Social Safety Nets at a Glance

Between fiscal years 2005-2009, safety net activities supported by the International Bank for Reconstruction and Development (IBRD) reached about 180 million people, of which:

- Conditional cash transfer (CCT) programs supported by the IBRD benefitted about 21 million households annually, or almost 93 million individuals.
- The IBRD provided financing to other (non-CCT) cash allowance programs that reached an average of 18.5 million households annually, or almost 75 million people.
- Using conservative estimates, in-kind safety nets reached almost 9 million direct beneficiaries.
- Public works/workfare programs reached about 2.3 million people at their peak.

Key results include:

- CCT programs have demonstrated impact on reducing poverty and inequality in countries with relevant data, better schooling outcomes in every country measured, and substantial increases in health center utilization across the board.
- Other cash assistance programs made policy reforms possible, for example buffering the effects of a reduction in fuel subsidies in Indonesia, and helped households directly, as with resettlement grants to move households out of floodplains in Brazil.
- In-kind transfers expanded school feeding and nutrition programs to over 2 million children, provided scholarships that increased enrollment rates among the poor in Colombia and the Philippines and extended subsidized health insurance to over 6 million poor people.
- Without Argentina’s main workfare program, Heads of Households, an additional 200,000 people would have fallen into extreme poverty annually.
- Institutional strengthening saved millions of dollars through better targeting and more efficient programs and provided poor households with improved services.

Beyond lending, the World Bank supports the country-level and global knowledge base on safety nets. For example, during fiscal years 2005-09, the World Bank financed 143 technical and policy studies of safety net issues for IBRD countries or globally with implications for IBRD countries. This laid the foundation for effective safety net policies and lending in these countries.
Why Social Safety Nets?

Poverty and inequality are issues even in growing economies and tend to persist from generation to generation. The poor and vulnerable are exposed to a wide range of risks and shocks that affect their current well-being and their longer-term prospects for rising out of poverty. A serious illness or death in the family, unemployment, loss of a crop, or political upheaval can all reverse decades of economic gains and place households at risk of staying in poverty. Governments and the international financial institutions play a critical role during these times of individual or widespread crisis.

All countries need social safety nets to address poverty and vulnerability. Good safety net programs can prevent households from falling into poverty. Even in the absence of larger crises, safety nets help the poor and vulnerable transition out of poverty. Safety nets are defined as non-contributory transfer programs targeted to the poor and those vulnerable to shocks. The main types of social safety nets are:

- **Cash transfers**: provide income support.
- **In-kind safety nets**: facilitate access to food, health services, education, housing, energy and other basic needs.
- **Workfare and public works programs**: offer temporary employment to those able to contribute labor.

Safety nets serve three target populations:

- **The chronic poor** - even in periods of overall prosperity, these households are poor and require assistance to meet their minimum needs.
- **The transient poor** - who may fall into poverty during hard times.
- **Those with special circumstances** - including disabilities, living with HIV/AIDS, discrimination due to ethnicity, and displacement from conflict or natural disasters.

The World Bank and Social Safety Nets

The World Bank engages in policy dialogue, studies, and lending for safety nets, reaching over one hundred countries, taking the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) together. Overall efforts have focused on:

- helping countries develop new and innovative safety net approaches and replicating models where appropriate;
- improving the efficiency and effectiveness of existing safety nets, particularly in transition economies and middle-income countries;
- helping governments define their safety net policies and evaluate their programs;
- implementing safety nets in challenging settings, such as post-conflict zones;
- developing quick safety net responses to global crises; and
- refining knowledge on ‘best practice’ in safety net operations.

Between FY2005-09, the World Bank approved over US$5.2 billion in financing of social safety net activities (the IBRD and IDA together).\(^1\) IBRD lending accounted for three-quarters of this and IDA credits/grants to the poorest countries one-quarter.\(^2\)

Middle-income countries contain half the world’s population and a third of the world’s poor. Macroeconomic shocks have been influential in shaping safety net policy in a

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\(^1\) Projects with safety net objectives amounted to US$16.1 billion in total Bank financing (IBRD and IDA). These include multi-objective projects with non-safety net activities. Only the portion of funding to safety net activities is considered in this note.

\(^2\) An IDA-At-Work: Safety Nets brief is available.
number of these countries, with many current safety net programs having begun as initiatives to ameliorate past crises. As shown in Figure 1, most of the volatility in safety net lending is in IBRD countries. This reflects their greater exposure to global shocks and hence need to suddenly expand safety nets. The IBRD funding itself serves as a safety net, providing funding for programs in times of fiscal crises.

