Safety Nets

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Highlight

Since 2009 the World Bank has conducted safety nets assessments in a number of Sub-saharan African countries. Recently a regional review synthesized the finding of 22 such assessments to provide an overview of the current status of safety nets in the region and presents lessons on how they can be strengthened to better tackle poverty and vulnerability.

Poverty Reduction and Investing in People

The New Role of Safety Nets in Africa Experiences from 22 Countries

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Abstract

Safety nets are on the rise in Africa, and beginning to evolve from scattered stand-alone programs into systems. Until recently, many African countries approached social protection on an ad-hoc basis. But when the global crisis threatened recent progress in poverty reduction, safety nets increasingly began to be viewed as core instruments for poverty reduction in the region. Social protection programming has started to develop from emergency food aid programs to one-off interventions to regular and predictable safety nets, such as targeted cash transfers and cash-for-work programs. Some countries, such as Kenya, Mozambique, Rwanda and Tanzania, now seek to consolidate programs into national systems. But as our review shows, there is still a long way to go.

Safety Nets as Tools for Poverty Reduction and Investing in the Poor

Over the past two decades, Africa's strong economic growth has paved the way for poverty reduction. Between 1995 and 2008, the percentage of the African population living in poverty fell from 58 to 48 percent (World Bank 2011). Nevertheless, high poverty levels persist, especially in rural areas, and the gap between income groups is growing. In addition to chronic poverty, vulnerability is high because of frequent environmental and economic shocks.

In the effort to increase the momentum toward sustainable poverty reduction, safety nets are an important tool in any country's development strategy as they are targeted interventions providing regular and reliable support to poor households and help the poor invest in productive and capital-forming activities.

Until the recent urgency to strengthen safety nets for the poorest in the face of the global crisis and repeated droughts, social protection has been implemented only on an ad hoc basis in Africa. Over the past few years, in the wake of the global economic

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and food and fuel price crises, a number of countries have started to coordinate their separate safety net programs into a national system. There is also momentum throughout the region to rationalize public spending to provide more adequate and targeted support to the poorest. Given the vast extent of poverty in Africa, safety nets cannot reach all of the poor. They need to focus on the extremely poor and on specific vulnerable groups for maximum effect and affordability—not only helping protect them but also providing a ladder out of poverty in the longer term.

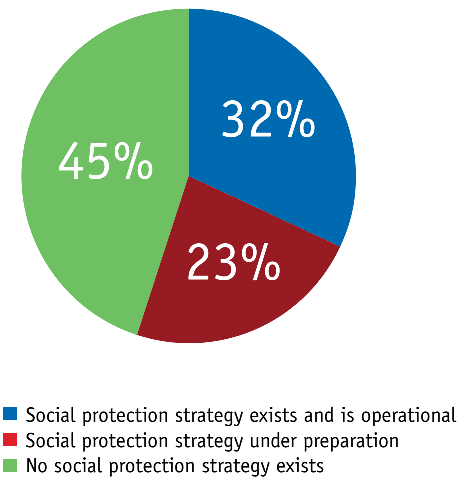
The Safety Net Experience in 22 African Countries

Safety nets have evolved differently across Africa in response to the specific political economy in each country. Hence, the policy frameworks, approaches, and institutional arrangements that govern safety net systems are not homogeneous across the continent. For instance, MICs in southern Africa have strong government-led systems based on horizontal equity, whereas in fragile states and LICs, such as those in West Africa, the social protection agenda tends to be more donor influenced. Any measures to strengthen safety nets need to be designed in ways that take into account these context-specific factors.

Despite this heterogeneity safety nets are taking hold as core poverty reduction instruments. More and more African countries are preparing social protection strategies to serve as the foundation on which to build effective and efficient safety net systems. Safety nets are also being placed higher on government agendas. The review shows that about three-fourths of the countries studied include safety nets as a component of their overall poverty reduction strategy and over half have prepared or are preparing a social protection strategy (Figure 1).

