnerability to climate shocks. Inclusion of these types of questions could be further discussed with IBGE and DRM institutions to avoid overlaps in data collection efforts. Cadastro Único can furthermore enhance its relevance for ASP further by updating information of high-risk areas more frequently.

2.2 Invest in the capacity to conduct post-shock assessments, or linking to assessment from other sectors, to ensure an up-to-date understanding of household needs. A post-disaster household assessment helps to gather real-time information of a disaster's impact on household well-being and livelihoods, thereby informing the choice of response programs and the appropriate benefit package.[49] In Brazil, a post-shock data collection can play a key role in reflecting socioeconomic conditions and household needs, especially after fast-onset, less predictable, and destructive disasters. Facilitating exchange of data between social protection and relevant line ministries, including DRM, as well as nongovernment partners will be important for developing such assessments.

3. Finance: Disaster risk financing involves risk financing strategies and putting in place systems and financing to respond to shocks already before they take place. [50]

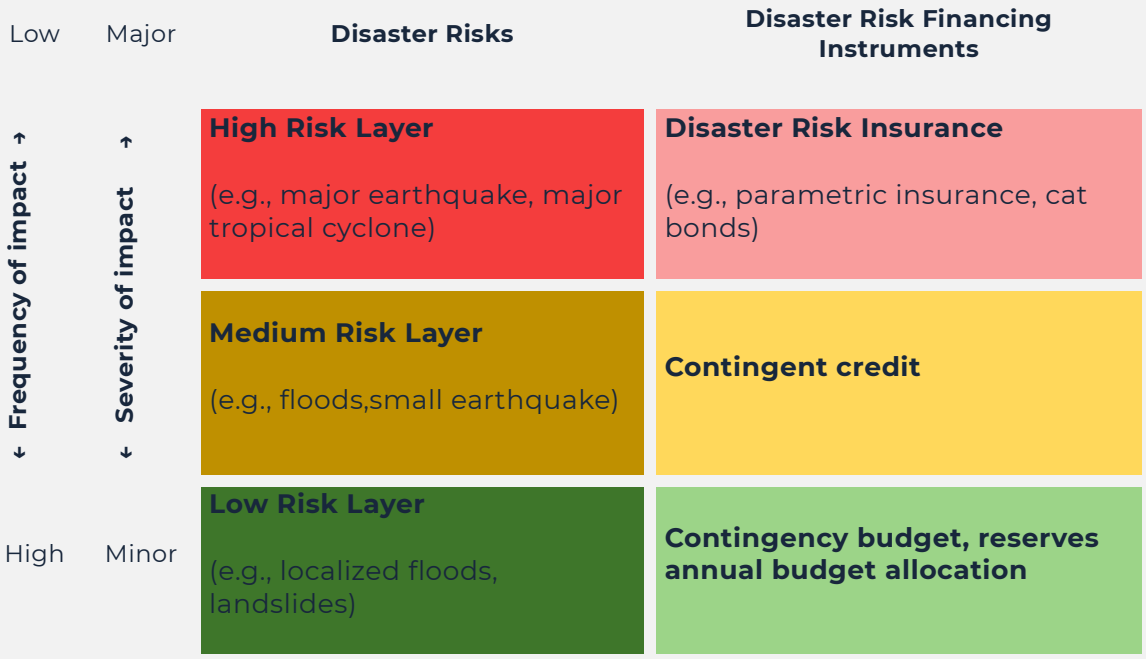
[49] World Bank. (2020a)

[50] Ibid.

For Brazil this translates into moving from an ad-hoc to a more proactive approach when allocating funds for disaster response.

3.1 Historical data combined with financial modelling can be used to better predict the cost of future responses with social protection and to develop a risk-layering financial strategy. Leveraging time series of historic data on the social impact and economic loss of a disaster, models can assess the past frequency and scale of shocks to extrapolate future cost scenarios. Based on such analyses, a risk-layering financing strategy can be developed. The World Bank has developed a risk-layering financing framework that takes into account different layers of risk that a country might be exposed to and considers the financial instruments that are the most appropriate for financing response to disasters (Figure 15). In most cases, multiple financial instruments will be required to meet the financial cost of the anticipated responses. Current financial instruments in Brazil (such as FNAS or Garantia Safra) are well positioned to meet financial demands derived from low frequency/high severity shocks but are limited to address social protection financial needs of high frequency/low severity shocks.[51] Therefore, Brazil should consider developing a risk-layering financial strategy including a menu of different types of financial instruments to meet differentiated costs of social protection responses for different types of shocks.

