

Protecting the Vulnerable:

The Design and Implementation of Effective Safety Nets



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Designing a safety net strategy for risk and vulnerability reduction

**a training exercise
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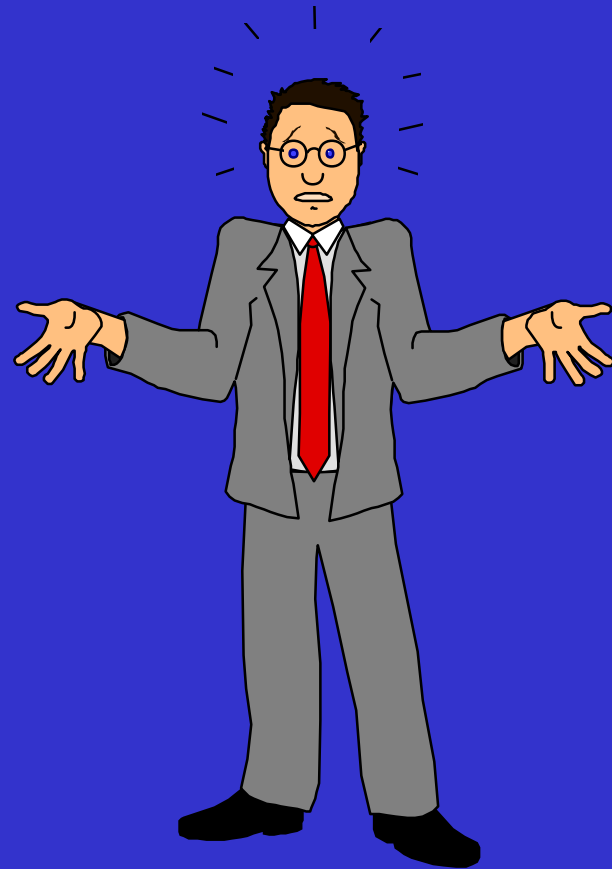
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Effective Safety Nets**

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Introduction

- Choosing the appropriate mix of social protection programs and policies to best contribute to poverty reduction requires a careful considerations
- To illustrate how the mix of interventions selected applies to a specific country, we have developed a simple exercise
- The specific task consists in the evaluation of the existing mix of social safety net programs and the proposition of a better set of programs in a fictitious poor country

You have been asked by the director in your unit at the World Bank to lead a team of experts to evaluate the current social protection policy in Safety Haven (SH) and to make some concrete suggestions on how to improve the system



Evaluate the type of programs available and the characteristics of the poor and vulnerable groups in SH

- Assess the effectiveness of each of the existing programs to protect the population from the sources of risks prevalent in SH.
- Assess if the mix of programs currently available is adequate to protect the vulnerable population:
 - Are there any overlaps in coverage?
 - Are some programs able to protect vulnerable households from more than one risk?
- Determine if there are any groups of vulnerable individuals that are not covered by any of the programs available.

Present a plan for a new strategy of social safety nets

- You may consider decreasing the coverage of some of the existing programs or eliminating them all together and you may want to propose adding some new programs to cover the uninsured
- Consider the following issues:
 - Are your proposals viable? Are they sustainable?
 - Can you target effectively special population groups?
- Provide a rough estimate of the expected coverage and cost necessary to implement each item in the proposed plan and its total cost.
- Assume the total cost of the social protection spending should not exceed 1.5% of the GPD and 10% of the government budget.
- The budget available is reduced to 1% of GDP and 5% of discretionary budget and you have to drastically reduce the mix and scope of programs available
 - What are the two most important programs in your plan that you would want to maintain? Explain why.

Background

- Safety Haven (SH) is a very poor country
- SH has a population of 8 million people and an average capita GDP of \$150. More than half the population lives on less than \$100 per year
- The country is also very vulnerable to drought and diseases
- SH received a substantial amount of foreign aid resources, in terms of food aid and cash. Most of those resources are used for supporting government budget and foreign reserves and for building infrastructures

Risks in SH

- Periodic droughts that affects its agricultural production of Maize
- Seasonal food shortages and price increases which causes nutritional stress
- Poor nutrition and health
- Personal adversities like loosing a job, being the victim of a crime, being or becoming disabled. (Old people and female headed households)

SN Programs - 1

- *Public Works and Food-for-Work*
 - Two programs provide employment to the moderately poor on labor-intensive public works
- *Food Distribution*
 - Various programs distribute free maize, mostly using food aid provided through WFP
- *School Feeding*
 - A program of free school meals, plus a take-home ration for female students, has been operating on a pilot basis, and is being expanded