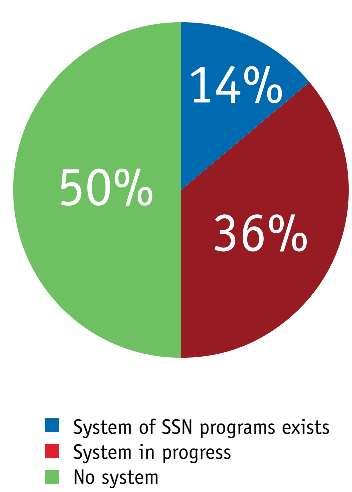
Although safety nets in Africa generally lack strong institutional homes and coordinating bodies, examples of robust implementation arrangements exist. Responsibility for government safety net programs is generally spread over a number of ministries, such as the ministries of social affairs, or other cross-sectoral ministries that often lack significant political power. Meanwhile, fragmented donor support often leaves LICs with a host of isolated small programs that lack coordination or a political champion. For instance, both Liberia and Madagascar have more than five different public works programs, each operated by different agencies. The Ethiopia Productive Safety Net Program (PSNP) is, however, an example of how countries can create effective implementation arrangements that span multiple ministries and pool donor support in one basket.

Figure 1: More than half of the countries have prepared or are preparing social protection strategies (percent of countries)



Few African countries have well-planned safety net systems that can take a strategic approach to reducing poverty (Figure 2). Instead, a multitude of interventions exist that are fragmented and together do not effectively target the poor. In LICs, for example, in West Africa, safety nets are focused on emergency relief. Few provide continuous support to the large number of chronically poor, although such programs are more common in MICs (i.e. in South Africa and Botswana) because of the social pension programs in those countries. The most common kinds of programs in Africa are school feeding programs, public works programs, in-kind emergency programs and categorical transfer programs (Figure 3). National poverty-targeted cash transfers are not common, although some of the significant number of small programs are being expanded. For example, Rwanda's Vision 2020 Umurenge Program.

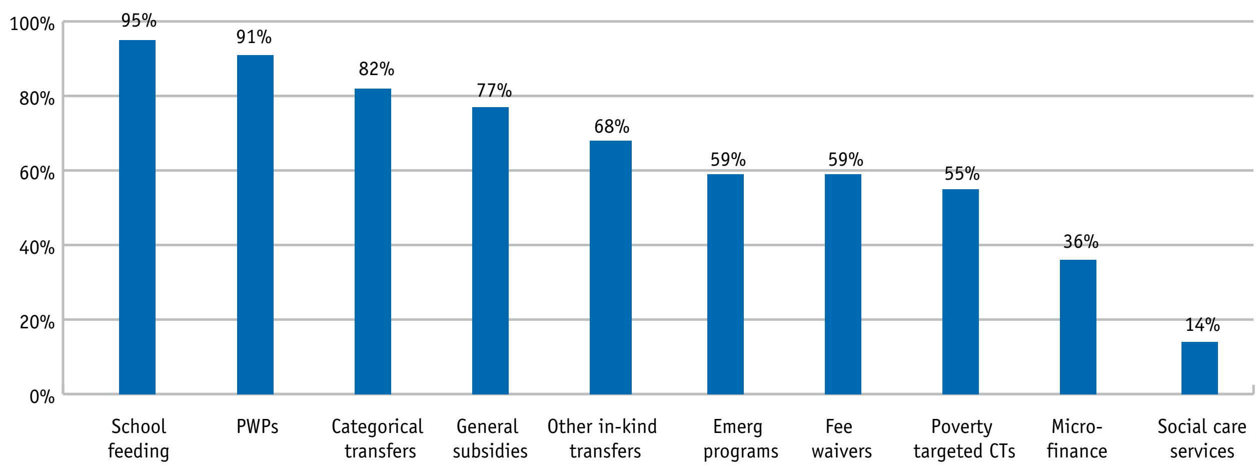
Figure 2: Coordinated Safety Net Systmes are Uncommon (percent of countries)



Lacking long-term, development-oriented safety nets, many LICs and fragile states still react to crises by providing emergency relief (Figure 4). Very little information is available about the effectiveness of food distribution and emergency programs that are common in West Africa (for example, in Benin, Burkina Faso, Cameroon, Mali, and Mauritania). Countries are increasingly looking to the positive experience of the risk-financing component of Ethiopia's PSNP.

