Closing the Gap: The State of Social Safety Nets 2015

Interest in and use of social safety nets keep growing

Today’s world of social safety nets (SSNs) is rich, but complex and multifaceted: an average developing country now has about 20 SSN programs in place. As of 2015, every country in the world has at least one SSN program (non-contributory measures for predictable support to the poor and vulnerable). Of the 136 countries for which data are available in the World Bank’s ASPIRE (Atlas of Social Protection: Indicators of Resilience and Equity) database, 1.9 billion people are on beneficiary rolls of social safety net programs.

The picture is dynamic. While the number of countries with traditional SSN programs—school feeding and in-kind transfers—remains stable, cash transfers are becoming more popular (figure 1). In the past year, new information has become available for 11 countries with unconditional cash transfers (UCTs). In Africa, 40 countries (out of 48 in the region) have UCTs, a doubling since 2010.

Twelve more countries have introduced the more institutionally demanding conditional cash transfer (CCT) programs; CCTs are now present in 64 countries, a dramatic increase from 2 countries in 1997 and 27 in 2008. Public works aimed at income transfers have been implemented in 94 countries, and many of them are in conflict-affected and fragile states.

Countries at all levels of income are investing in social safety nets

Social safety nets are no longer an investment only for high-income or middle-income countries. Low-income and middle-income countries devote equal shares of resources to SSN programs (1.5 and 1.6 percent of GDP, respectively), while higher-income countries spend 1.9 percent of GDP on them (figure 2). However, some lower-income economies

---

**Figure 1.** The world of social safety nets is dynamic
Number of countries with SSN programs of different types in 2014, and new programs (or newly available data) in 2014–15

<table>
<thead>
<tr>
<th>SSN program</th>
<th>Number of countries</th>
<th>New programs or newly available data</th>
</tr>
</thead>
<tbody>
<tr>
<td>School feeding</td>
<td>130</td>
<td>1</td>
</tr>
<tr>
<td>Unconditional cash transfers</td>
<td>119</td>
<td>11</td>
</tr>
<tr>
<td>Public works</td>
<td>85</td>
<td>9</td>
</tr>
<tr>
<td>Unconditional in-kind transfers</td>
<td>89</td>
<td>3</td>
</tr>
<tr>
<td>Conditional cash transfers</td>
<td>52</td>
<td>12</td>
</tr>
<tr>
<td>Fee waivers</td>
<td>49</td>
<td>49</td>
</tr>
</tbody>
</table>

Note: SSN = social safety net.
allocate more funds than the global average. For example, Sierra Leone commits 4.8 percent of its GDP to safety nets, West Bank and Gaza commits 5.4 percent, while Georgia spends 7 percent of GDP. This suggests that spending on safety nets reflects not only income level, but also policy priorities, history, the composition of the overall social protection systems, and contextual factors (such as being a fragile state).

Cash transfers constitute the highest share of spending in all regions, except in Sub-Saharan Africa, where food and in-kind transfers are the dominant component (making up 27 percent of total safety net spending, on average). Among cash-based transfers, social pensions account for the highest share of expenditures, followed by poverty-targeted transfers.

**Countries are investing in social safety nets to reap the benefits of human capital development and income-generating activities**

Empirical evidence based on rigorous impact evaluations keeps growing and offering new insights on the transformational role of social safety nets. Since 2014, an additional 23 impact evaluations (building on 145 reviewed until then) have been published. More than half of them focused on Sub-Saharan Africa.

The newer studies confirm the positive and significant impacts of cash transfers on school enrollment and attendance; increased live births in safer facilities; improved prenatal and postnatal care; regular growth monitoring of children during critically important early ages; and enhanced food security. The studies also delve deeper into the productive impacts of cash transfers, demonstrating how predictable cash transfers enhance households’ investment in activities to generate agricultural and nonagricultural income. In Kenya, Lesotho,
The multiplier effects of SSNs are high

Ethiopia (Hintalo Wajirat)
Ghana
Lesotho (Garissa)
Kenya
Zambia

Source: Tirivai, Knowles, and Davis 2013.

Note: SSNs = social safety nets.

Mexico, and Zambia, cash transfer programs have increased the likelihood of beneficiary households owning more expensive (and thus more lucrative) livestock—including cattle, draft animals, and pigs—by about 8 percentage points. The strongly pro-poor character of this effect is evident in the increased reliance on small, inexpensive, but valuable assets (such as chicken coops, which expanded massively in Malawi and Zambia as a result of cash transfer programs; see figure 3).