FY2009 was a particularly active year, as safety nets were put in place and expanded in response to global economic crisis. About US$2.7 billion was approved in FY2009 for safety net programs to protect the most vulnerable through conditional cash transfers, in-kind assistance and public works, reaching the poor and vulnerable in many IBRD countries including, Mexico, Colombia, Argentina, El Salvador, Guatemala, Indonesia, Poland, and Macedonia. For example, in FY09 the IBRD directed major infusions of funding for safety nets to Mexico (US$1.5 billion for their conditional cash transfer program), Argentina (US$440 million for two income support programs), Colombia (US$318 million for the social safety net) and Poland (US$221 million to mitigate the social cost of the economic crisis out of a total policy-based loan of US$1.3 billion).

Figure 1: World Bank Safety Net Lending, IBRD and IDA by FY (US$ millions)

The IBRD Social Safety Net Portfolio

In FY2005-09, the IBRD approved 48 projects with safety net objectives in 26 countries totaling US$9.8 billion. Of this, US$3.8 billion was allocated directly to safety net activities (Table 1). The recent expansion in safety net lending (Figure 1) is mainly due to a large increase in loan size rather than an increase in the number of projects. For example, in FY2009 a US$1.5 billion loan to Mexico expanded its CCT program and over US$400 million to Argentina funded two income support programs. Colombia (seven projects) and Indonesia (five projects) had the largest number of safety net projects.

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3 The safety net IBRD portfolio is defined as those projects with thematic code 54 (Social Safety Nets) financed by IBRD over the period FY2005-2009, as identified in the Bank’s Business Warehouse and one IBRD project in the Philippines with code 91 (Global Food Crisis Response) financing safety nets.
Over FY2005-09, the IBRD safety net portfolio was dominated by Latin America and the Caribbean in numbers of projects (56 percent) and amount of financing (75 percent). Eastern Europe-Central Asia and East Asia-Pacific each have active safety net portfolios with $400 million-$500 million approved in each of those regions. The Middle East and North Africa is showing increasing borrowing for safety nets.

Africa and South Asia do not appear in the table because they are comprised largely of IDA countries or so-called “IBRD/IDA blend” countries that use IDA funding for safety nets, as is the case in India, Pakistan and Cape Verde. The few IBRD countries in Africa, like Botswana and South Africa, engage in limited IBRD lending and do not use this for safety nets.

Different types of IBRD lending support safety nets, either sectoral investment loans or policy-based loans. Sectoral investment loans, in which the IBRD funds specific expenditures, account for two-thirds of safety net projects. Policy-based lending accounts for one-third of IBRD safety net projects. Policy-based lending supports the

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Table 1: IBRD Safety Net Lending by Region, FY05-09

<table>
<thead>
<tr>
<th>Region</th>
<th>Safety Net Activities (US$ millions)</th>
<th>Projects with Safety Net Objectives (US$ millions)</th>
<th># Proj</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Asia and Pacific</td>
<td>407</td>
<td>1,554</td>
<td>7</td>
</tr>
<tr>
<td>Eastern Europe Central Asia</td>
<td>501</td>
<td>2,466</td>
<td>10</td>
</tr>
<tr>
<td>Latin America and Caribbean</td>
<td>2,856</td>
<td>5,473</td>
<td>27</td>
</tr>
<tr>
<td>Middle East North Africa</td>
<td>52</td>
<td>354</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,816</strong></td>
<td><strong>9,848</strong></td>
<td><strong>48</strong></td>
</tr>
</tbody>
</table>

Note: 2 projects in LAC (El Salvador and Ecuador) were subsequently cancelled due to country circumstances.

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4 Development policy lending operations (DPLs) were classified as follows; where the budget support was primarily dedicated to an identified type of safety net program, the funds are assigned to that category. In some cases policy lending did not support a particular safety net activity thus the
Box 1: Colombia’s CCT Program, *Familias en Acción*, Improves Children’s Lives

Gloria Pedraza is a 36-year-old mother of six, who lives in Tolima, a municipality near Bogotá. She belongs to the poorest of the poor in Colombia. “Even though my husband is away, I have money for food,” Pedraza stated, referring to the US$52 subsidy she receives from the government every month as a beneficiary of Familias en Acción. Thanks to these cash transfers, which are equivalent to US$6 a month for each child enrolled in elementary school and US$12 for secondary school (grades 7–9), children will be able not only to have an education, but also to eat properly.

At the end of the 1990’s, Colombia was experiencing its worst economic crisis in over 60 years, which undermined poor families’ ability to afford basic services. In 2000, the Government put in place *Familias en Acción*, a conditional cash transfer (CCT) program for the poorest households. Families receive grants if they kept their children in school and attend regular health check-ups. Expanding from its initial rural focus, the program is currently active in almost every municipality of the country. *Familias en Acción* currently has over 2.1 million families inscribed on its rolls and benefits over 3.1 million children.

The program’s impact evaluation found improved nutrition status, better utilization of health services, and more schooling among beneficiaries. The program also facilitated access of women to the labor market and increased incomes. By requiring access to health and education services, the program put pressure on municipalities to improve their health and education services.