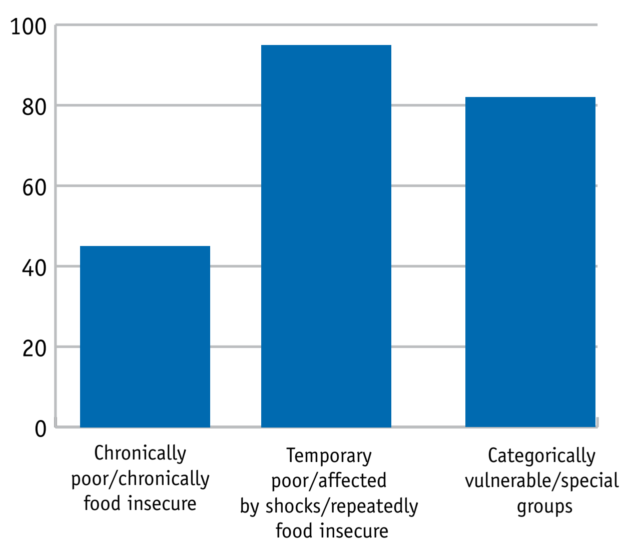
evaluations are being undertaken. In the past most impact evaluations have been for small donor pilots, such as Malawi's Zomba cash transfer program or Mali's Bourse maman, but larger programs, such as in Ethiopia, Kenya, and Tanzania, are now benefiting from impact evaluations.

Figure 3: Various Types of Safety Net Programs (percent of countries)



More monitoring data on safety net programs in Africa would help assess their effectiveness. In general, little is known about the effectiveness of safety nets in Africa. Lack of basic information systems is a crucial weakness. Many countries do not have administrative data on the number of beneficiaries reached by each program. Programs that distribute food in response to emergencies, particularly lack data. The impact of safety nets on poverty and welfare, where known, has generally been positive but mixed. More impact

Figure 4: Focus of Safety Nets Programs (percent of countries)



Coverage of the poor and vulnerable by existing safety nets is low, although growing in some countries. Taken together, each country's safety nets cover only a very small share of the total number of poor people. For example, in Benin, the net coverage rate of all safety net programs is estimated to be only about 5 to 6 percent of the poor. The exception is universal social pensions programs common in southern Africa, which cover a large share of the elderly population. However, the coverage of poverty-targeted programs in many MICs is still limited.

Targeted programs are still not widely available in Africa. Poverty-targeted programs are rare and mainly practiced in small pilot initiatives. Only 20 percent of the programs reviewed use some form of (proxy) means testing to target the poor (Table 1). In practice, safety nets in Africa use a wide range of targeting mechanisms and often combine more than one. A key question is how well African safety nets are able to identify and reach the poor and vulnerable, especially those in extreme poverty and vulnerability, given data and capacity constraints. Improving the extent to which safety nets can reach the poor also depends on political viability.

With better analysis, in part from safety net assessments, several countries are on a path toward developing more effective safety net systems. Thirt-six percent of the countries analyzed are building a system whereas half need to make more progress (Figure 2). A number of countries are actively increasing the effectiveness and scale of existing programs (such as Tanzania's TASAF, Ghana's LEAP, and Kenya's CT-

OVC). In countries like Rwanda and Tanzania, more sustainable programs are starting to appear, backed by influential ministries such as finance and planning. More countries are moving toward building safety net systems and programs that are flexible to respond to crises (i.e. Cameroon, Mali, Mozambique, Niger, and Senegal).