Cash transfers also have major positive spillover effects on the local economy of target communities. Evidence from Africa, from the From Protection to Production Project, shows that these programs have a nominal income multiplier ranging from $1.34 to $2.52 for each $1 transferred. The effect is positive even after adjusting for any resulting local inflation (figure 4).

Though global poverty reduction due to SSNs is significant, results at the country level are mixed

SSN transfers in low- and middle-income countries are reducing the poverty gap by 15 percent, on average, data from household surveys show. Some countries are much more effective: SSNs in Hungary, Mauritius, and Poland reduce poverty by more than 50 percent. In other countries, the effect is barely visible (see figure 5, where the size of the bubble represents the poverty reduction effect).

Obviously, the higher the coverage of the poor, the greater is the effect on poverty. But even achieving almost complete coverage,
while providing low transfers, means that poverty reduction effects are low (as for Panama). Of course, when countries put relatively little weight on the role of safety nets in terms of both coverage and transfers (as in the case of Senegal), the poverty reduction effects are even smaller.

The effectiveness of social safety nets depends on the efficient use of public expenditures

The policy choice is often budgetary. This is shown in figure 5, where the dotted lines represent different levels of resources committed to SSNs, with higher lines corresponding to higher spending. Countries typically strike a balance between expanding coverage and providing transfers with greater adequacy within a given budgetary framework. For example, Hungary and Mauritius achieve the same poverty reduction effect with quite different combinations of adequacy and coverage. But even given that tradeoff, some countries are doing better than others within the same budgetary outlay, providing a benchmark for assessing results against countries at the “frontier” (figure 6).

Movements from the left to the right (at a given cost of SSN relative to the income level of the country) correspond to an improvement in the efficiency of spending (marked by arrows). The countries furthest to the right represent the “frontier,” or benchmark performance for their level of spending. The cumulative frontier
is marked by a dotted line. Among countries in the ASPIRE dataset, **Hungary**’s SSNs have the largest poverty reduction effects, but **Hungary** also has one of the highest levels of spending on SSNs within the dataset.

However, the analysis in figure 6 represents only part of the budget for the safety nets: the cash transfer component that reaches the final beneficiaries. In addition, all SSNs have a significant administrative budget, which also needs to be taken into account while comparing the efficiency of SSNs. For example, both **Hungary** and **Mexico** do well in terms of the transfer budget, but **Mexico** achieves that high level of transfer while spending 0.7 percent of GDP on SSNs, while **Hungary** spends more than 1 percent of GDP. This suggests a higher efficiency of the administrative system in **Mexico** than in **Hungary**.

Obviously, immediate impacts on poverty reduction are not the only benefits of safety nets; SSNs also have significant longer-term impacts in terms of human capital and assets. So the design of the SSN programs in countries may de-emphasize poverty reduction and concentrate on other parameters. Work is ongoing to devise and effectively benchmark the efficiency and effectiveness of SSNs in their efforts to achieve full and longer-term impacts on poverty reduction, while enhancing livelihoods and economic growth.
Better-coordinated systems are required to increase the efficiency of safety nets

A major driver of efficiency is how well SSN programs are coordinated with one another, and how well they effectively cover the poorest and most vulnerable. Despite great progress over the last half decade, low- and lower-middle-income countries still have the lowest coverage of the poor, with only one-quarter of the poorest quintile enrolled in social safety net programs. That proportion grows to more than half (64 percent) in upper-middle-income countries. This gap in coverage is particularly acute in Sub-Saharan Africa and South Asia, where most of the global poor live. In these regions, only one-tenth and one-fifth, respectively, of the poorest 20 percent have access to SSNs.

To be able to reach the poorest population groups, a first challenge for countries is to be able to enroll enough beneficiaries in the safety nets. A careful matching of survey data and administrative records underlines the intuitive conclusion that higher enrollment rates are associated with higher coverage of the poor. Still, over half the countries in the global dataset cannot or do not enroll the poorest 20 percent of the population in SSN programs (figure 7).

Countries often have multiple SSN programs, since different programs respond to the varied needs and risks of the poor and vulnerable. But this may cause further inequities and inefficiencies, due to gaps and overlaps in programs. For example, Albania and Moldova cover less than half of their poorest quintile with safety nets, yet one-third of those who are covered avail themselves of multiple, overlapping programs. Senegal covers just 8 percent of its poorest population, but one-quarter of beneficiaries are served by multiple programs, managed by different agencies.