Figure 15: Three tier financial strategy against natural disasters



[51] World Bank. (2014).

4. Institutional arrangements and partnerships: A defining feature of ASP is the many actors that may be involved in its implementation. This calls for institutional arrangements that anchor the planning, management, and delivery of ASP, as well as enhanced partnerships between ministries and agencies involved in disaster response.

4.1. At policy level, Brazil should develop an integrated ASP strategy with appropriate legislation and fiscal commitment. While institutional arrangements for shock response exists in Brazil with clear mandates, responsibilities and articulation provisions for both the social protection and DRM sector, shock responses are often conducted on an ad-hoc basis, which limits a consistent and timely shock response. The country thus needs an integrated ASP strategy addressing the most recurrent and disrupting shocks, founded on appropriate legislation and fiscal commitment.

4.2. There is also a need for cross-sector collaboration in Brazil to allow a faster shock response. Identifying the precise roles and responsibilities of government and humanitarian actors and establishing partnerships can speed up the shock response and reduce overlaps. As a first step for building partnerships, the MdC and other agencies involved in disaster response can facilitate data and information sharing related to disasters and climate change risks.

Final remarks

The findings derived from Brazil's social protection ST has contributed to the development of the "Unleashing Adaptive Potential – Good Practices in the Latin America and Caribbean region" report. The main objective of this report is to offer a comprehensive overview of good practices related to the advancement of the ASP agenda in the LAC region. Additionally, it aims to guide future policy dialogue and inform policymaking on this critical agenda within the region. The good practices highlighted in this report can also serve as inspiration for furthering Brazil's ASP agenda, showcasing examples of successful or ongoing World Bank initiatives in the region.[52]

This note contributes to guiding the future of social protection in Brazil. Considering the vast and diverse array of hazards and risks facing the country, along with other emerging issues, furthering the ASP agenda has become even more imperative. The evidence generated through the social protection ST underscores existing gaps in Brazil's social protection that hinder the smooth deployment of assistance in times of crisis and can serve as a first approach for policymakers and practitioners. Going forward, continuous monitoring of vulnerability to climate change will be critical as the locations subject to climate shocks are expanding and changing.

[52] See Tisei and Ed. Forthcoming.

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ANNEX

PROGRAMS & DELIVERY SYSTEMS

PROGRAMS (3.7)

#	Key questions	Answer (with rank)
1	What kind of non-contributory cash/in-kind transfer programs does the government operate?	• None, or donor/NGO-run programs only = 1 • Government-run programs exist, but in limited geographic areas = 2 • Government-run programs exist nationally but are limited to specific categories (e.g., disability, old age pension) = 3 • **Government-run programs are operated nationwide but are fragmented or overlapping = 4** • A coordinated government-run program(s) is present nationally without fragmentation or overlaps[53] = 5
2	What kind of livelihoods/employment protection programs exist?	• None, or donor/NGO-run programs only = 1 • Selected programs exist (some of them run by the government), but are limited in scope and/or to certain geographic areas = 2 • Programs exist nationally but are limited in scope (e.g. skills training only) = 3 • **Various programs (delivering, e.g., skills plus cash, credit and/or counseling) are operated nationwide but are fragmented or overlapping = 4** • An integrated government-run livelihoods program (or in complete coordination with NGOs) is operating nationally = 5
3	Does the amount of benefit provided during shocks change as per circumstances to ensure that there is no drastic change in household welfare?	• Amount of benefit far from allowing households to maintain pre-shock consumption levels =1 • Amount of benefit covers a small part of the consumption impact and decision on amount is based on resources available rather than standard protocol =2 • **Amount of benefit covers a significant portion of the consumption impact, though coverage is still a priority (can sometimes cover a lot sometimes a little) =3** • Amount of benefit provided compensates significantly (though not fully) for consumption impact, with some parameters for transfer amount outlined in protocol and minimal acceptable value = 4

[53] Overlap in beneficiaries that can lead to "double dipping"

		• Amount of benefit provided compensates for potential consumption impact with formal guidelines/standards in place= 5
4	What is the coverage of social protection programs in the country?	• 0-15%=1 • 15%-30%=2 • 30%-50%=3 • **50 to 70%=4** • Over 70%=5

Rating *Programs* building block

DELIVERY SYSTEMS (4.1)