Table 1: Safety nets in Africa use a wide range of targeting mechanisms (percent of programs)

Targeting method	Frequency
Multiple	57%
Geographic	49%
Self-targeted	32%
Community-based/validated	30%
Categorical	26%
PMT/means-tested	20%
Universal (excluding subsidies)	12%

Well-targeted safety nets are affordable in Africa, especially if inefficient spending can be reduced and redirected to the poorest. Especially in LICs spending on safety nets is low compared to other countries world-wide (Table 2).

- In LICs, because poverty is high and government income low, attracting donor funds to support safety nets will continue to be vital in both the short and long run. With the exception of universal programs such as old-age benefits, donors finance a large share of safety nets in Africa—over 80 percent of in Burkina Faso, Liberia, and Sierra Leone (Table 2).
- In MICs, however, current public budgets are sufficient to provide adequate support to the poorest. For instance, in Cameroon, estimates indicate that it would cost only 0.5 percent of gross domestic product to provide an adequate safety net to half the chronic poor.
- General subsidies are costly mechanisms for redistributing income and often do not benefit the poor, as is true of the fuel subsidies in Cameroon, Mauritania, and Sierra Leone. Reducing poorly targeted programs and subsidies can make fiscal space for more effective and better-targeted safety nets. Likewise, well-performing safety nets can be important mitigating mechanisms to facilitate reform of expensive general subsidies.

Moving Forward to Strengthen Safety Nets in Africa

Coordinating safety nets into a coherent system should be a priority. Within a given country, a small number of coordinated and well-functioning programs can effectively and feasibly meet the needs of the poorest, as happens in Rwanda. Programs that are well targeted and serving the poor effectively should be scaled up, whereas ineffective programs should be gradually phased out. The allocation of spending on scattered emergency programs shows that, typically, neither donors nor governments have focused on safety nets for addressing long-term poverty. This situation is now starting to change. Ethiopia, Kenya, Mozambique, Rwanda, and Tanzania are moving to harmonize programs for enhanced efficiency and coverage.

Safety nets should be built on the basis of strong operational tools and coordinating bodies to ensure effective implementation and oversight. Basic operational tools, such as beneficiary registries, targeting, payment and M&E systems provide a platform that enables programs to deliver support effectively to targeted groups. More work is needed to understand how food-based programs should play a part in improved safety net systems in Africa.

These systems need to be built during stable times so that they can respond quickly to crisis. Establishing such systems takes time. Most countries in Africa (including Benin, Cameroon, Mauritania, and Sierra Leone) did not have safety nets capable of effectively responding to the recent global crises but had to resort to inefficient and expensive universal handouts.

The role of safety nets in the context of subsidy reform and use of mineral resource proceeds should be further explored. Careful political economy considerations are important when balancing tightly targeted programs with other investments that can benefit a wider set of people and contribute to improved social outcomes. As more African countries will benefit from newfound mineral wealth, getting the balance right between effectively targeting those funds to the poorest through safety nets or other investments in social services and building both a fiscally and politically sustainable social protection system will be especially important.

Implementing the Vision - what can other countries learn?

The following recommendations apply to countries that are classified as "Early stage/no plans" because they have no solid plans for a national safety net system and/or no adequate programs in place (mainly LICs and fragile states but also some MICs):

a. ***Develop and operationalize a safety net strategy and coordinate scattered donor support.***

b. ***Build key organizational tools on which safety net should be based*** such as a basic monitoring system, identification and targeting mechanisms, and a payment system that can channel transfers to the targeted poor and vulnerable groups.

c. ***Develop a few key safety net programs*** based on a careful analysis of the country's needs. This small number of key safety net interventions should: (i) provide regular support to the chronic and extreme poor and (ii) be able to expand and contract to provide assistance to vulnerable

