Social Safety Nets in Fragile States

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Outline

• What are Fragile States?
• Safety Nets in Fragile Contexts?
• Case Study: Sudan
• Specific Operational Challenges in Fragile Contexts – Concluding Observations
Why are we concerned about Fragile States?

- 1 Billion People falling behind on all MDG indicators
- Poverty 2.5 times other low income countries (LIC)
- One third of people surviving on less than $1.25/day
- Child mortality double other LIC
- Malarial death three times other LIC
- HIV/AIDS affected population 2 times other LIC

<table>
<thead>
<tr>
<th>Indicator</th>
<th>LIC</th>
<th>Fragile States</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDG1: Poverty Headcount Ratio</td>
<td>22%</td>
<td>54%</td>
</tr>
<tr>
<td>MDG2: Primary Completion Rate (%)</td>
<td>84%</td>
<td>66%</td>
</tr>
<tr>
<td>MDG4: Under Five Mortality (per 1000)</td>
<td>88</td>
<td>177</td>
</tr>
<tr>
<td>MDG6: HIV+ (% of population 15-49)</td>
<td>1.6%</td>
<td>3.2%</td>
</tr>
<tr>
<td>MDG7: Access to Improved Water</td>
<td>79%</td>
<td>57%</td>
</tr>
</tbody>
</table>
What are Fragile States?

- Countries facing particularly severe development challenges:
  - Post Conflict (Afghanistan, Angola, DRC, Timor Leste)
  - Prolonged Crisis (Somalia)
  - Fragile Transition (CAR, Liberia, Haiti)
  - Slow Progress (Sudan)
  - Deteriorating Governance (Eritrea)

- Countries scoring 3.2 and below on World Bank Country Policy and Institutional Assessment (CPIA)
2010 List of Fragile States
(39 countries and territories)

IDA-eligible countries with a CPIA* rating of 3.2 or below:

Countries without CPIA ratings:
Liberia/ Myanmar/ Somalia

Non-member territories:
Kosovo/ West Bank and Gaza

Fragile situations: Political and Peace-building Missions (Countries with a UN or regional (AU, OAS, EU) political or peace-building mission in the last 3 years):
Colombia/ Georgia (Abkhazia - South Ossetia)/ Indonesia (Aceh)/ Iraq/ Nepal/ Philippines (Mindanao)/ Sri Lanka

* Country Policy and Institutional Assessment
Safety Nets in Fragile Contexts?
Rationale for Intervention

- **SSN’s complement development agenda in fragile states**
  - i.e. post conflict, capacity building and state-building objectives

- **SSN’s have potential to meet needs of most vulnerable groups both in short and long terms**
  - i.e. decreasing harmful coping strategies amongst demobilized, IDP’s/refugees, orphans and children, disabled
  - i.e. promoting post conflict economic development through large projects of national scale, sometimes led by social funds

- **Demonstration effects: Simplified & Community driven SSN Projects**
  - Facilitating Disarmament, Demobilization and Reintegration (DDR) e.g. Liberia, Burundi and Eritrea
  - Empowering vulnerable groups thru community driven development (CDD) approaches - critical for targeting, payment, monitoring

- **Safety Nets are central in the changing aid architecture.**
  - Shift from food aid to cash based incentives. There have been many controversies around food aid (market effects, timing, targeting).
The Constraints....

**Administration**
- Security problems, breakdown of law
- Weak (non-existing) government capacity
- Proliferation of donors – coordination problems
- Lack of basic social services

**Information**
- Absence of baseline data
- Assessment practices: Joint Needs Assessments (JAM) – front loaded, inaccurate, poorly timed, poor delineation of short vs. long-term priorities
- Targeting is political and can exacerbate tensions, often limited to geographic and categorical targeting

**Fiscal**
- Dominance of externally financed (and led) safety nets projects, often in form of large humanitarian responses to recurrent emergencies – lack of sustainability
- Projects are expensive, high fiduciary concerns
- Hard to plan in dynamic contexts
... Program Experiences ...

Public Works e.g. Afghanistan, Cote D’Ivoire, Burundi, Angola, Nepal, Eritrea, Liberia, Kosovo, Kenya, Rwanda, Cambodia

- **Context:** Popular intervention in post conflict and fragile countries; adapted to low capacity environments; supports community empowerment; provides temporary employment and consumption smoothing of targeted groups (youth); generates much needed infrastructure in rural and urban settings

- **Challenges:**
  
  **Afghanistan Emergency Reconstruction 2007**
  
  - Coordination among international and national partners on the ground
  - Lack of availability of non-labor inputs e.g. building supplies costly
  - Balancing Objectives: Local service supply (quick wins through local partners) versus building capacity with national authorities
**...Program Experiences...**

### Liberia:
- Short-term emergency program in response to rising food prices in 2008
- Cash for Works Temporary Employment program for 2 months over 2 years, US$ 3 million. Expected employment days: 680,000
- To date: $1.7 million disbursed through two rounds covering 11,000 beneficiaries

### Sierra Leone
- Short-term emergency program in response to rising food prices in 2008
- Cash for Works program, over 2 years, US$ 8m. Expected employment days: 849,000
- Works have already reached 12,320 beneficiaries, generating 665,280 person-days of employment.