#	Key questions	Answer (with rank)
1	Are there communication mechanisms in place that can be leveraged in times of a shock to inform target beneficiaries about the program?	• No or target population is not accessible=1 • Yes, but instruments are used in an ad hoc manner and are not tailored to the target population (e.g., using pamphlets or using pamphlets in one language and not others when target population is illiterate) = 2 • Yes, with more effective strategies in some areas but is not implemented well in other areas = 3 • Yes, a comprehensive strategy is implemented (or is available) in both urban and rural areas, which are served by the program, but don't have capacity to expand to areas not currently covered = 4

		• **Yes, a comprehensive strategy that uses multiple sources (e.g., a mix of cell phone, tv/radio, newspaper and other print media, and local community leaders) is available that can be scaled up as needed= 5**
2	Is the delivery of assistance informed by a needs assessment?	• There is no needs assessment tool=1 • There is a tool designed for needs assessments for cash as well as other assistance (such as food or shelter), but there are no mechanisms to link it to existing programs=2 • **There is a tool designed for needs assessments and it informs the delivery of assistance through social protection programs via cash transfers=3** • There is a tool designed for needs assessments and it informs the delivery of assistance through social protection programs assistance other than cash transfers (such as food or shelter) =4 • There is a tool designed for needs assessments and it informs the delivery of assistance through the social protection programs via cash transfers as well as other assistance (such as food or shelter) =5
3	How are beneficiaries enrolled in the program in times of shock?	• No enrolment mechanisms specified in case of horizontal expansion or existing beneficiaries have to register again = 1 • In person near their place of residence at a specific time (no permanent structure available for registration) =2 • Self-enrollment in person (kiosk, one stop shop) or online/phone without provision for alternative access = 3 • Self-enrollment by phone or internet as well as in person = 4 • **Automatic enrollment OR multiple mechanisms used that ensure everyone among target population[54] can be enrolled =5**
4	What percentage of the poorest two quintiles of population has a government authorized/recognized ID (national ID, birth certificate, voters ID, tax ID, etc.)?	Total coverage • 0-20%=1 • 20-40%=2 • 40-60%=3 • 60 to 80%=4 • **Over 80%=5**
	Can beneficiaries or target population register complaints? Is there a	• No or yes, but not functional =1

[54] *Target population' refers to the intended beneficiaries a of a particular benefit i.e., those who you want to be able to reach when you scale up a benefits/relief program*

5	grievance redress mechanism in place to resolve the complaints?	• Yes, but only through community committees/ in person and is limited to beneficiaries only =2 • Yes, there are multiple ways to register complaints, which can also be used by non-beneficiaries. However, complaint resolution process is not tracked =3 • **Yes, there are multiple ways to register complaints with triggers for response that tracks complaint resolution process = 4** • Yes, there are multiple ways to register complaints with triggers for response and tracking of complaint resolution processes. After complaint resolution, follow up with beneficiaries to get feedback = 5
6	Does the shock response expansion have specific programs/design features to ensure inclusion of women?	• No specific efforts are made to ensure inclusion of women=1 • Some efforts are made to improve access or outreach, but these are not effective or contextually appropriate =2 • **Some efforts are made to improve access or outreach, including context-specific adjustments or measures to address upstream constraints (e.g., provision of IDs or SIM cards to women to have better access) = 3** • Shock response plan includes a social mobilization component on top of tweaks in design features that tries to influence behavior or change restrictive norms to improve women's access to systems = 4 • The existing system already accounts for the major constraints faced by women and includes strategies to mitigate their constraints and improve access =5
7	Does the shock response expansion have specific programs/designs features to ensure the inclusion of other vulnerable categories (people with disabilities, elderly, refugees etc.)	• No specific efforts are made to ensure inclusion of other vulnerable categories=1 • Some efforts are made to improve access or outreach, but these are not effective or contextually appropriate=2 • Some efforts are made to improve access or outreach, including context specific adjustments or measures to address upstream constraints • **Shock response plan includes a social mobilization component on top of tweaks in design features that tries to influence behavior or change restrictive norms or constraints to the inclusion of other vulnerable groups = 4** • The existing system already accounts for the major constraints faced by other vulnerable groups and includes strategies to mitigate their constraints and improve access=5

Rating *Delivery Systems* building block

PAYMENT SYSTEMS (4.3)

