

Closing the Gap:

The State of Social Safety Nets 2017 “Safety Nets where Needs are Greatest”



April 2017

There is an increasing global focus on social protection. For the first time social protection (SP) is part of a comprehensive Sustainable Development Goals (SDG) agenda.

SDGs Goal 1 is to end (extreme) poverty in all its manifestations by 2030, *ensure social protection for the poor and vulnerable*, increase access to basic services, and support people harmed by climate-related extreme events and other economic, social and environmental shocks and disasters. Target 1.3 (Goal 1) seeks to *implement nationally appropriate social protection systems and measures for all, including floors*, and by 2030 *achieve substantial coverage of the poor and the vulnerable*. Target 1.5 (Goal 1), which is related to adaptive SP, aims to *build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters*.

As a reflection of this global focus, there has been an explosion of activity in social safety nets programs around the world.

The number of developing countries with social safety nets (SSN)¹ doubled in the last two decades from 72 to 149 countries (Figure 1). This means that almost every developing country in the world has SSN programs. In terms of cash transfers, in particular, 97% of countries in Europe and Central Asia (ECA) and Sub-Saharan Africa (SSA) have them, and other regions are catching up.

There has also been an increasing complexity of SSN systems/programs in pursuit of greater results.

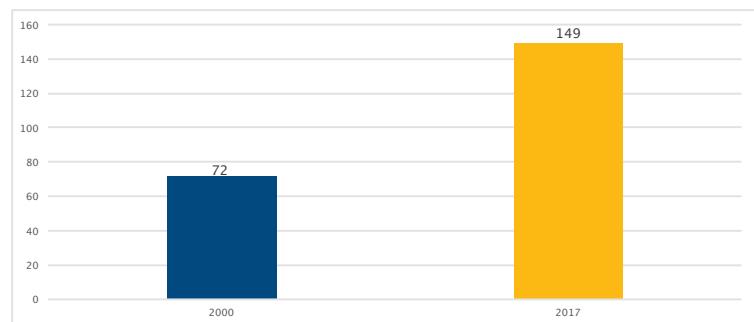
Most countries have a diverse set of SSN instruments. Globally, 77% and 42% of countries have unconditional and conditional cash transfers, respectively (see Figure 2). 78% of countries provide school feeding programs. Public works and various fee waivers are also quite widespread, with 58% and 56% of countries having them, respectively.

A growing commitment to SSN is also evident in the fact that countries tend to spend more on SSN over time.

1. Social safety nets are also often called social assistance (SA). Social assistance (SA) and social insurance (SI) constitute social protection (SP).



Figure 1. Number of developing countries with SSN programs



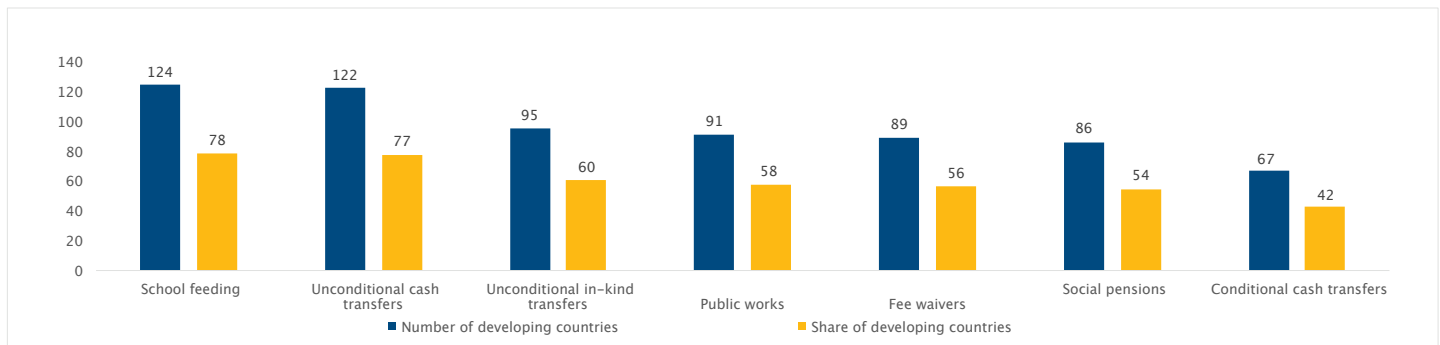
Source: ASPIRE database – www.worldbank.org/aspire.

In the Latin America and Caribbean (LAC) region, for example, average spending on SSN programs as a % of GDP has increased from 0.3% of GDP in 2000 to more than 1.5% in 2015 (see Figure 3). This happened at the same time as the regional GDP has also grown, which means that SSN spending has increased in both relative and absolute terms.

Globally, developing and transition economies spend an average of 1.6% of GDP on SSN programs.