The objectives and coverage of *Familias* have evolved since its creation. In 2005, the positive findings from the impact evaluation led to the first expansion of the program. *Familias* is now a key element in the country’s strategy to reduce extreme poverty - the Social Protection Network to Overcome Extreme Poverty (*Juntos*). To help households graduate out of *Familias*, the program has introduced co-responsibility as a concept, with households participating in programs oriented to nine key poverty dimensions, including health, education, identification, legal support, access to the financial system, family dynamics, housing, nutrition, income and employment.

The IBRD was instrumental in helping Colombia develop the *Familias en Acción* model. The IBRD responded swiftly to the Government’s request for assistance in mitigating the impact of the economic crisis on the poor. The program was built on solid analytical work led by the IBRD, including a social safety net assessment, a social sector review and a poverty assessment. And, the IBRD provided international experience on lessons learned from other CCT programs in the region. The IBRD collaborates closely with the Inter-American Development Bank, a co-financier, including joint missions and coordinated procedures lessening the demands on the Government.
region with Mexico’s Progresa (now Oportunidades) starting in 1997, followed by Colombia’s Familias en Acción (Box 1), Jamaica’s Program of Advancement Through Health and Education (PATH), and Brazil’s Bolsa Escola in 2001 (transformed into Bolsa Familia in 2003), and Chile’s Solidario program in 2002. Turkey followed in 2003 with one of the first CCT programs outside of Latin America. These programs started early, their evolution has been carried out thoughtfully, and impact evaluations have shown clear results. They have been the flagships upon which other CCT programs have been modeled.

During the FY2005-09 period, the IBRD helped deepen and expand the CCT model, approving 16 projects in 10 countries, mainly in LAC with more recent projects branching out to East Asia and Eastern Europe. The IBRD approved over US$1.5 billion for Mexico’s Oportunidades program alone, or 40 percent of total IBRD safety net lending. In several cases, a CCT program was supported either by successive investment loans or through a combination of funding, such as an investment project to establish the program and then additional funding through a budget support operation.

Conditional cash transfer programs supported by the IBRD in the FY2005-09 period have reached about 21 million households, or almost 93 million individuals. The largest CCTs are in Brazil and Mexico, serving 11 million and 5 million households, respectively. Although the absolute numbers are smaller in some of the other countries, their national coverage rates are larger. Colombia’s program reaches about 20 percent of all households and Jamaica’s PATH benefits about 12 percent of the population. Newer programs in the Philippines and Indonesia are currently being expanded and Macedonia is launching a pilot program.

Impact evaluations have documented improvements in the wellbeing of millions of the poorest households in these countries:

- CCTs have had positive effects on consumption, poverty and inequality.

<table>
<thead>
<tr>
<th>Box 2: Safety Nets Reduce Poverty and Inequality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil is getting a big bang for its buck with its Bolsa Familia conditional cash transfer program, one of the most effective of the country’s main social assistance and social security programs in reducing poverty and inequality. The biggest effects have been in reducing extreme poverty, a major social challenge in a country with some of the persistently highest rates of inequality in the world. These impacts have come with a relatively low price tag (0.4% of GDP) compared with other programs.</td>
</tr>
</tbody>
</table>

% of the reduction in inequality:

<table>
<thead>
<tr>
<th>Bolsa Familia CCT</th>
<th>BPC</th>
<th>Pensions</th>
<th>Other sources</th>
<th>2001-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>18%</td>
<td>11%</td>
<td>27%</td>
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% of the reduction in extreme poverty (2001-05):

<table>
<thead>
<tr>
<th>Bolsa Familia CCT</th>
<th>BPC</th>
<th>Pensions</th>
<th>Other sources</th>
<th>Headcount Index (P0)</th>
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</thead>
<tbody>
<tr>
<td>25%</td>
<td>12%</td>
<td>16%</td>
<td></td>
<td>Headcount Index (P0)</td>
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<table>
<thead>
<tr>
<th>Bolsa Familia CCT</th>
<th>BPC</th>
<th>Pensions</th>
<th>Other sources</th>
<th>Poverty Gap (P1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>33%</td>
<td>18%</td>
<td>16%</td>
<td></td>
<td>Poverty Gap (P1)</td>
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<table>
<thead>
<tr>
<th>Bolsa Familia CCT</th>
<th>BPC</th>
<th>Pensions</th>
<th>Other sources</th>
<th>Severity (P2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>41%</td>
<td>22%</td>
<td>17%</td>
<td></td>
<td>Severity (P2)</td>
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Government outlays as % GDP (2004-06):

<table>
<thead>
<tr>
<th>Pension: 10%</th>
<th>Social Assistance Pension (BPC): 0.5%</th>
<th>Other sources</th>
<th>Headcount Index (P0)</th>
<th>Source: Lindert et al. (2006)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolsa Familia CCT: 0.4%</td>
<td></td>
<td></td>
<td></td>
<td>Paes de Barros/IPEA (2007)</td>
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</tbody>
</table>
capita consumption increased by 7 percent in Brazil, 8 percent in Mexico and 10 percent in Colombia. CCT programs reduced poverty rates of participants in Mexico, Colombia, Jamaica, and Brazil. This effect on poverty and inequality can be substantial, as described in Box 2 on Brazil’s Bolsa Familia program. An impact evaluation of Chile’s Solidario program found that rural beneficiaries experienced an 18 percent reduction in poverty and 35 percent drop in extreme poverty.

