



# Social Safety Nets Primer Notes

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## The Political Economy of Targeted Safety Nets

To be successful, Social Safety Net (SSN) programs require three elements of policy design: technical correctness, administrative feasibility and political viability, yet the politically supportable aspect is often neglected. In this paper, several features of political economy applicable to the choice, design and implementation of safety net programs are discussed: modeling the electoral politics of targeting; the roles of attitudes and perceptions; centralized versus localized control; internal and organizational politics and finally, politics and the different social objectives of safety ropes and safety nets.

### Model of Electoral Politics of Targeted Programs

Is it true that well targeted programs deliver more resources to the poor? Or is it possible that the less well-targeted programs deliver greater benefits to the poor? Pritchett argues that if the size of the budget for redistribution is politically determined, the impact of targeting on the poor must account for this. Otherwise, even with a larger share of spending going to the poor, the absolute magnitude will fall sufficiently to make the poor worse off.

Given a particular budget, the traditional model maintains that resources would be used more efficiently and effectively if they were targeted. While targeting is optimal when a budget is fixed, theoretical models show that targeting decisions influence the size of a budget. For instance, if the incidence of benefits in a program is restricted through targeting, then political considerations (the desire for lower taxes, the narrowed constituency for these transfers) would create pressure to decrease the size of the budget therefore negating any efficiency gains. An alternative way to think about this issue is to note that leakage of benefits to the non-poor is not necessarily bad for the poor when it allows increased political

support from those “lucky” enough to be included in the program.

An example from Colombia illustrates the relationship between the available budget and the degree of targeting. An existing food subsidy was transformed into a targeted food stamp program and then, in the early 1990s, subsequently eliminated. The distinction between the technocratic and political economy approaches is illustrated by the World Bank’s assessment of the Colombian policy shift: “Although the program seemed effective and well targeted... it lacked political support and was discontinued.” The analysis here suggests the possibility that the program’s loss in political support may have occurred because, rather than in spite of, the effectiveness of its targeting.

Interestingly, pro and anti-targeting supporters do not follow the traditional division of “left” and “right”. Both positions are represented in the entire political spectrum depending on each one’s belief on the budget response to targeting and the related tax level needed to finance this response (see table below).

### Attitudes and Perceptions

The political viability of any SSN program is profoundly influenced by corruption and the perceptions of horizontal equity, process and administrative fairness, and effectiveness. Corruption subverts all 3 perceptions and so is especially damaging to political support.

A fundamental principal of equity in many societies is that “like be treated alike”. Introducing discretion into targeting criteria may give rise to choices in which persons similarly situated are treated differently and this may

		Pro-Poor Technocrat (“left” – concerned about welfare of poor)	Fiscal Conservative (“right” – concerned only about level of taxation)
Beliefs about Budget Response to Targeting	Flat “unresponsive”	Favor Targeting	Oppose Targeting
	Steep “unresponsive”	Oppose Targeting	Favor Targeting

make the program appear inequitable. Horizontal equity is also threatened when a certain cause of poverty is not seen as requiring social spending (poverty that is ascribed to laziness).

Not only does the targeting of benefits need to be carefully done, the process by which it is done must be seen to be fair. As part of this, programs must include mechanisms facilitating appeals to an outside authority and also mechanisms for ensuring eligibility can be updated over time.

Program design must also take into account the implications of managing expectations so as not to create the impression that programs are not effective. The dilemma here is that reaching out to certain segments of the population (for example, persons unemployed for more than one year) is unlikely to create successful outcomes (it is harder for long-term unemployed persons to find work).

Perceptions of program effectiveness can be enhanced through scientific and independent evaluations that are carried out in a transparent manner.

#### Centralized vs. Localized Control

Another example of the interplay between political economy considerations and the targeting of social safety nets revolves around the use of community discretion in selecting beneficiaries. This can lead to better or worse targeting, depending on the interplay between national politics and local politics and the pressures brought to bear at each level. Local leaders know better what is socially and politically feasible. If local leaders choose to award benefits to non-eligible households, this may be inconsistent with the program guidelines, but not necessarily miss-targeting. However, discretion without conditions for adequate local oversight can lead to abuses. Program design can work either to limit community influences or accommodate them by providing explicit local discretion. Centralized and localized targeting can be combined. The national program could make regional allocations and criteria for targeting but stipulate local processes to be followed either in making the local decisions or in making exceptions to the criteria.

#### Internal and Organizational Politics

Organizational politics are an integral part of the political economy of targeted safety nets, overlooked by theory but considered tremendously important by practitioners.

There must be a good “fit” between the nature of a program and that of the implementing agency, in terms of ethos, image and internal culture. If either the substance or the very act of targeting is inconsistent with the culture

of the implementing organization there will be problems. The Ministry of Public Works in Indonesia struggled with their assigned task of designing and implementing labor-intensive building programs during the 1998 East Asian crisis. Their institutional culture was centred on “building things” and they balked at the inefficiency and poor standards of the unskilled labor they were required to hire. By contrast, it took only six months for subsidized rice to reach half of all Indonesian households during the same crisis. The agency given the task was formerly responsible for the distribution of rice in Indonesia for purposes of price stabilization: the existing organizational structure, practices and identity (“we move rice”) allowed the initiative to be successful.

Furthermore, politics across organizations can also affect political support. The responsibility for a program can be granted to a particular organ of the State not only to avoid bureaucracy but also for image promotion purposes. The location of Social Fund implementation agencies directly in offices of the Presidency in several Latin American countries had both a pragmatic element of cutting through the existing bureaucracy and a political element of allowing the President to take credit for the resulting benefits.

#### Politics and the Different Social Objectives of Safety Ropes and Safety Nets

Changes in the average poverty rate mask enormous “churning” as households move in and out of poverty. This volatility creates the demand not just for transfer programs to those whose incomes are chronically low (safety nets), but also for insurance-like programs that would pay off not only when income was absolutely low, but also when households experienced negative shocks (safety ropes). While safety “nets” seek to minimize income or expenditure poverty, the objective of safety “ropes” is to mitigate risk. If the targeting of social programs is judged exclusively on poverty or benefit incidence based on a cross sectional snapshot, then risk mitigation programs benefiting households who have suffered large shocks but who are not “poor” may appear to have large “leakage” when in fact they are simply serving an *alternative social objective*. While a “safety net” program might be more popular the more effectively it transfers from richer to poorer households, a “safety rope” program might cause little net redistribution but be popular because it serves an important insurance function.

The World Bank Social Safety Nets Primer series is intended to provide a practical resource for those engaged in the design and implementation of safety net programs around the world. Readers will find information on good practices for a variety of types of interventions, country contexts, themes and target groups, as well as current thinking on the role of social safety nets in the broader development agenda.



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