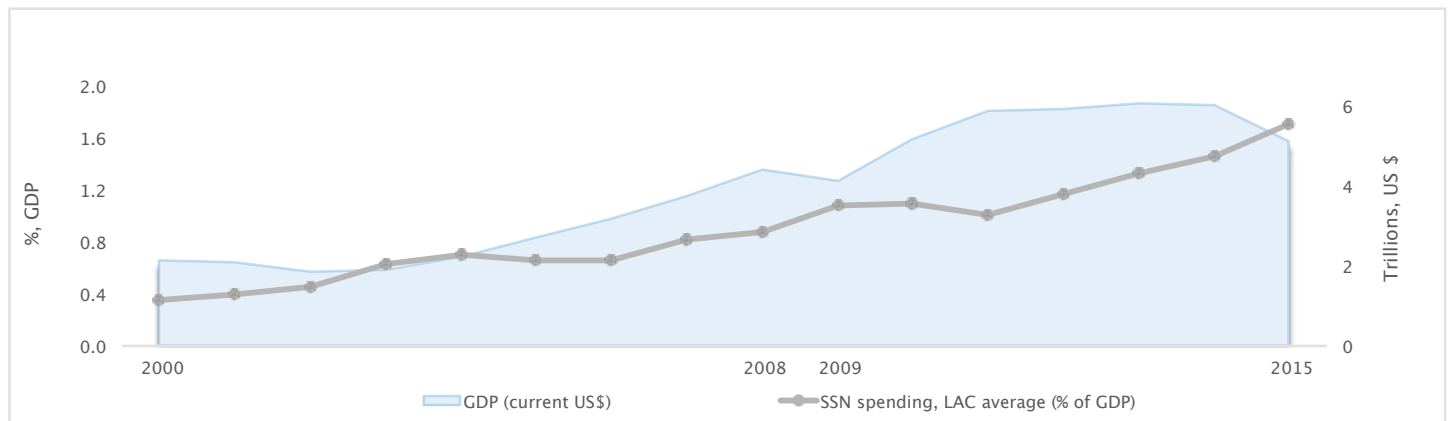
However, significant variations in spending are observed across countries and regions. ECA, SSA and LAC are currently at the forefront of the SSN spending, with an averages of 2.2%, 1.6% and 1.5% of GDP, respectively (Figure 4). At the same time, Middle East and North Africa (MNA) and South Asia (SA) spend 1.0% and 0.8%, respectively. The empirical evidence suggests that

Figure 2. Number and share of developing countries with SSN instrument



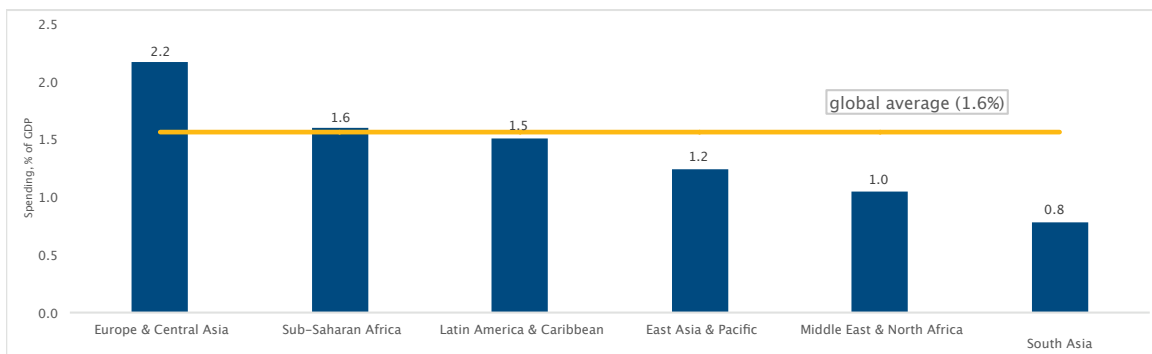
Source: ASPIRE database – www.worldbank.org/aspire.

Figure 3. Spending on SSN programs in LAC over time, % of GDP



Source: ASPIRE database – www.worldbank.org/aspire.

Figure 4. Spending on SSN programs across the regions, % of GDP



Source: ASPIRE database – www.worldbank.org/aspire.

many countries still do not spend enough to have a meaningful impact on poverty and shared prosperity.

The increase in spending has translated into a substantial increase in program coverage around the world.

For instance, many countries in Africa are introducing “flagship” SSN programs and are rapidly expanding their coverage. In Tanzania, the Productive Safety Net program has expanded from covering 2% of population in 2014 to 10% of population in 2016 (see Panel A, Figure 5). In Senegal, the National Cash Transfer Program has expanded from 3% to 16% of population in four years (see Panel B, Figure 5).

It is important to keep this positive momentum going, as SSN programs directly help millions of people around the world escape poverty.