- **CCTs have led to substantial decreases in child labor**, as borne out by impact evaluations in Brazil, Colombia, Ecuador, and Mexico, among others.

- **Every program that has measured impacts has found positive effects on school enrollment**, but this varies by age group. Overall enrollment rates increased from 1-to-10 percentage points, with larger effects on the higher grades. For example, the Turkey CCT program raised girls’ enrollment rates by 1.3 percentage points at the primary level, but by 10.7 percentage points at the secondary level. Studies have also shown larger effects among poorer households. These current impacts on schooling will translate into future impacts on poverty. Studies in Jamaica estimate that the CCT program effect will result in a 7 percent increase in future earnings for these children.

- **CCTs have led to significant increases in utilization of health services.** The impacts on visits to health centers have been substantial, like a 38 percent increase in health care visits for children 0-6 years old in Jamaica and a 33 percent increase in growth monitoring of children 2-4 years old in Colombia. Increased vaccination coverage was also found, with the exception of Mexico where rates were already quite high. For example, health transfers from Turkey’s CCT program were associated with a 14 percent increase in the full-immunization rate for preschool children. Nutritional indicators have also improved in several countries.

In the almost ten years that the IBRD has supported CCT programs, there has been a great deal of diversity and evolution within the CCT story. After over a decade of experience, not only has the CCT model expanded quickly across national boundaries, but CCT programs are evolving in their approach, seeking to:

- **Take advantage of new technologies.** CCT programs have been able to capture the opportunities afforded by new technologies, such as using tele-banking for payments and educational messages to recipients and bank cards for payments.

- **Build linkages to other social programs.** Other social programs have been able to piggyback on the proxy means test and beneficiary registration processes put in place by a CCT program to funnel target populations to other social programs. Chile’s Solidario program explicitly seeks to integrate cash transfers with a broad array of existing social services. Participants sign a “family contract” to improve their living conditions. It establishes an agreement between the government, which takes responsibility for supplying them with a range of support services and resources, and the family, which agrees to work to overcome the most precarious aspects of their lives in the areas of legal documentation, health, education, family dynamic, housing conditions, work and income. The program has increased the take-up of
public transfers and the utilization of social services by the poor.

- **Incorporate marginalized citizens.** Most CCT programs require that beneficiaries present valid identification documents before receiving the grant. Several programs, for instance in Colombia, Panama and the Dominican Republic, have helped to get identity documents for marginalized groups, making it possible not only for them to enroll in the CCT program, but giving them the first step toward access to other programs, voting rights, and legal protections.

- **Support exit strategies for families.** There is growing interest in plugging beneficiaries into the financial system and promoting savings as a medium-term strategy to help CCT households out of poverty. For example, in Mexico’s Oportunidades in addition to the cash payment, some of the transfer can be held in a beneficiary savings account. An estimated 20 percent of beneficiary households have savings accounts connected with the program. Linkages to microfinance are also being explored in some CCTs.

- **Experiment with community-level CCTs.** CCT programs has typically been designed as contracts between an individual household and a national program. In Indonesia’s National Community Empowerment Program, Generasi, the community rather than the household is responsible for reaching a target level of school enrollment and preventive health utilization. Participating villages commit to improving twelve basic health and education indicators in exchange for an annual block grant. The grant can be used for improvements to health and education services. The size of the block grant is largely determined by population of the community, with a bonus award of up to 25 percent of the base value depending on performance. An impact evaluation is currently under way with IBRD support.

### Other Cash Assistance Transfers

Other cash assistance programs account for 11 percent of the IBRD’s safety net lending in FY2005-09, including new operations in Argentina, Indonesia, Serbia, Brazil and Jordan. In most cases, these cash allowance programs serve as a shock-response system consisting of ready-to-use programs that can be expanded in times of crisis. IBRD support also focuses on improving the targeting, efficiency and effectiveness of existing cash allowances.