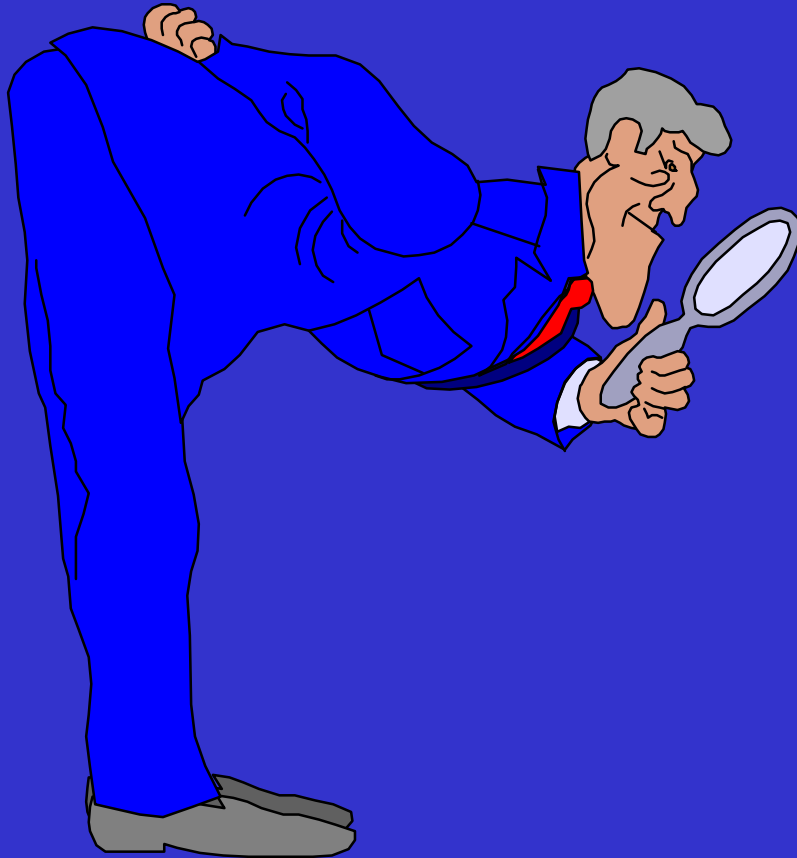
SN Programs - 2

- *Agriculture Input Subsidy*
 - Distribute free fertilizer and seeds to rural households, partly to counteract the effects of subsidy removal and price rises
- *The Universal Maize Subsidy*
 - Maize is sold directly to consumers by the government marketing agency, in accordance with an administered price band, generally well below the cost of imported maize

List of tables

1. General information, population, GDP per capita and poverty rates
2. Vulnerable Population by Age Groups and Other Characteristics
3. Cost and Coverage of Current and Proposed Safety Net Programs
4. Examples of Alternative Program Allocation for a Given Budget
5. Budgetary feasibility. Transfer possibility for a given level of funding
6. Budget Shares and Expenditure Characteristics

Start your investigation



- You have 1 hour and 30 minutes to discuss the issues and the tasks in your group and to prepare a short 10 minutes presentation
- Highlight the methodology that you have used
- Specify any shortcoming in your analysis and point out areas with gaps in knowledge that might require further investigation

What have we learned?



- The methodological process
- How to assess the effectiveness of the mix of existing programs
- How to map existing risks and vulnerable groups and responses

Step 1

- Analyze the main sources of risk and vulnerability of the population and to identify the population groups most affected by these risks
- Investigate the role of social protection, alongside interventions in other sectors and at the macro level
 - Policies to ensure macro stability, rural development, and human capital formation are especially important and will complement social protection programs

Step 2

- Determine which groups are covered by existing social protection programs and policies, and assess the effectiveness of these instruments individually and in combination
- Consider compatibility of the policy context and the expenditure programs, the specific objectives of each intervention, their effectiveness at achieving these objectives, and their cost-effectiveness in delivering the observed outcomes

Step 2

- The aim is to reveal both gaps in coverage and the cost-effectiveness of existing interventions
- Consider partial indicators such as sustainability, targeting effectiveness, administrative costs and unintended effects, and constraints

Step 3

- The analysis of existing programs and policies, together with information on alternative interventions and the constraints faced provides the basis for determining the most effective mix of interventions
- The full social protection strategy will be composed of a mix of policies and programs. The appropriate mix, of course, will vary by country. Not every type of program or policy will be appropriate, or even feasible, in every country

Other Considerations

- Donors and government need to recognize that the effective design and implementation of a safety net strategy will require a long-term commitment, with sustained funding over a period of 10 years or more. There is little point in proceeding on the basis of the past stop-start model of donor programs. It only makes sense to move ahead with the proposed safety net program if it is approached as a common, nationwide program. To increase ownership, and continuity, consideration should be given to moving to a mix of domestic and external financing for a long-run safety net scheme.