

# Protecting the Vulnerable:

The Design and Implementation  
of Effective Safety Nets

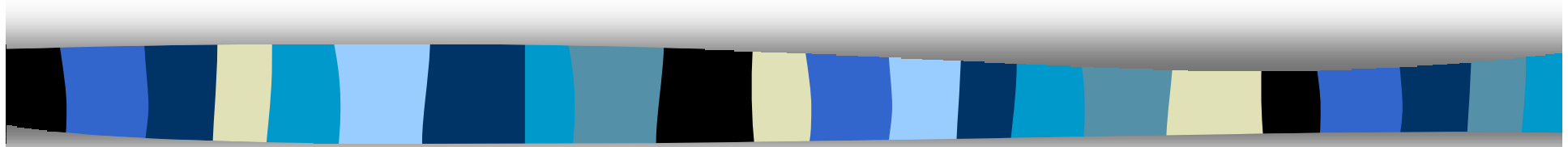


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# Social Funds: Impacts, Issues



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# What are Social Funds?

- Financing mechanisms that promote/finance public investments in small-scale projects in a variety of sectors identified, and in many cases carried out, by local groups (communities, local governments and NGOs)
- Have received over US\$8 billion in financing (MFIs, Bilaterals, Govt/Community Contributions), about 60 countries
- First large scale experience in WB financing Community Driven Development (CDD)



# **Social Funds: Delivery Mechanisms for:**

- Improving access to economic & social infrastructure, services;**
- Building capacities and creating channels for local actors to solve their problems locally (community empowerment/governance, learning-by-doing);**
- Providing special assistance programs for the marginalized, vulnerable, excluded;**
- Incubating innovative demand-driven programs;**
- Responding to crises (rebuilding, employment generation)**



# Social Fund Features

- Demand-driven
- Targeting
- Transparent
- Massive
- Flexible (piece of clay / Swiss Army knife); learning, evolving institutions
- Acting, sometimes despite policy voids, to get things done quickly
- Program approach fostering multi-donor collaboration



# Are Social Funds part of Safety Net?

## How they contribute to SSN:

- Basic needs focus
- Targeting poor, vulnerable
- Foster community level coping
- Incubating special programs
- Employment generation (but cf. public works)
- In times of crisis, natural disasters, post-conflict
- Protection of social expenditures

But much of what they do is not directly related

- Local Development / Decentralization
- Fostering holistic focus on local service delivery (still a challenge)



# Impact Evaluation

- **We knew about outputs:**
  - Efficient, quick-disbursing, agile, flexible, community-oriented, beneficiary satisfaction
- **What about impacts?**
  - Reaching Poor?
  - Impacts on Well-being?
  - Sustainability?
  - Cost-effectiveness?
- **SFs now at forefront of operational impact evaluation work; one of few project types to be evaluated to such an extent. See current WBER, Forthcoming Six-Country Impact Study (Rawlings, Sherburne-Benz, Van Domelen) (Armenia, Bolivia, Honduras, Nicaragua, Peru, Zambia)**



# Impact Evaluation Results

## Reaching Poor?

### **Geographical targeting:**

- Spend more per capita in poor districts; improving over time.
- But large variations in per capita allocations.

### **Household targeting:**

- Share of poor & extreme poor beneficiaries equal or greater than share in population; better or equal to other social programs, but not as progressive as individually/household targeted programs
- some leakage of benefits;
- overall neutral/mildly pro-poor distribution (but this may be radical improvement, and may drive recurrent expenditures to follow)
- varies by type of project (latrines, health, education, water pro-poor; sewerage regressive; “productive?”)



# ...Impact Evaluation Results...

Impacts on Well-being?

- **In all cases, SF investments increased access to basic social infrastructure**
- **In most cases, utilization also increased (more visits to clinics, increased enrollment, etc.)**
- **Impact on household well-being varied by sector/country:**
  - **Education:** effect on enrollment varied; all saw improvements in some indicators vs. comparators
  - **Health:** Positive effect on quality, complementary inputs similar to non-SF facilities (but still needs improvement); increased utilization in many cases; Bolivia, reduced infant/child mortality rates



# ...Impact Evaluation Results...

## Impacts on Well-being?

- **Water:** increased access; Bolivia: quality improvement (only study that measured); Nicaragua: reduced stunting in <6 children, Bolivia: reduced duration of diarrhea, Peru: reduced incidence of diarrhea; no impact on incidence of diarrhea in Bolivia, Honduras, Nicaragua. Bolivia & Peru: decreases in child mortality. Systems functioning, but cost recovery questionable
- **Sanitation:** Sewerage: low impact on diarrhea (low connection rates); latrines, some impact in Honduras, Peru, but varied elsewhere.



# ...Impact Evaluation Results...

## Sustainability?

- Projects reflected community priorities, high satisfaction, participation, willingness to pay
- In most instances, SF infrastructure as well or better equipped, maintained as comparators
- Important areas for improvement: technical/managerial issues in water, supplies of medicines, texts (same for non-SF infrastructure), linkages to local government, line ministries. Challenge of measuring Social Capital

## Costs?

- Operating Costs: 5-15%, lower than many (higher in small countries, and much variation in accounting)
- Unit Costs: Variations; community contracting leads to lower unit costs (25-40%?), but speed and quality may be issues.



# Issues & debates about SFs?

## **Autonomy (bypassing line ministries), “stealing” good staff.**

- Policy autonomy (dangerous) vs. operational autonomy (good, with coordination); Board of Directors can enhance accountability
- SF should exist only if there is an objective, not vice versa!

## **Do they undermine good policy development / implementation? (Filling gaps vs. developing policy: you need both)**

- SFs and decentralization
- Applying “best practices”, esp. in rural infrastructure
- Are they to blame for failure to tackle policy issues?



# Issues & debates about SFs?

- Saturation point for infrastructure (need to focus on service delivery, and demand side interventions)
- Targeting the poorest vs. Broad coverage
- Donor driven (independent of parliaments)? (pros and cons of moving on budget)
- Long-term perspective (country specific):
  - Channel resources and capacity to poor
  - Champion (and implementor of) bottom up local development (linked to decentralization)
  - Develop innovative mechanisms to promote inclusion
  - Instrument available for emergency response
  - National public goods, and promoter of standards (e.g., environmental assessment, participatory planning, technical quality, etc.)



# Other Challenges:

- Transparency, Corruption
- Can a program that “only” does lots of little things have as much impact as a big reform project? How will they work in context of programmatic lending (or are they programmatic already)?
- Grant mentality (not good for everything: productive projects?)
- Replicating / scaling up pilots
- Bulldozers vs. Think-Tanks: may not be best “Poverty Reduction Board” (but sometimes put in that role)
- Need multisectoral teams



# Conclusion

**Social Funds are flexible and effective instruments that have**

- Helped develop new approaches and instruments
- Had proven impacts on living conditions of the poor

**Strategic Directions linked to**

- Local development & Decentralization
- Service delivery and MDGs
- Safety Nets and Vulnerable Groups
- Innovation with on-the-ground results