There is great variety in the types of cash allowances supported. For example, the Argentina Basic Protection Project supports the country’s main income transfer programs for the unemployed and families with children including improvements in their transparency and effectiveness. In Indonesia, an unconditional cash transfer (UCT) program was created to protect the poor from the effects of oil price hikes and to compensate for rolling back fuel subsidies. In Eastern Europe, the Serbia Delivery of Improved Local Services Project is expanding and better-integrating marginalized groups into the country’s main cash allowance program to needy families. The recently-launched Jordan Social Protection Enhancement Project aims to improve the management and operations of the longstanding cash allowance program (National Aid Fund) by excluding ineligible beneficiaries and using smart cards to distribute assistance. The IBRD also supports smaller cash compensation programs, like grants to resettle poor families from the floodplains around Brazilian municipalities.
Of the cohort of projects approved or closed FY2005-09, cash allowance programs reached 18.5 million households annually, or almost 75 million people. The Indonesia unconditional cash transfer program is the largest in the world. Activated only at times of crisis, it reached 15.5 million in 2005 and then again in 2008. Significant program scale was achieved in Argentina, where child allowances reached 2.7 million families. In Romania, the IBRD helped improve the efficiency of the Minimum Income Guarantee which provided cash to 422,000 families. In Uruguay, IBRD budget support financed expanded coverage of the family allowance program to 209,000 of the poorest families.

There is far less data on household impacts of these cash programs than with the CCT programs. Nevertheless, results are encouraging:

- With the unconditional cash transfer program in Indonesia, the government reduced inefficient and regressive fuel subsidies without a repeat of past protests. And, poverty would have increased much more dramatically had the program not been put in place.
- The IBRD helped introduce a unique payment agency in Romania, a single registry for all social assistance beneficiaries.
- Evidence from Argentina’s Seguro program found that almost 27% of participants are exiting the program into formal employment.

In-kind Safety Nets
In FY2005-09, 14 IBRD projects financed some form of in-kind assistance to vulnerable groups, amounting to 10 percent of safety net lending. In-kind benefits comprised price subsidies, scholarships and other assistance to improve access to food and nutrition, education, training, healthcare and housing to targeted groups.

Two projects financed food and nutrition assistance, both in East Asia, as part of a larger government response to economic crises. Indonesia fuel price increases in 2005 were accompanied by safety net programs aimed at providing rice to the poor. In the Philippines, the government bolstered support to the Food-for-School Program in response to the food price crisis, as well as increased funding for the rice subsidy program and other safety net projects (Box 3).

Safety net assistance provides access to education via scholarships for poor students in Colombia and Indonesia and incentives for early childhood education for marginalized groups in Bulgaria, including kindergarten fee waivers, subsidized transportation, and outreach and orientation to parents.

In-kind safety net projects facilitate access to health services. For example, the Panama Health Equity Improvement Project is using capitation payments (payments based on the size of the target population to be served) to health regions to implement the Health Protection Program for the Poor and Other Vulnerable Populations. In the Philippines, the IBRD finances expanding coverage of the indigent health insurance program (also Box 3).

Safety net projects also provide training, ranging from labor market training for workfare laborers in Argentina and youth training in the Dominican Republic, to training for displaced Romanian miners in response to mine closures.
Box 3: Philippines Food Price Crisis Response

The need for good safety nets was magnified during the recent food, fuel and financial crises sweeping the globe. In 2008, the World Bank created the Global Food Crisis Response Program to alleviate the impact of the crisis. $200 million from IBRD was approved for the Philippines Food Crisis Response Development Policy Operation to help the government increase spending on subsidies and transfers to ease the crisis. There were several components to this project:

The government took decisive steps to stabilize domestic rice prices, including changes to procurement and importation rules and release of part of the National Food Authority’s rice stock to contain prices during the ‘lean’ season when people are most at risk.

The government increased funding of subsidies and transfers to poor households from 2.4 to 6.2 percent of the national budget by:

- increasing spending on the National Food Authority rice subsidy by nearly 4 times;
- increasing the government’s contribution to the PhilHealth Indigent Program; and
- launching a new cash transfer program, Pantawid Pamilyang Pilipino Program, covering 320,000 poor households.

- The government also improved the targeting of the Food for School Program (FSP), one of the government’s bigger subsidy programs, reducing leakage to non-poor students from 54 to 22 percent.

The program has had an effect beyond the crisis. The government has committed to tripling the annual budget of the Department of Social Welfare and Development by the end of the 2010-2014 period. The Department has adopted a national proxy-means test targeting system for its programming. And, the government recently decided to increase the number of CCT program beneficiaries to one million households to cover around 20 percent of the country’s poor population. The Food for School Program expects to expand its coverage of poor children from 0.62 million in 2008 to 1.1 million by 2010.

Such programs also provide funding for housing assistance. For example, in Brazil, an IBRD-financed unified federal housing subsidy system makes housing more affordable for the poor.

Using conservative estimates, these in-kind safety nets reached almost 9 million direct beneficiaries. The largest share of these, over 6 million, received access to health services, typically through expanding coverage of low-income government health insurance programs, as in the case of Thailand, Colombia, the Philippines, and Panama. Over 2 million children received school feeding and nutritional support as the IBRD stepped in with financing during fiscal crises to maintain and expand coverage in Colombia, Dominican Republic and the Philippines. Educational scholarships helped over 80,000 needy children attend school, and over 160,000 poor and displaced workers received job training.