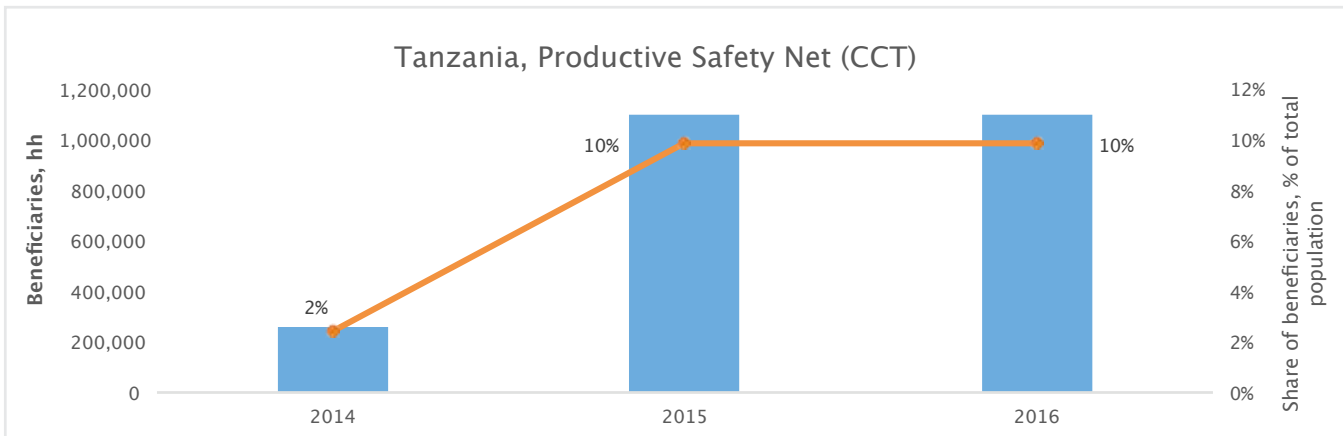
According to the estimates based on the ASPIRE database, each year, safety nets in developing countries lift 69 million people from absolute poverty; at the same time, 97 million people are uplifted from relative poverty (see Figure 6). This represents a substantial contribution to a global fight against poverty.

More needs to be done as significant gaps in coverage remain around the globe.

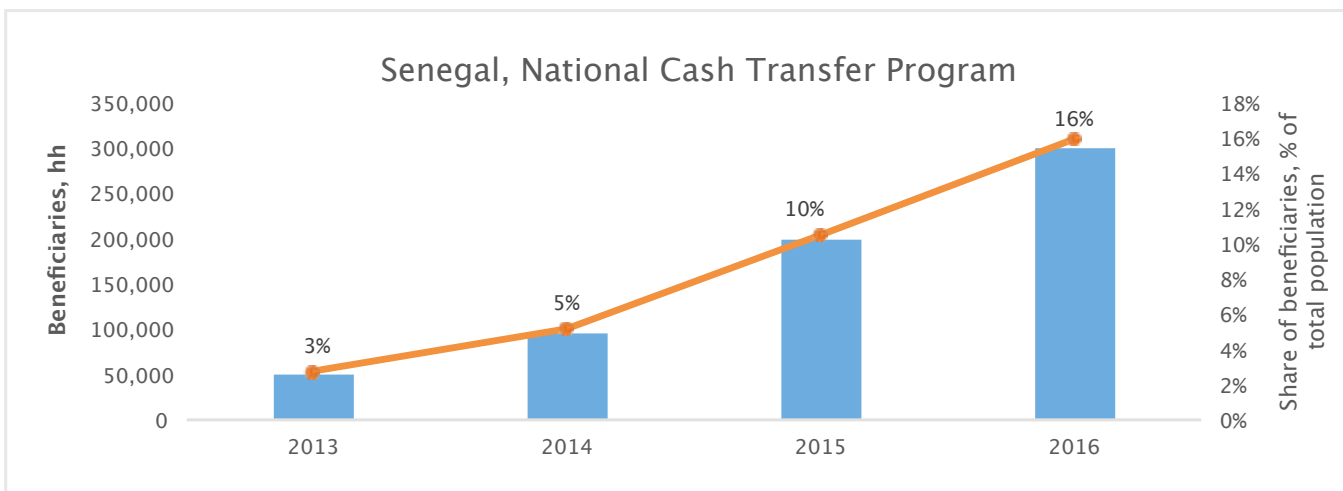
These gaps are especially pronounced in low-income countries (LIC), where only 20% of the poor are covered by