#	Key questions	Answer (with rank)
1	Currently, how are benefits or cash transferred to the beneficiaries?	• Payments/transfers are cash based or in kind undertaken in person by MFIs or other and no set up for digital transfers[55]=1 • Payments/transfers cash based or in kind undertaken in person by MFIs or other but a small scale/pilot or discussion on digital transfers ongoing=2 • Some payments are digital or paid to bank accounts=3 • **Most payments are digital or paid to bank accounts, but use of funds is restricted to cash withdrawals from designated places =4** • All payments are digital with ability to spend directly from the account, e.g., by debit card at merchant POS machine=5

[55] Digital transfers or e-payment refer to prepaid cards, magstripe debit cards, smart cards, mobile money, accounts in financial institutions. Digital component does not have to be end to end but can refer to the sending the payment digitally to a bank account. Digital payments here include mobile payments, credit or debit cards, online bank accounts etc.

2	How quickly can the payment system scale? *This question seeks to understand the speed at which response can happen irrespective of the mechanism used. During natural disasters digital payments may not be feasible, however the important aspect is to understand the country's ability to deliver with speed regardless of mechanism. Generally, when doing physical transfers speed can be affected. Based on what stakeholders know of the general speed at which transfers can be made.*	• Payments would require significant time as system • not in place or nor appropriate for response (i.e., payments or assistance would arrive significantly after the shock occurs, likely some months) =1 • Payments would experience some delay relative to shock as some systems in place but not most appropriate for some shock(s) identified in Part One (i.e., payments or assistance would arrive after the shock occurs, days to weeks) =2 • Payments would experience moderate delays- some could be quick while others would lag behind (i.e., payments or assistance relatively on time for some beneficiaries but delayed for others, no consistency in ability to respond on time) =3 • **Payments can be made with little delay for some shock(s) identified in Part One (i.e., most payments practically on time relative to the type of shock, "delays" are small, few days at most=4** • Payments can be made rapidly for all shocks identified in Part One (consider for different shocks different payment systems may be necessary, so ability to be able to adapt payment method as necessary-fit for purpose- is essential) =5
3	What is the capacity of the payment system to handle a horizontal expansion of the main program? *This question seeks to understand how many beneficiaries can be reached with payments—scale of the scale up so to speak- irrespective of the mechanism. During natural disasters digital payments may not be feasible, however the important aspect is to understand the country's ability to reach all those who need to be reached. Generally, when doing physical transfers this can be more limited.*	• Expansion of payments/benefits cannot be done at scale of need and limited to already targeted areas/localities =1 • Expansion of payments/benefits can be done at limited scale of need (i.e., slightly more than the regular caseload, but mostly only if in same general area, or not multiple areas) =2 • Some ability to moderately expand payments/ benefits relative to need (i.e., beyond current regular case load with some sizeable yet insufficient reach still) =3 • Significant ability to expand payments/benefits relative to need =4 • **Strong ability to expand transfers/ benefits to cover most of the need or country if needed =5**

Rating *Payment Systems* building block

DATA AND INFORMATION

EARLY WARNING SYSTEMS (4.5)

#	Key questions	Answer (with rank)
1	Is/are there a functional EWS for the shock(s) the country is exposed to? (Shocks that are identified in Part One) *An EWS is functional if it can monitor and alert on the occurrence of a natural hazard or shock.*	• No=1 • Yes, but not fully functional or pilot form=2 • Yes, for some shock(s) and functional while some others exist but very weak /not fully functional =3 • Yes, for most or all shocks and mostly functional=4 • **Yes, for all regular/known/recurrent shocks and with high functionality/multi-hazard early warning system=5**
2	Is the national EWS capable of warning (monitoring and alerting) of one or more shocks identified in Part One? *Capable refers to ability to collect high quality, accurate data in real time. High quality data should have scientific basis.*	• Inadequate monitoring and warning capability of any hazard (for natural shock)/ or other shocks (health, food insecurity etc.) = 1 • Some but limited monitoring and/or warning capability of hazards /or other shocks =2 • Some adequate monitoring and/or warning capability for hazards /or shocks most relevant to the country, though some issues with accuracy still, and limited ability to monitor other less relevant more infrequent shocks = 3 • Significant monitoring capability for hazards /or other shocks most relevant to the country but no other hazards/shocks =4