These outputs led to significant improvements in access to services by the most marginalized segments in IBRD countries. Household welfare increased. For example, the initial results of the Philippines Food-for-School program show an improvement in class attendance and performance among the pupils benefiting from this program. In Colombia, it appears that the targeted scholarships have been one of the reasons for an increased level of secondary enrollment and an improvement in the transition rate to tertiary education (from 13 percent to 18 percent). Expanding access to health services for poor women and children shows promising results in reducing infant mortality and delivery-related maternal deaths. And, in many cases this saved millions of dollars through efficiency gains in program administration and better targeting of the poor.
Public Works and Workfare Safety Nets
Safety net approaches typically include workfare as an option for dealing with crisis. However, during the FY2005-09 period only one workfare program was approved to be funded by the IBRD - the Argentina Heads of Household Transition Project - although new workfare programs are currently under preparation. The Argentina project was designed to facilitate the transition of beneficiaries from the Heads of Household Program to other social programs and to provide training and other activities that would improve prospects for long-term employment. Other older IBRD public works projects were completed during the FY2005-09 period in Thailand, Uruguay and in several of the Caribbean islands.

Public works and workfare programs benefited about 2.3 million people at their annual peak during the FY2005-09 period. The lion’s share of these received temporary employment through Argentina’s Heads of Households program, which reached its largest coverage at almost 2 million beneficiaries. Other temporary employment was generated through public works as part of the natural disaster response in the Caribbean and through labor intensive civil works programs carried out by communities in Jamaica and Thailand.

An impact evaluation found that the Heads of Household Program was well-targeted to the poor and unemployed adults with dependents who would have gone destitute otherwise. The poverty rate among participants fell from about 51% to 29% and the program reduced Argentina’s unemployment rate by about 2.5 percentage points.

Capacity Building Activities
Safety nets require well-functioning administrative systems for selection of beneficiaries, payments, monitoring and evaluation. Over FY2005-09 almost three quarters of investment projects included a component to build capacity for delivering programs effectively. In Europe-Central Asia, projects including the Ukraine Social Assistance System Modernization Project and the Serbia Delivery of Improved Local Services Project supported institutional strengthening of safety nets systems. The IBRD financed capacity building in Jordan, Lebanon, and several countries in Latin America including Argentina, Brazil, Colombia, Mexico, Panama, Uruguay, and Peru. Four projects supported improvements of the management information system. Ten projects contributed to monitoring and process/impact evaluation and the development of operational manuals. Most of the projects supported improvements in national targeting systems.

Specific beneficiary figures are not calculated for these efforts since the focus is on the institution, not the individual. Improvements in targeting were noted across the board following IBRD-funded efforts to improve criteria and beneficiary screening processes. Services were often better tailored to client needs, as with the improvements made under the Ukraine Social Assistance Modernization Project (Box 4).

Capacity building efforts to strengthen monitoring and evaluation resulted in the consistent application of robust impact evaluation methodologies applied to large parts of the safety net portfolio, particularly the CCT programs. Implementation of management information systems allowed for better tracking of program activities and identification of potential process efficiencies. As the usefulness of these efforts has become apparent, governments
Ukraine has a well-developed social protection system. The Government spends around 20 percent of GDP on social protection, including the pay-as-you-go pension system, other mandatory social insurance schemes and social assistance programs (2008 estimate), with social safety assistance receiving 1.9 percent of GDP.

The social protection system is broad - more than two thirds of the population benefit from some form of social protection support. About 97 percent of the poorest 20 percent of the population receive at least one social protection transfer, but the benefit system has serious administrative challenges.

IBRD’s Ukraine Social Assistance Modernization Project is improving the effectiveness of Ukraine's social assistance system by better targeting of cash benefits, more efficient administration and reduction of the private costs for applicants. The project pays particular attention to tackling fraud and error. A ‘one window’ client intake approach with its emphasis on document checks at the time of the benefit application helps prevent collusion between the applicant and the staff. Verification visits by social inspectors reduces fraudulent claims. Ukraine uses direct bank transfers to pay benefits, again reducing opportunities for error or fraud. Increased sanctions against those who obtain benefits fraudulently are being considered.

The impacts of these reforms on improved safety net service delivery have been substantial. The new “one stop shop” business model for client intake has been implemented in almost all 757 local welfare offices. Reduction in time for client in-take in local welfare office has been from 4.5 to 2.1 hours. The number of benefits that are processed per month per staff of local welfare offices increased from 250 since project inception to 365 in 2008.

have been more willing to undertake the expense, increasingly seeing monitoring and evaluation as a good investment rather than just a program cost (Box 5).

Developing Local and Global Knowledge

During FY2005-09, 143 studies were carried out that covered IBRD countries. The largest share of these analytic products dealt with safety nets issues in Latin America and the Caribbean (39 percent), followed by Eastern Europe and Central Asia (20 percent), Middle East and North Africa (11 percent), and East Asia and the Pacific (8 percent). The remaining 22 percent of the documents were regional or global studies.