Figure 5. The expansion of the flagship programs in Tanzania and Senegal

Panel A: The Case of Tanzania



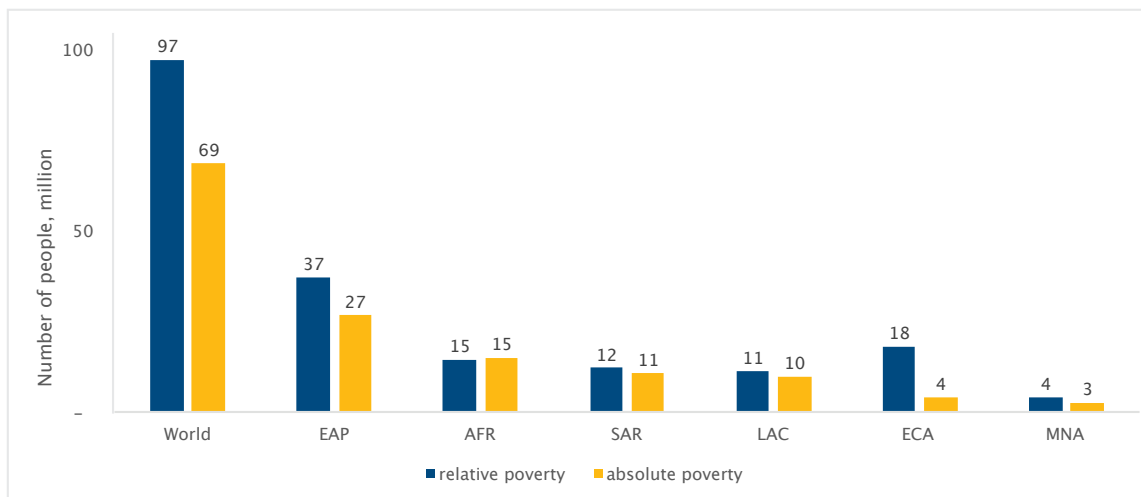
Panel B: The Case of Senegal



Source: ASPIRE database – www.worldbank.org/aspire.

Notes: Bars (blue) indicate number of beneficiaries (households); line (orange) indicates % of population covered by the program.

Figure 6. Estimated number of people escaping poverty because of SSN, millions



Source: ASPIRE database – www.worldbank.org/aspire.

Notes: Absolute poverty is defined as living below PPP\$ 1.25 per day; relative poverty is defined as belonging to the bottom 20% of the country's per capita income/consumption distribution; the estimated poverty reduction impact is based only on countries found in the ASPIRE database, and hence underestimates global poverty effect.

SSN (see Figure 7). Even in lower-middle income countries (LMIC) less than 40% of the poor have access to SSN programs. Moreover, very few of the poor are included in social insurance programs. The coverage situation is much better in Upper Middle Income Countries (UMIC) and High Income Countries (HIC).

More also needs to be done as significant gaps in adequacy remain.

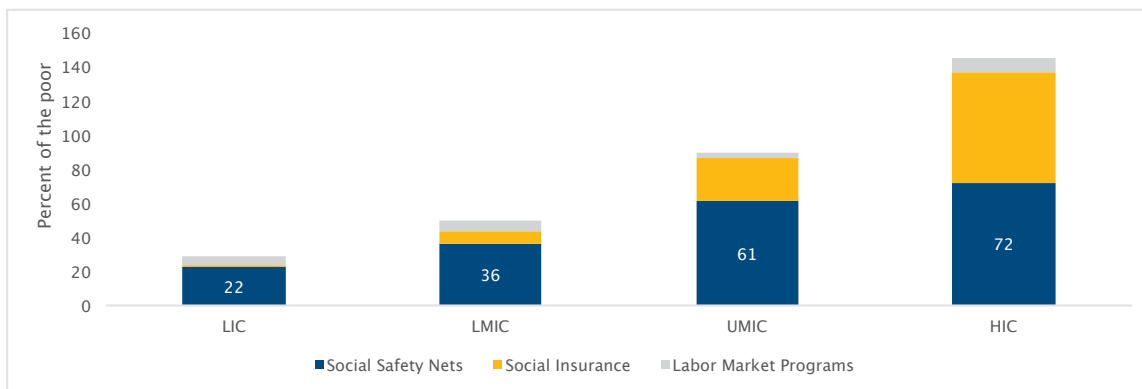
Not surprisingly, these gaps are also larger in low-income countries, where SSN benefits account, on average, for only 12% of the poor’s income/consumption (see Figure 8). At the same

time, in the countries with high income levels the adequacy of SSN benefits for the poor rises to 20-24%.

Why is it important to cover these gaps? It is because countries with low coverage/adequacy achieve very little poverty reduction impact.

