Most safety net programs have some kind of exit strategy in place by which beneficiaries end their participation in the program. Exit policies generally cover both involuntary program exit (e.g., because an individual or household no longer meets the eligibility criteria as established by the program) and voluntary withdrawal from the program, which can occur when socio-economic circumstances improve for beneficiaries so they accomplish program objectives and no longer need program benefits. The latter is closely related to the concept of “program graduation,” in which households achieve economic independence from the program.

Recertification is a process used to reassess characteristics of existing beneficiaries/households to determine whether their eligibility (often in terms of socioeconomic status) has changed and, therefore, whether they should continue participating in the program. Recertification can occur in two ways: either beneficiaries can notify program officials of a change in their qualification for the program (e.g., change in material welfare, birth or death of a family member), or the program can run a periodic rescreening process for all beneficiaries. A variety of exit policies can be employed to ensure that beneficiaries leave the program:

- **Age limits.** In programs that have age limits for eligibility (e.g., child grants covering specific age groups), beneficiaries exit through natural attrition. As each age cohort moves out of the program, another can enter. In Colombia’s conditional cash transfer program Familias en Acción, households automatically stop receiving the nutrition subsidy when children turn 7 years old and the education benefit when children turn 18, but a system is being planned by which families that remain in extreme poverty can continue to benefit from the program through a recertification process.

- **Benefits for temporary conditions.** Programs that target groups with a temporary condition (e.g., pregnant women, temporarily disabled individuals) have built-in exit strategies. When beneficiaries cease to fit the categories included in the program, they automatically exit and others in that category can join.
Program Exit

- Time limits. Some programs set time limits to ensure that benefits do not cause dependency or introduce perverse incentives (e.g., disincentive to work). For example, many public works programs limit participation to a specified number of days or to a season that has few work opportunities.

- Declining benefit levels. Reductions in benefit levels over time often accompany time limits and can help families prepare to become self-sufficient upon their exit from the program. Benefit reductions can be standardized (the same for all beneficiaries) or tailored to individual families based on formulas that adjust benefits as households increase their earned income. Chile’s conditional cash transfer program Chile Solidario (see example below) provides beneficiaries with direct cash transfers at a decreasing rate for a maximum of two years.

- Benchmarks. The achievement of benchmarks, or specified outcomes associated with program goals, can also serve as signs of readiness for program exit. Benchmarks are usually defined based on the vulnerability criteria used by the program (income level, behavioral change, infrastructure built, etc.). In Ethiopia (see example below), the benchmark used to end a household’s participation in the Productive Safety Net Program is its being able to meet its food needs for 12 months and withstand modest shocks. Such a household is then considered food secure and must withdraw from the program.

Key Considerations

- Not all programs need to have explicit exit strategies. For example, safety nets aiming to protect vulnerable people (the elderly poor, disabled persons, etc.) throughout their lives do not need to include ways for beneficiaries to stop benefiting from the program.

- Exit strategies address budget limitation issues: programs cover a fixed number of beneficiaries in a given time period and, as these beneficiaries exit, more people in need enter and benefit from the program. This is especially relevant in low-income countries, where there are significant budgetary constraints and large needy populations.

- The frequency of recertification depends on how rapidly households move in and out of poverty, how sensitive the targeting systems are to these changes, the costs of recertification, and changes in country and program context (economic growth, changes in the social protection system, etc.). In places with little change in poverty dynamics, recertification on a regular basis might not be necessary.

- Recertification and exit require data (correct age of beneficiaries, disability status, date of enrollment, etc.) and systems, such as a management information system, to process the data.

- Rules about recertification and exit should be clearly defined from program onset and explained to beneficiaries when they enroll.

- Incentive-distorting mechanisms, such as reducing benefits based on income level, risk creating poverty traps by reducing beneficiary motivation to engage in productive activities. To mitigate this problem, programs can provide temporary support for beneficiaries who have recently exited the program.
Exit from safety net programs involves the controversial issue of long-term welfare improvement. It is important to consider the sustainability of improvement after beneficiaries exit programs, and whether structural social and economic conditions might cause them to fall back into poverty. In Mexico (see example below), a study has tried to assess how these context-specific conditions may affect sustainability of improvement in beneficiaries’ welfare.