The most common theme in analytic work on safety net programs in IBRD countries was conditional and unconditional cash transfers (40 percent), non-cash assistance (36 percent), and public works (9 percent). The remaining documents dealt with general safety net-related topics. A number of flagship studies and policy analyses were produced on safety nets during this period (Box 6).
Country-specific studies inform government policies or subsequent IBRD lending. For example:

- In China, six major studies on safety net-related issues were published between FY2006-09 focusing on social assistance, minimum income schemes, social security and pension reform. This helped sustain a policy dialogue as the
  migration all helped guide policy discussions with the government while it
  has been attempting to restructure the
  social safety net and bring social policies in line with a decentralized democratic society and a transitional economy.
- In Argentina, a sustained effort at diagnosing vulnerability, analyzing public expenditures, measuring program impacts and developing design advice

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**Box 5: The Importance of Monitoring and Evaluation in Safety Net Programs**

A strong focus on results and attention to monitoring and evaluation systems are some of the hallmarks of the Bank's engagement in IBRD social safety net projects. At the outset, there was general skepticism about whether social safety nets were good value for money. Could they be delivered effectively or would the money be lost to inefficiency or corruption? Were they an investment in the future or just a hand out? What are the real impacts of safety nets?

A solid base of evidence has now been established. The Mexican CCT program, (previously Progresa, now named Oportunidades), launched a quiet revolution in results by insisting on the use of strong monitoring systems and credible impact evaluations based on the use of control groups to measure outcomes – the ‘gold standard’ of methodologies. Today, strong monitoring systems and robust impact evaluations are a standard feature of virtually every CCT program.

These impact evaluations have served to improve program effectiveness, to defend program budgets, and to spread the concept of CCTs. For example, in Jamaica, impact evaluations of the PATH CCT program led policy-makers to shift the program's focus from primary school attendance to secondary school completion, to increase the level of benefits, to differentiate them by grade level and to increase coverage. In Mexico, evaluation of the impacts on anemia led to a reformulation of the food supplement given and strengthening of the nutrition education component. In Colombia and Mexico, the evidence on the improvements to household health, education and consumption stemming from the CCT programs helped sustain the program during several political transitions. The impressive body of credible impact evaluations on CCT programs has been one of the reasons that these programs have spread so quickly from just a couple of countries ten years ago to about three dozen today.

Impact evaluations of CCT programs are now expanding their focus to measure changes in the quality of health and education services. This will send important signals to governments on the need for adequate funding of the supply of services to heighten impact.

Chinese government creates a new social safety net for millions of workers affected by economic changes in the past 15 years, especially given the global economic downturn could create waves of more unemployed.

- In Albania, a series of safety net studies, including a labor market assessment, a social safety net review, a social insurance review, and a series on
In addition to these studies and reports, the World Bank invests in training and knowledge exchange in support of good safety net design and implementation. The Bank hosts many training events, mostly joint client-staff events such as the annual core course on safety nets. It also sponsors international knowledge sharing events, like the 2006 International Conference on Conditional Cash Transfer Programs in Istanbul, Turkey, and the 2009 South-South Learning Forum in Cairo, Egypt on Social Protection Responses to Crisis.

In recent years, a community of practice has evolved on CCT programs in the Latin America and Caribbean region comprising World Bank staff and the managers of the five largest CCT programs in the region who meet monthly (via video conference or in country visits) to share experiences and discuss operational concerns. From the outset, the CCT programs in Indonesia and the Philippines learned a great deal from Brazil, Colombia and Mexico and built their programs from this experience. There have been many international study tours for countries to see CCTs in action, including a visit to New York City’s “Opportunities” program which was derived from the Latin American experience.

**Key Lessons Learned**

Several lessons of experience with safety nets stand out:

- Safety nets have a role to play in all countries, regardless of income level, during crises and stable times.
- Safety nets have demonstrated impact in protecting the poor from destitution and asset depletion, promoting access to services, and improved household outcomes.

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**Box 6. World Bank’s ‘Must-Read’ Reports and Guidance on Safety Nets**

Several major reports have been published in recent years on aspects of safety nets:


“**How to Make Public Works Work: A Review of the Experiences**” by C. del Ninno, K. Subbarao and A. Milazzo, *World Bank, Washington, D.C.*, May 2009. This paper reviews the experience with public works programs in several countries over the past 20 years to determine the factors of success as a safety net program.

“**Rethinking School Feeding - Social Safety Nets, Child Development and the Education Sector**”, D. Bundy, C. Burbano, M. Grosh, A. Gelli, M. Jukes, and L.Drake, a 2009 joint World Bank-World Food Program publication which provides a fresh analysis of school feeding programs, their role in SP and education, and implementation.