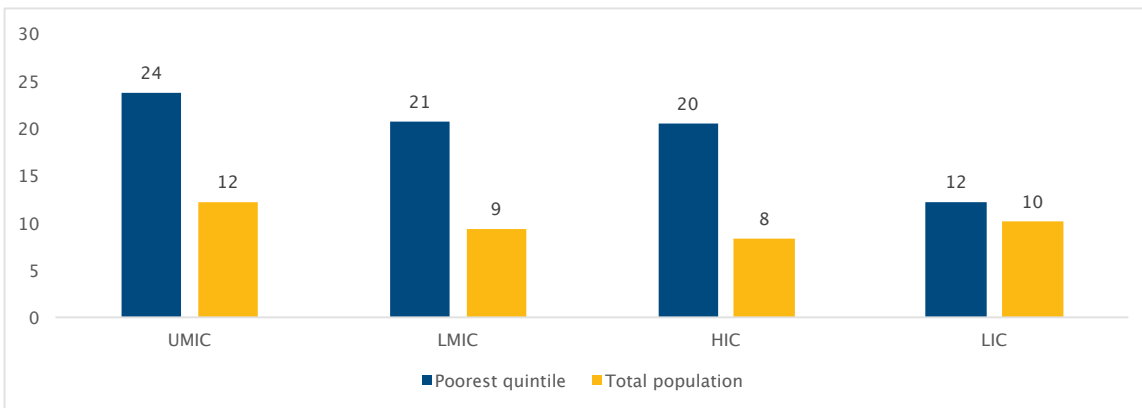
The analysis of the ASPIRE database indicates that only countries with substantial coverage/adequacy make a dent in poverty reduction (see Figure 9). Indeed, countries with the highest levels of coverage combined with high adequacy achieve up to 50% reduction in the poverty headcount (share of poor in the population). Similar strong effects are found with

Figure 7. Coverage of the poor (bottom 20%) by SSN programs



Source: ASPIRE database – www.worldbank.org/aspire.

Figure 8. Adequacy of SSN programs, %



Source: ASPIRE database – www.worldbank.org/aspire.

Notes: Adequacy for the poor is defined as share of SSN transfer/benefit size in the average per capita consumption/income of the poor (%); adequacy for the total population is defined as share of the benefit size in the average per capita consumption/income of the total population (%).

respect to reduction in the poverty gap and decline in income/consumption inequality.

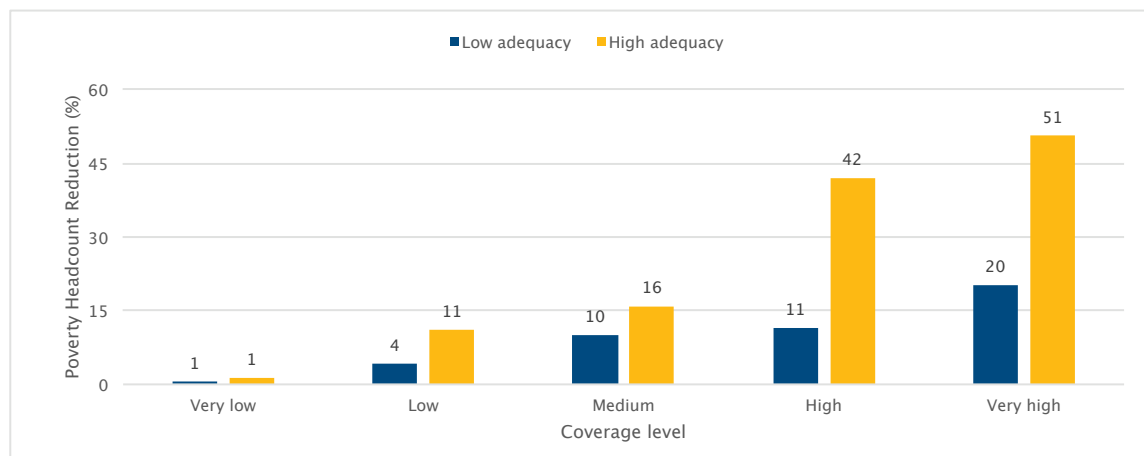
There is a clear evidence that SSN investments in coverage and adequacy do pay off.

This is evident in terms of an observed greater reduction in poverty depth/prevalence and lower income inequality. For instance, the ECA region has achieved the highest reduction in the poverty depth, largely because of a combination of high coverage/adequacy of SSN programs (see Figure 10).

The World Bank Group’s (WBG) contribution to enhancing safety nets globally takes many forms.

In summary, those include: (i) Growing financing of and engagement in SSN projects; (ii) closing the financing gap between IDA and IBRD-eligible countries; (iii) using innovative financing solutions, such as RSR grants, to leverage resources for safety nets; (iv) promoting the principles of universal social protection (USP); (v) experimenting with SSN instruments to enhance productive inclusion, learning what works, and spreading the knowledge; (vi) responding to ongoing and

Figure 9. Average Poverty Headcount Reduction by Coverage and Adequacy, %



Source: ASPIRE database – www.worldbank.org/aspire.

Notes: Levels of coverage (by quintile of the coverage distribution) are on the horizontal axis, ranked from “very low” to “very high”. Adequacy is defined as low (blue), or high (orange) depending on the ranking of countries.

new challenges, such as the famine crisis. Some of the key achievements in these areas are highlighted below.

The Bank’s financing of social safety nets has been constantly growing.