<table>
<thead>
<tr>
<th>Country</th>
<th>Population (millions)</th>
<th>Life Expectancy</th>
<th>Poverty Headcount %</th>
<th>WB Fragility Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liberia</td>
<td>3.8</td>
<td>58</td>
<td>84</td>
<td>Core: CPIA &lt;3</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>5.6</td>
<td>48</td>
<td>63</td>
<td>Marginal: CPIA &lt; 3.2</td>
</tr>
</tbody>
</table>

Country (2008)  
Population (millions)  
Life Expectancy  
Poverty Headcount %  
WB Fragility Rating
Food Transfers

- A significant amount: 10 million tons per year globally.
- Emergency Food Aid accounts for 65% of all Emergency Aid.
- Includes direct provision of food, supplementary feeding for vulnerable groups, and therapeutic feeding during crises, emergencies, and situations in which people are displaced.
- Emergency food programs provide a safety net of last resort and account for a large share of humanitarian response. The timing, targeting and appropriateness of emergency food aid are areas of growing debate.

  - **Challenges:**
    - Controversial given market impacts, incentive effects, dependency.
    - Implementation: Timing can lag - Targeting can be politicized, security and access can be problematic. An option of last resort.
    - Appropriateness – bias towards food aid versus other interventions

  - **Example: Guinea Bissau**
    - U$ 5 million school feeding program, which started on March 2009 and is being implemented in 116 schools in five regions. It provides on average about 13,776 daily meals
Cash Assistance e.g. Eritrea, Somalia, Burundi, Indonesia

- **Context**: Increasingly used to smooth consumption and income e.g. DDR, emergency responses where markets work
- Increasingly used in labor constrained and vulnerable households
- Donors increasingly testing cash operations e.g. World Bank, UNICEF, FAO, Oxfam

- **Challenges**
  - Targeting e.g. Demobilization programs, Eritrea, Burundi
  - Food may be preferred: Politically expedient, addresses consumption directly
  - Linking benefits for demobilized beneficiaries to education
  - Security and Corruption risks associated with money transfers
Social funds as an entry point...

Social Funds are instruments that channel resources to vulnerable groups thru CDD approaches

- Used as convenient institutional/funding mechanism in post-conflict and crisis conditions – adaptable to low capacity environments
- Channel funds for small scale development projects to local actors (NGOs, CBOs and local governments)
- Long track record in successful delivery of basic social and infrastructure services in more than 70 countries
- Use streamlined operational procedures and a combination of geographic and community targeting mechanisms
- Yemen’s Social Fund for Development was created in 1997 with support from WB and has scaled-up its operations since then. Its Third Five-Year Plan (2006-2010) previews US$927 million funding for some 7,710 projects in the areas of education, health, social protection and others
Social Funds-Design Issues?

When embarking on the design of a Social Fund, the following questions should be asked:

**What are the priorities?**
1. Deliver post-conflict emergency basic social infrastructure and services.
2. Provide economic opportunities/livelihoods.
3. Build local government capacity to deliver services.

**How best to achieve them?**
1. Contract out services to existing agencies.
2. Create an autonomous agency (Social Fund).
3. Integrate the project within the Local Gov. Structure.
The example of Sudan
SUDAN: Community Development Fund (CDF)

CDF is a part of a national program that targets all war-affected and underdeveloped areas of Northern Sudan including conflict areas of Kordofan, Blue Nile and Kassala States.

Objectives:

• Meet urgent community-driven recovery and development needs.
• Provide social and economic services and infrastructure to facilitate conflict resolution and ensure peace dividends to the war-affected populations.
SUDAN: Community Development Fund (CDF)

Objectives (cont’d):

- Consolidate peace and address regional disparities while promoting good governance, livelihood recovery and social stability.
- Strengthen conflict mitigation and reconciliation efforts.
- Build local capacity (communities and Local Government) to manage local development.
- Phased implementation to respond to capacity limitations and rapid recovery process - balancing emergency needs with longer term development.
Implementation options

**Figure 1: Phase I, Centralized Fund Management for Urgent Needs**

- **MoF/Donor**
- **CDR Funding Agency**
- **Local Government**
- **UN/NGOs**
- **Private Sector**
- **Community/CBOs**

*Direct flow of funds to communities and service providers, based on local government planning processes*

**Figure 2: Phase II; Decentralized Funding Mechanism for Local Development**

- **MoF/Donor**
- **CDR Funding Agency**
- **Local Government**
- **UN/NGOs**
- **Community/CBOs**
- **Private Sector**

*Block grants to local government and communities and service contracts based on local government planning processes*
Institutional and Implementation Arrangements

CDF Organizational Model

MDTF-PSC

CDF-PIU

Locality Implementation Unit (LIU)

NGOs

Private Sector

Community/ CBOs

fund flows
possible fund flow
technical asst.
Rashad- South Kordofan - New and old school
Kassala – School damaged during the war
School Rehabilitation
Old School Desks
New School Desks
Students in the new school
Bashammat Hafair- Hamashkoreib–Kassala State –Water in After 10 Years
Sodari – N. Kordofan
Basic School – Before
Before - Few Students
Sodari – N. Kordofan

New School Attracted Many Students
Telonkosh Basic Shool – Blue Nile - Before
Specific Operational Challenges in Fragile Contexts – Concluding Observations

• Existing policies, procedures and instruments are inadequate and not well adapted to fragile conditions
• Cost of doing business is substantially higher than other IDA countries – logistical and capacity constraints
• Legal status of the client or beneficiary is not always clear thus complicating agreements, funds transfer
• Many of the Bank’s product lines do not meet the immediate needs of the clients - UN better option
• Coordination issues with development partners, UN, donors, NGOs & between central & local governments
• Challenge of balancing between immediate recovery needs and long term institution building and growth
• Managing expectations: “disappointment is a function of high expectations”, David Deng, South Sudan
Useful references

- Gentilini Ugo. 2006. Cash and Food Transfers. A Primer. WFP
- www.worldbank.org/safetynets
- http://go.worldbank.org/TV8VJ1PRB0 (Fragile States Information, World Bank)