### Examples of Program Exit in Safety Net Programs

#### Chile: Gradual reduction in benefit level

**Description**
The Chile Solidario program provides a personalized support system whereby the poorest families receive psychological and social services, guaranteed subsidies, and preferential access to public social programs. A local social worker follows beneficiary families for two years. During this period, households receive direct cash transfers while the social worker assesses their needs, assists them in developing a “family contract” outlining ways the family can improve its living conditions, and connects them to various social programs.

The direct cash transfers are provided at a decreasing rate over 24 months, in order to avoid beneficiary dependency on the program and to gradually prepare families to no longer receive benefits. The transfer is paid on a monthly basis, and the value decreases every six months from $23 for the first six months to $11 for the fourth. In total, each beneficiary household receives six payments of each value specified for a total of $381 over the two years of program participation.

#### Ethiopia: Benchmarks used for exit from the Productive Safety Net Program

**Description**
The Productive Safety Net Program in Ethiopia aims to reduce household vulnerability and build productive community assets through public works. Households are eligible for the program if they have faced continuous food shortages (usually a three-month or more food gap) in the previous three years and have received food assistance; have suddenly become more food insecure as a result of a severe loss of assets and are unable to support themselves (within the last one to two years); or have no family support or other means of social protection and support. Beneficiaries may participate in the program for multiple years until their livelihoods reach the food sufficiency threshold defined by the program. When households can meet their food needs for 12 months continuously and withstand modest shocks, they are considered food sufficient and exit the program.

Each year, food security task forces formed by members of the community assess whether beneficiary households should stay in the program. To do so, they review the status of household assets (land holdings, livestock holdings, food stocks, etc.), using regional benchmarks defined by the program.

#### Kyrgyz Republic: Recertification in the Unified Monthly Benefit Program

**Description**
The Unified Monthly Benefit Program uses different standards of recertification to reduce the administrative burden and transaction costs for clients in different circumstances. Families in urban areas usually receive benefits for only three months, after which they must be recertified; those in rural areas receive benefits for one year and undergo recertification annually, based on the assumption that the circumstances of rural residents change less frequently (in that they have less access to new jobs). Also, changes in welfare in rural areas are more likely to be noticed by other village members, better enabling the social worker to detect any lapse in required notification of change in circumstances.

Information must be updated on any condition that would cause benefit payment cessation (death, change of residence, etc.) or change of family economic or demographic circumstances (increase/decrease of family income, change of status of family members, etc.). Beneficiaries are responsible for their recertification and must notify the Social Protection Department or the social worker of any changes. Social assistance workers have some discretion in assigning the recertification period for specific households.
*Mexico: Recertification and intermediate program before complete exit from Oportunidades*

**Description**
The Mexican government has been experimenting with a gradual exit strategy to help Oportunidades beneficiaries transition out of the program. In 2003, a small number of households were transferred from Oportunidades to an intermediate program called Differential Support Scheme (EDA in Spanish). Under EDA, beneficiaries still have to comply with health and education conditionalities, and benefit levels are gradually reduced over the course of three years.

The selection of households that should move from Oportunidades into EDA and out of EDA after three years is done during the regular Oportunidades recertification process. Some benchmarks are defined based on households’ socioeconomic status, and “better-off” households are transferred to EDA and then exit from government support.

A study on the socioeconomic levels of households that were transferred from Oportunidades to EDA found that rural households adapted more easily to the change in transfer amounts than urban households, in part because rural families had larger and more diversified income sources, as well as more women’s labor participation in household income. Moreover, the majority of rural households had their own property (land and house), whereas urban households faced greater changes in living locations. The study also found that a few households experienced lower socioeconomic levels after they left Oportunidades and entered EDA. Therefore, the study recommended that household welfare should be assessed after three years of participation in EDA, and those with worsened socioeconomic status should be reinstated in the Oportunidades program.

One important conclusion of the study was that context can have an important impact on the sustainability of improvement in socioeconomic status. For improvements in the welfare of beneficiary households to be sustainable in the long run, overall social and economic conditions in the country/region must be improved—including more and better social services, employment opportunities, and social networks.

**RESOURCES**


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