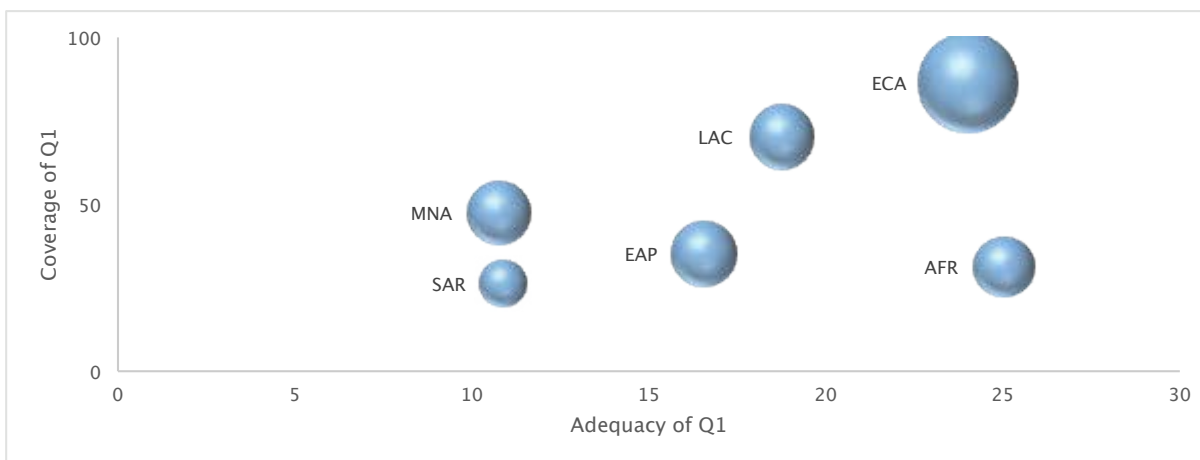
As of April 3, 2017, the Bank’s total net commitment for the social protection and jobs (SPJ)² portfolio 2017 has reached US\$ 12.5 billion. This is twice the amount of the SPJ portfolio

back in FY 10-12, when it stood at US\$ 6.7 billion (see Figure 11).

In the last few years, there has been a major shift in lending towards IDA countries.

For the first time in the Bank’s history, the SPJ lending commitment to IDA countries of US\$ 6 billion (see Figure 12) accounts for almost 50% of the total lending portfolio. IDA

Figure 10. Higher coverage/adequacy lead to greater reduction in poverty depth, %



Source: ASPIRE database – www.worldbank.org/aspire.

Notes: the size of the bubble indicates the magnitude of the reduction in the poverty.

and blend (IDA/IBRD) countries combined account for 60% of the total lending. The IBRD portfolio also remains significant, at US\$ 4.7 billion, or 40% of the total lending.

Mongolia, Pakistan, Togo, Vietnam, Yemen, etc. In all the countries concerned there will be a significant expansion in coverage (see Figure 13).

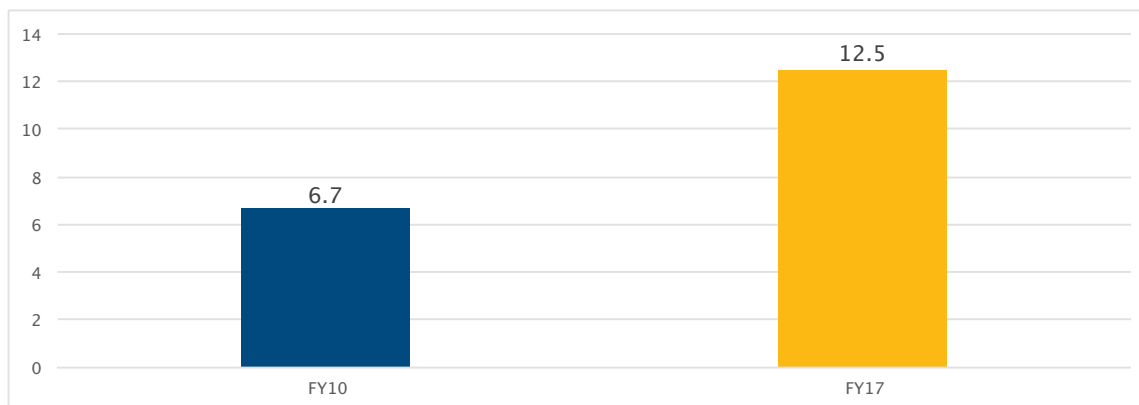
As a result of ongoing projects, many countries that did not have safety nets before would now have a significant share of the population covered.

A total of 29 lending projects have been planned for FY17, of which 17 have been already delivered. The mix of project countries is very diverse, including Burundi, Chad, Congo, 2. In addition to promoting safety nets, the Bank also supports the creation of jobs.

RSR helps build safety nets where they are most needed by leveraging resources.