		• **High level of monitoring and warning capability across hazards and/or shocks =5**
3	Has the government undertaken vulnerability and risk assessment(s) to assess the impact of shock(s) identified in Part One based on EWS data?	• No detailed vulnerability or risk assessments by govt exist = 1 • Outdated or poor-quality assessment(s) of risk/vulnerability exist = 2 • Some assessment to determine impact of different shocks on different populations exists but relies heavily on external support /or is not wholly adequate = 3 • **Government has the capacity to (and does) undertake risk/ vulnerability assessment for some shocks regularly based on hazard or shock exposure and data and provide granular data on people in need = 4** • Government has the capacity to (and does) undertake a credible risk/vulnerability assessment regularly that is capable of providing granular data on estimated people in need in advance or very quickly in response to multiple shocks = 5
4	Is there an agreed trigger to initiate shock response or to scale up social protection systems in shock response (for the shocks identified in Part One)?	• Shock response does not rely on EWS data for response = 1 • There is an ad hoc linkage shock response and EWS, where EWS data is used only sometimes = 2 • Some attempts to identify and document EW indicators, which can be used to plan disaster response, but actual timing and scale of response follow resources =3 • **EW indicators are well-defined and documented with pre-agreed trigger thresholds to initiate a shock response. However, this is only limited to pilot programs or little coverage =4** • Defined/automatic EW triggers that lead to relevant agencies initiating the shock response, which includes guidelines on amount and coverage for some shock(s) = 5

Rating *Early Warning Systems* building block

SOCIAL REGISTRIES (4.1)

#	Key questions	Answer (with rank)
1	What kind of registry or database is used to target beneficiaries for a shock response?	• A program social registry • Several program registries/databases • **A national registry** • A voter ID database • Humanitarian partners databases • Civil registry • Social security database • Telecom companies or client lists • Pension and social security databases • Dedicated MIS • None of the above/ad-hoc registration
2	What is the difference in terms of urban coverage in the registry/databases vs. the likely affected urban population based on simulation? *To answer this question, there needs to be a number of average populations affected by shock from Part One. If you have not done Part1 simulation, please use an estimate on the number of people in need*	Calculate the difference between simulated number of affected urban population and those in the registry • Over 70%=1 • 50-70%=2 • **30%-50%=3** • 15-30%=4 • More households in the registry/database, or 0-15% fewer in the database than urban affected population%=5

3	What is the difference in terms of rural coverage in the registry vs. the likely affected rural population based on the simulation? *To answer this question, there needs to be a number of average populations affected by shock from Part One. If you have not done Part1 simulation, please use an estimate on the number of people in need*	Get the difference between simulated number of affected rural population and those in the registry • Over 70%=1 • 50-70%=2 • 30%-50%=3 • 15-30%=4 • **More households in the registry/database, or 0-15% fewer in the database than urban affected population%=5**
4	Share of records older than 3 years in the registry or database used? It can also be an approximation	• Over 70% (or information not available) = 1 • 50-70%=2 • 30%-50%=3 • **15-30%=4** • 0-15%=5
5	Based on approximation, are disaster prone areas covered by the registry or relevant databases?	• None=1 • Few disaster-prone areas covered=2 • Some of the disaster-prone areas covered = 3 • **Most of the disaster-prone areas covered =4** • All the disaster-prone areas covered =5
6	Is there a protocol[56] for updating the registry or relevant database (full update not day to day updates)?	• No=1 • Yes, a protocol exists but has never been followed=2 • Yes, a protocol exists and has been mostly followed with some shortcomings (whether delays, or some deviation from the protocol or short of the full needed update) OR a protocol does not exist, but some updates have happened regardless = 3 • Yes, a protocol exists and has been followed and helped update the database completely, but the updates are irregular and at least 5 years apart = 4 • **Update is regular and/or automatic =5**
7	Does the data in the registry or in the databases used allow targeting, identifying, locating, and contacting the beneficiary and transferring the benefit (i.e., having the address/phone/account information of the beneficiary) during shock response?	• Data collected in the registry/database is not sufficient to target in a shock response =1 • Data collected in the registry/database is somewhat sufficient to target during a shock=2 • Data collected in the registry/database is mostly sufficient to target for a/some shock(s)=3 • **Data collected in the registry/database is mostly sufficient to target for all shocks=4**

[56] In ideal circumstances, a protocol would include the following but can vary from country to country: Frequency of data collection/update; Whether it allows dynamic data entry; Points of data entry or access (door to door, one stop shop, online etc.); Access to entry points by potential beneficiaries.