“**Closing the Coverage Gap**” by R. Holzmann, D. Robalino and N.Takayama, Noriyuki (eds.), World Bank 2009. This book brings together a group of renowned academics, analysts and policy makers to discuss how social pensions and other retirement income transfers can be used to
Box 7: Argentina: A Decade of Building a Comprehensive Safety Net

Safety nets often evolve from a good analytical base and a learning-by-doing approach, with evaluation and policy feedback loops to build future improvements. Argentina serves as a good example of the complexities of developing a national safety net.

In 2002, a severe financial crisis hit Argentina following three years of economic slowdown. Real output fell by 11 percent, unemployment soared to 22 percent, and real wages collapsed by nearly 30 percent as a result of uncontrolled inflation. Despite some experience with protecting targeted social spending and launching a highly effective but small and temporary workfare program during crises in the mid-1990s, Argentina did not have a good safety net in place.

The Argentine government realized a more aggressive approach to developing its safety net response would be needed. In 2002, the government created a massive new workfare program as part of its emergency response—named Jefes de Hogar—spending 7 percent of the federal budget on it. The program was expanded to almost 2 million workers by 2003, dropping to 1.52 million by 2006. During the mid-2000s there was a diversification of the safety net with the introduction of two programs: Plan Familias, a CCT program which offers cash stipends to mothers in exchange for health checks and school attendance of their children and Seguro de Capacitación y Empleo – a non-contributory unemployment benefit accompanied by training and employment services.

These direct operations to support the poor and vulnerable in Argentina were built on a strong foundation of policy studies, expenditure analysis and program evaluations. For example, a study on household risk, self-insurance and coping strategies in urban Argentina in 2002 helped develop ideas on how to reach vulnerable populations. In 2003, the World Bank supported Argentina in the measurement of impacts of the Jefes de Hogar program and provided critical advice on developing improved targeting for the program. In 2004, the Bank looked at how to reform policies and institutions to improve the efficiency and equity of public expenditures, making clear recommendations to the government in the area of safety nets. More recent analytical work has included an analysis of the viability of exit strategies by safety net beneficiaries and the future of income protection policies, as well as issues of safety nets for the elderly and pension reform. This continual and intensive process of analysis, dialogue and partnership with the government of Argentina, other multilateral institutions and research groups has helped build IBRD credibility as an effective partner to the government beyond the IBRD’s financial resources.

- Over the last ten years, the range and sophistication of safety nets in IBRD countries has increased.
- Safety net experience in IBRD countries has been a key source of innovations that have spread to lower income countries. There are now CCT programs or pilots in almost 10 IDA countries, including Kenya, Bolivia, Bangladesh, and Cambodia among others. Proxy means testing was first developed in Chile then spread in Latin America and is now used by dozens of countries - in all regions and at all levels of income. Making payments through the banking systems was pioneered in LAC IBRD countries, but is now the first choice wherever the banking sector is sufficiently developed.
- There is no single recipe for a safety net system. Both the program mix and the design of individual programs should vary from place to place. For instance, although CCTs adopt similar approaches, the delivery mechanisms, links to public services and target populations are country specific.
• Safety net programs initiated in response to a crisis will often serve those who are suffering from idiosyncratic shocks and/or some of the chronically poor as well, therefore reducing a program is often more desirable than eliminating it altogether.
• Despite the higher profile of the new and innovative safety net programs, there is a significant pay-off to helping countries rework and improve their existing safety nets, particularly in countries where there is already significant spending on safety nets.
• Safety nets can be cost-effective, but not all are. Greater attention to capacity building is needed to develop effective administrative systems takes time and investment but can pay large dividends.
• Grounding safety nets in good policy analysis has been a critical factor in their gaining acceptance.

Looking Ahead

Safety nets can be expected to play an important role in addressing chronic poverty and various shocks, be they from climate change and natural disaster, commodity trade shocks, financial crises or political upheaval. Rather than being seen as a temporary response to the emergency of the moment, safety nets are increasingly considered permanent features of sound social policy. Response to recent global crises dramatically underscores that it was the IBRD countries with permanent programs that could effectively face the crises by quickly and effectively expanding these programs. In good times, safety nets can help address chronic poverty and inequality.

To support this, further development of ‘best practice’ knowledge and useful tools for countries to build their capacity is needed. This is especially important for capturing program evolution. Programs are dynamic and many have improved significantly in recent years. CCT programs are moving from the first generation operational issues of ensuring that money reaches beneficiaries transparently, to future challenges of integration with other programs and graduation of beneficiaries out of poverty.

There is a strong IBRD lending pipeline for safety nets. Based on current trends, country needs and other factors, in the future there will continue to be an active IBRD social safety net portfolio, both via sectoral investment loans and increasingly through policy-based lending and budget support operations.

But the IBRD’s role extends beyond lending. Its analytic work is often critical in underpinning policy actions. World Bank support has given credibility and continuity to safety net programs and policies. As a result, the IBRD will continue to be actively engaged in building more effective safety nets in IBRD countries.

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