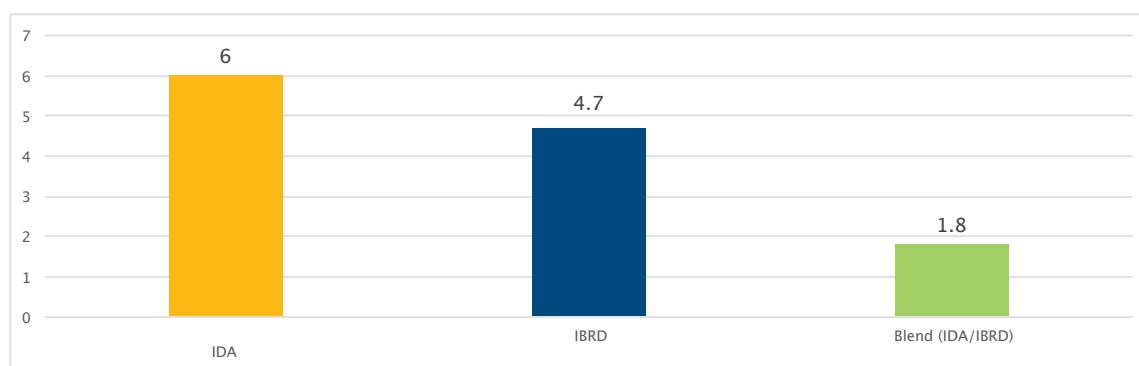
Small Rapid Social Response (RSR) grants averaging US\$ 575,457 per country/project contributed to leveraging approximately US\$ 5.6 billion in IDA commitments (see Figure 14). Country-specific assistance has been rendered to over 85 countries, and has reached US\$ 72.4 million recipients in 2015. There is a

Figure 11. The size of the Bank's SPJ lending portfolio, US\$ billion



Source: SPJ GP Operational team.

Figure 12. The size of the Bank's SPJ lending by country status, US\$ billion



Source: SPJ GP Operational team.

continued collaboration with Secure-Nutrition through the RSR-Secure Nutrition channel, as well the *Global Facility for Disaster Reduction and Recovery (GFDRR)*, through the RSR-Disaster Response channel. RSR also promotes cooperation and learning among practitioners through the South-South Learning Forum initiatives – in partnership with GIZ.

A special effort is taking place to support adaptive social protection (ASP) in the Sahel region.

A special Multi Donor Trust Fund (MDTF) has been set up to support ASP in the Sahel (Burkina Faso, Chad, Mauritania, Mali, Niger, and Senegal). ASP program activities include technical assistance (TA) and capacity building managed by the World Bank Group. The government-implemented program complements more than US\$ 252 million in IDA funding for social protection programs in six countries (see photos on page 8).

The Bank and its partners promote the principles of Universal Social Protection (USP).

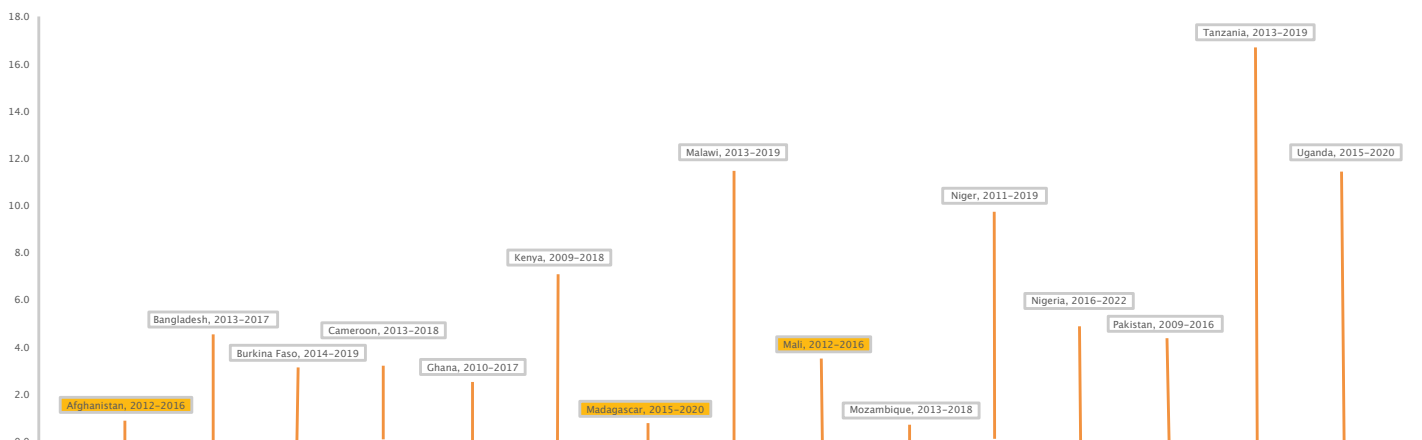
The USP initiative was launched by the WBG, ILO, donors and other partners in September 2016 in order to increase the efforts in support of the SDG agenda related to safety nets. The main objective of the USP agenda is to join the main international agencies, donors and governments in *providing social protection*

for all people in need. The USP initiative has been put forward in recognition that: (i) access to adequate social protection is central to ending poverty and boosting shared prosperity; (ii) the poorest countries have huge coverage/adequacy gaps, as empirical evidence presented above clearly suggests; (iii) many elements of the SP system need to be further strengthened, including the links between providing safety net functions and promoting productive inclusion/jobs.