		• Data collected in the registry/database is fully sufficient to target for all shocks=5
8	Do humanitarian partners use the government's registry or other relevant government databases for their response?	• No, humanitarian partners use their own proprietary beneficiary lists, with little coordination of lists =1 • Some use it but not consistently, relying on their own lists with some coordination but remains insufficient =2 • All have access but don't use it consistently relying on their own lists partially with some coordination, but overlaps remain =3 • **They have access but use their own proprietary lists. However, mechanisms in place to avoid overlap in targeted beneficiaries i.e., different programs are not covering the same beneficiaries= 4** • All have access and use it consistently /or humanitarian partners not involved in response =5
9	Are there other adequate (up to date, relevant data, geographic coverage) databases (telecom, humanitarians) available that can significantly expand reach?	• No other databases available=1 • Databases available but not interoperable=2 • **Databases available and could be made interoperable but no data sharing pre-agreements = 3** • Databases available and have data sharing pre-agreements = 4 • Databases available, which are interoperable and allow seamless expansion, or the government does not need to rely on other databases as its own database/registry has full coverage =5
10	Are there any data privacy regulations with specified course of action in case of privacy breach?	• No data privacy/security regulations exist = 1 • Data privacy regulations exist but are not implemented = 2 • Data privacy regulations exist with strict data sharing protocols with the private sector. However other government agencies can access and use this data = 3 • Data privacy regulations exist with strict data sharing protocols where the beneficiary is made aware of all the entities that could access their data = 4 • **Data privacy regulations exist where beneficiary data is not shared with anyone. Other entities can only access aggregated or anonymized data = 5**

Rating *Social Registries* building block

FINANCE (3.5)

#	Key questions	Answer (with rank)
1	Does the Government have a national strategy, policy or legislation setting out commitments to disaster risk financing?	• No disaster risk financing strategy or policy document/s exist = 1 • Disaster risk financing policy document/s are under development, or if they exist are outdated and not linked to any ASP interventions= 2 • Some disaster risk financing policies or strategies exist but not backed by legislation or financial instruments = 3 • **Disaster risk financing policy exists for at least one shock and some legislative / financial commitments in place = 4** • Clear disaster risk financing strategy exists for wide range of shocks with supporting legal / financial instruments in place that mention ASP interventions = 5
2	Does the government have ability to analyze and model the potential cost implications of the shocks identified in Part One over time?	• No systems exist = 1 • No, but the government is actively building capacity in this area = 2 • **Yes, an analysis has been performed based on historical data for a/some shock(s), including ASP scale-up plans = 3** • Yes, an analysis has been performed based on historical data as per ASP scale-up plans for some shocks and is owned by the Government = 4

		• Yes, an analysis has been performed based on historical data as per ASP scale-up plans for all shocks and is owned by the Government = 5
3	Is financing in place to ensure a timely response to disasters?	• No specific financing instruments earmarked, response fully dependent upon budget reallocation and external aid = 1 • Some disaster funding earmarked but fully dependent upon budget allocation and external aid and not specifically for ASP response. Some coordination with development partners and ministries to access finance = 2 • **Some financing instruments earmarked for ASP response to some shocks, but amount limited to smaller events/more regular scale-up. Where additional finance required this experiences delays = 3** • Some contingency financing and / or market-based instruments in place for some proportion of potential ASP costs. Larger and infrequent shocks not fully covered = 4 • Instruments are ear-marked to quickly cover the cost of ASP scale-up from all shocks. Minimal delays to response =5
4	Are there systems/mechanisms which can be utilized for ASP interventions? *Note: while some systems may not have been established for the purposes of ASP they are able to act in this way if needed.*	• No clear system/mechanism in place to scale up ASP assistance in place = 1 • Systems/mechanisms exist for final distribution of assistance in line with SP system – no upstream timelines or protocols exist. Systems to disburse and reconcile expenditure= 2 • Systems/mechanisms exist for the release of resources, but no clear timescales established and challenges in implementation remain. Systems to disburse and reconcile expenditure adequate = 3 • Systems/mechanisms and timescales for the release of resources exist but challenges in implementation remain. Good systems to disburse and reconcile e • **Systems/mechanisms and timescales for the release of resources exist but challenges in implementation remain. Good systems to disburse and reconcile expenditure down to beneficiary level = 4** • The processes and timescales exist for the release of all resources for ASP and good systems to disburse and reconcile expenditure down to beneficiary level = 5