Protecting the poor and the vulnerable and allowing them to avail themselves of opportunities requires complex systems, necessitating multiple programs (especially SSN programs) to work together. Countries at different levels of development have had some success in taking such a systematic approach. For instance, Madagascar is building an SSN system comprising public works and cash transfers, coordinated at the central and local levels.
level. Starting with a full registry of potential beneficiaries and prioritizing the poorest and most depleted areas in the country, it includes carefully planned public works to rehabilitate the environment and increase agricultural productivity, as a pathway to sustainably increase incomes for the poor. Mali, Mauritania, and Niger are following the same approach, all inspired by the Productive Safety Nets program in Ethiopia. At a different level of development, the Arab Republic of Egypt is building a system of coordinated programs that will cover the poorest households with conditional and unconditional cash transfers and public works, using its own experience of creating a registry of beneficiaries using smart cards, and learning from the lessons in Mexico and Pakistan of implementing nationwide coordinated approaches.

A coherent system starts with a plan and a policy framework. In recent years, the number of countries with a solid framework in place has grown considerably. As of 2015, 77 countries have a social protection policy in place, while 31 countries are currently planning or formulating one. This planning and policy work is key to ensuring a coherent strategic framework that can guide multiple social protection interventions. Yet this is not enough; the execution of policies often lags behind. Only 60 percent of program spending reaches beneficiaries’ hands, revealing that a significant share of resources are lost in excessive administrative costs, leakage, corruption, or implementation bottlenecks.

A solid body of evidence shows that efficiency of operational procedures is critical to the quality and extent of final impacts. In the case of safety net interventions, the most common operational procedures are program outreach and application, selection (targeting) of beneficiaries, enrollment, payment delivery, periodic eligibility verification, and monitoring and evaluation activities. For example, in Ghana, initially delayed and irregular transfer payments in the Livelihood Empowerment Against Poverty (LEAP) program resulted in a lack of impact on households’ consumption and poverty reduction. New administrative innovations can help manage resources more efficiently and connect programs more effectively. Currently, at least 21 countries have fully institutionalized a social registry, and another 26 countries are in the process of building one. These registries range from serving a single program, as in Armenia, to 80 different programs in Chile.
The World Bank supports the strengthening of national social safety net systems, especially in the poorest countries

The World Bank Group’s annual lending for SSNs in the world’s poorest countries (those eligible for assistance through the World Bank Group’s International Development Association, IDA) averaged $719 million from fiscal year (FY) 2009 to fiscal year 2014 (peaking at $1 billion in 2010). Social safety net lending to IDA countries was twice the volume of lending to better-off countries through the World Bank Group’s International Bank for Reconstruction and Development (IBRD), at $853 million in FY13 and $614 million in FY14. Countries such as Cameroon, Mali, Mozambique, Nigeria, and Tanzania are establishing or improving safety net programs. Others have built strongly on their crisis engagement to enhance their systems, such as Bangladesh, Honduras, Kenya, Pakistan, Rwanda, and Tajikistan. The World Bank Group is also helping the three countries hardest hit by the Ebola epidemic—Guinea, Liberia, and Sierra Leone—scale up their social safety nets with $32 million of financing.

From FY07 to FY13, the World Bank Group began supporting 27 IDA countries that had limited or no engagement on safety nets with the World Bank Group before FY07. About 80 percent of all IDA countries (65 out of 81) have now received support for safety nets from the World Bank Group. During the same period, the World Bank Group also supported 22 countries classified as being in fragile situations—including Afghanistan, Cambodia, the Democratic Republic of Congo, Eritrea, Haiti, Liberia, Papua New Guinea, Somalia, and Timor-Leste—with more than $500 million toward SSN activities.

A trust fund to help build social safety net systems where they are needed the most

The Rapid Social Response Multi-Donor Trust Fund Program (RSR) helps countries strengthen systems for delivering social protection through the building of basic components and the enhancing of knowledge and evidence about what does and does not work. The program was first established in 2009 with contributions from Norway, the Russian Federation, and the United Kingdom, later joined by Australia and Sweden. For instance, RSR provides catalytic resources, to support system-building for beneficiary registry and identification systems, poverty targeting mechanisms, and payment mechanisms. Such contributions are often key to improving capacity and catalyzing medium- to long-term efficiencies. Over the last five years, $101 million of RSR contributions catalyzed $4.4 billion worth of IDA resources for 75 projects in 50 countries, particularly in Africa.

This brief summarizes the forthcoming World Bank report, The State of Social Safety Nets 2015, which includes all of the figures and data in this brochure as well as all of the references cited.