Much effort continues to be put into experimenting with new SSN instruments, and learning what works, especially with respect to promoting productive inclusion.

For instance, a cash transfer program in Niger is supplemented with measures promoting productive inclusion. The program aims to support chronic poor and vulnerable households by providing regular income transfers and encourage investments in human capital. Productive accompanying measures encourage the formation of women's groups and informal saving mechanisms, and seek to facilitate investments in income-generating activities and diversification. The impact evaluation of the project has shown many positive effects on beneficiary households, including: (i) increased animal stock; (ii) improved nutrition and food security for kids.

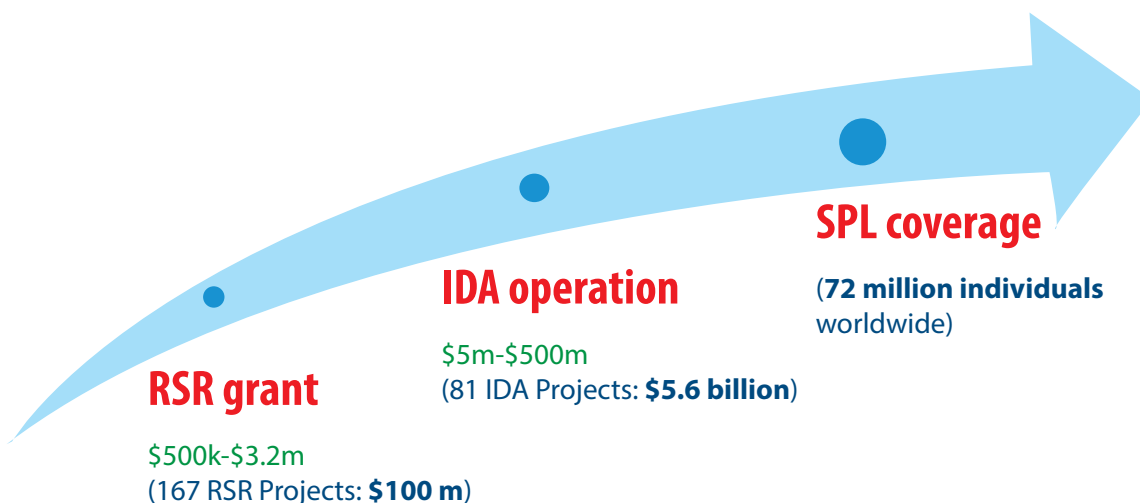
Figure 13. A projected increase in coverage as a result of the SSN project, % of population



Source: RSR team.

Notes: Fragility, conflict and violence (FCV) countries are highlighted in yellow. The years next to a country indicate the project's implementation period.

Figure 14. The transformative power of RSR grants



Source: RSR Project Data.

The World Bank Group is also finding new ways to respond to emerging new challenges, such as the famine relief effort.

As of early April 2017, famine-affected countries include Yemen, Somalia, South Sudan and Northern Nigeria. The current level of hunger in Yemen is unprecedented. Devastated by 24 months of conflict, eight million Yemenis have lost their livelihoods or are in communities with minimal or no basic services. The UN predicts famine as a tangible risk, with 18.8 million Yemenis (or 78% of total population) considered food insecure. Nearly 3.3 million, including 462,000 children under five, are suffering from severe acute malnutrition, a 57% increase since late 2015.

The Bank is responding to the crisis by supporting Yemen's social safety net programs while adapting them for conflict-sensitivity and operational feasibility within the complex environment of an active conflict.

This is being done in partnership with the UN agencies. The Bank is currently funding an Emergency Crisis Response Project (ECRP) which is implementing a nation-wide emergency labor intensive works program through UNDP and the Social Fund for Development; a nutrition-based cash transfer for mothers and children at risk of malnutrition; and support to farmers and micro-finance institutions. The original ECRP is funded through a US\$ 50 million IDA Grant, which was scaled up through a first additional financing of US\$ 250 million in January 2017. This is in addition to an emergency health and nutrition project also approved in January and funded by a US\$ 200 million IDA Grant.

Recipients of the Sahel ASP program



Source: SPJ Africa Team / World Bank Group

Beneficiaries of the Niger's cash transfer program



Source: Niger Project Team / World Bank Group



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