Rating *Finance* building block

INSTITUTIONS AND PARTNERSHIPS

GOVERNMENT LEADERSHIP (4.3)

#	Key questions	Answer (with rank)
1	Is there any government policy or strategy that recognizes the role of (adaptive) social protection in DRM? *It refers to a government policy or strategy that clarifies or centers the role of social protection in responding to and recovering from covariate shocks*	• No (A)SP or DRM strategy / policy =1 • Strategies / policies exist, but are outdated Or social protection and DRM do not link to each other, and ASP not mentioned=2 • Up to date strategies / policies exists with some recognition of the role of ASP in DRM (or vice versa) = 3 • **Relevant social protection and DRM strategies exist with strong complementarity and links to some legislation and fiscal commitments =4** • Clear and reinforcing commitment to ASP in social protection and DRM strategies supported by appropriate legislation and fiscal commitments = 5
2	Is there a contingency plan or response plan (whether drafted by the government or not, it is recognized as such in times of crisis), with links to risk assessment which determines the actions to be taken in case of one of the shocks identified in Part One?	• No=1 • There is a plan, but it was never activated during a shock/ not consistently activated OR there is a plan, but it is outdated and does not incorporate risk assessments=2 • There is an up-to-date plan which is/would be activated but does not have fully actionable

	Contingency plan will include human resource as well as technical, financial, and institutional capacity. This may require reviewing the adequacy periodically and adjusting the available resources/contingency plans accordingly (if a country is vulnerable to only 1 shock, score will be 5)	implementation roadmap for an effective response and is not periodically reviewed nor tested=3 • **There is an up to date, comprehensive and relevant plan for some shock(s), which includes risk assessment and scenario building which has been tested, is actionable and implementation-ready=4** • There is a plan for each/all shocks (including an action plan for unanticipated shocks), and clear guidelines as to when it is/would be activated and up to date and is tested/implemented regularly and refined = 5
3	How effectively does the government lead the response plan[57] and implementation? *The leadership of the government is independent of whether a contingency plan exists. This question seeks to understand what the actual role of the government is in the planning and implementation of response to a shock.*	• There are no government led ASP activities – all is led by humanitarian partners without coordination with social protection or DRM=1 • Government (social protection and/or DRM) and non-governmental agencies run parallel ASP initiatives without coordination =2 • Government (social protection and/or DRM) and non-governmental agencies run parallel ASP initiatives with ad hoc post disaster coordination =3 • Government social protection and DRM have functioning institutionalized linkages and coordination (sharing data and information and coordinate on response based on respective roles) but no coordination with non-governmental agencies=4 • **Government social protection and DRM have functioning institutionalized linkages and coordination (sharing data and information and coordinate on response based on respective roles) and a coordination mechanism with non-governmental agencies is functional=5**

[57] It refers to the process of planning after a shock hit. Which agency or partner takes the lead in planning and implementing the response?

Rating *Government Leadership* building block

INSTITUTIONAL ARRANGEMENTS (5)

#	Key questions	Answer (with rank)
1	Is there a public agency which is formally tasked with leading the SP? Shock response efforts (for the shocks identified in Part One)? *(Whether centrally or decentralized depending on where decision making occurs)*	• No agency tasked =1 • No formal responsibility designated, but many agencies respond using their own systems and processes =2 • Several agencies tasked with response of some shock(s) (overlapping mandates) with limited level of coordination=3 • Clear responsibility and roles for some shock(s) assigned to agency(ies) though not for all shocks =4 • **One agency tasked with shock response (or multiple agencies with designated roles and responsibilities) and covers all the shocks =5**
2	Is there a coordination mechanism or institutionalized linkage between DRM (or institutionalized system responsible for shock response) and social protection agencies (for the shocks identified in Part One)?	• No linkages: social protection actors (or agency) do not have an active role and/or do not have coordination mechanism with DRM actors=1 • Ad hoc linkages (not institutionalized), OR coordination institutionalized but, social protection counterparts still struggle to coordinate with DRM counterparts=2 • Mostly functioning institutionalized linkages and coordination between social protection and DRM for some shock(s) only (social protection and DRM counterparts share data and information and coordinate on response based on respective roles for some shock only) =3

	• Mostly functioning institutionalized linkages and coordination between social protection and DRM actors for most shocks =4 • **Strong linkages and institutionalized coordination mechanisms between social protection and DRM for all shocks=5**

Rating *Institutional Arrangements* building block