Table 2: Cost and Financing of Safety Nets in Africa

Country	Spending on Safety Nets (percent of GDP; incl. government and donor spending)			Percent of total government spending (excl. subsidies)	Pecent financed by		Notes
	Exluding general subsides	Including general subsides	general subsides only		Govern-ment (excl. sub-sidies)	Donors	Years
Benin	0.3	0.9	0.5	1.1	35	65	Ave. 2005-10
Botswana	3.7	3.7	0	9.5	100	0	Ave 2009/10-2012/13
Burkina Faso	0.6	1.3	0.7	<1.0	20	80	Ave. 2005-09
Cameroon	0.2	1.6	1.4	1.5	23	77	Ave. 2008-10
Ethiopia	1.2a	1.2a	0	.	0	100	2009
Kenya	0.8	0.8	0	1	29	71	2010
Lesotho	4.6	4.6	0	8			2010/11
Liberia	1.5	1.5	0	4.4	6	94	Ave. 2008-11
Madagascar	1.1	1.1	0	5	.	.	2010
Mali	0.5	0.5	0.1	.	40	60	Ave. 2006-09
Mauritania	1.3	3.2	1.9	4.6	62	38	Ave. 2008-13
Mauritius	4.4	5.2	0.8	9	.	.	2008/09
Mozambique	1.7	3.1	1.4	.	38	62	2010
Niger	.	.	.	1.0-5.0	33	67	Ave. 2001-06
Rwanda	1.1	1.1	0	.	.	.	2010/11
Sierra Leone	3.5	5.6	2.1	13.1	15	85	2011
South Africa	3.5	.	.	.	.	.	2010
Swaziland	2.1	2.1	0	.	.	.	2010/11
Tanzania	0.3	0.3	0	1	.	.	2011
Togo	0.5	1.3	0.8	1.8	25	75	Ave. 2008-10
Zambia	0.2	2.1	1.9	.	25	75	2010/11
Average	1.7	2.2	0.6	4.4	32	68	.
Ave. LICs	1.1	1.7	0.6	3.7	27.5	72.5	.
Ave. MICs	2.7	3.2	0.7	7	49.3	50.7	.
Ave. ECA	1.8b	1.8b	.	.	.	.	Latest 2008-10
Ave. LCR	1.1c	1.1c	.	.	.	.	2010
Ave. MNA	0.7	6.4d	.	.	.	.	Latest

Sources: Country safety net assessments, Silva et al. (2013), Woolard and Leibbrandt (2010), World Bank (2012b), World Bank (2012c) Notes: Numbers may not add up due to rounding errors. The spending data presented include donor financing except general budget support but excludes funding by the private sector. a Only includes PSNP and does not include spending on other safety net programs. b Government spending only, includes subsidies in very rare cases, where data is available, latest year 2008-11. c Year 2010 for 10 countries in Latin America and the Caribbean. d Latest year available for 11 countries in the Midde East and North Africa region. Spending includes general subsidies and ration cards.

households in the case of emergencies or seasonal fluctuations in consumption.

The following recommendations apply to countries that are classified as "Emerging" because their safety net systems are in the process of being developed (mainly of LICs but some MICs):

a. ***Continue to reform existing categorical, universal, and ad hoc emergency programs*** to make them more efficient tools for reducing poverty. For instance, social pension programs could be more cost effective if they were targeted only to those elderly who are poor. Efforts to reallocate universal subsidies and expensive emergency programs towards better targeted safety nets should continue.

b. ***Continue scaling up a few key well-targeted programs and continue harmonizing and consolidating programs.*** Unique beneficiary registration systems should be explored.

The following recommendations apply to countries that are classified as "Established" and that already have a national safety net/social protection system in place (mainly of MICs):

a. ***Strengthen the existing safety net and social protection system to ensure that it is reaching the extreme poor.*** Even when countries have well-established programs, some gaps can remain with some members of the poorest not receiving sufficient support.

b. ***Continue harmonizing and consolidating fragmented safety net programs.*** This may require policymakers to reduce the number of existing programs by assessing their individual targeting effectiveness and impact vis-à-vis other interventions.

c. ***Continue strengthening targeting, M&E, grievance, and payment systems.***

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