Global Trends in Social Safety Nets

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Core Courses: Pensions, Social Safety Nets, Jobs and Migration
April 30, 2018
Outline

1. SSNs : The Timeline
2. Where Are We Now?
3. What is Next?
SOCIAL SAFETY NETS: TIMELINE
Pre History and the Emergence of Modern Social Safety Nets/Welfare Systems

WWI/1917 Revolution  Great Depression  1960s/70s

Poor Laws (1601 and 1834) and Work Homes

Dickens’ “All poor people should have the alternative... of being starved by a gradual process in the home, or by a quick one out of it”.

US “New Deal”

Introduction of Family allowances in social security systems

Food rations

Beveridge report and National Assistance Act of 1948 removes

Middle East and Asia: Expansion of Public food distribution schemes

Post independence: wave of new agencies

European welfare states enshrine social assistance in legal provisions

US makes SNAP an entitlement

Reforms to target food aid in a number of countries (India, Sri Lanka..)
US Food Stamps / SNAP evolution and Welfare Reforms

Food Stamp Participation and the Unemployment Rate in the United States, 1962–2014

Note: Gray vertical bars indicate recessions. EBT = electronic benefit transfer;
Second Wave: SSNs Take Hold in the Global South

1980s

International debt crisis
Subsidies reforms began a series of public protests across Asia and Middle East
Chile invents the proxy means test in 1980
Maharashtra state in India is running and evaluating an Employment Guarantee scheme - prototype for the largest Public works scheme
Jamaica replaces food subsidies with food stamps in 1984

South – South Revolution in SSNs

1990s

Bolivia: 1987 first Social Fund and start of a wave of SF-vehicle for funding labor intensive public works quickly spreads to 50+ countries
1995-1997: Brazil and Mexico start CCT Programs
Beginning of wave of CCTs
Spreads to 60+ countries
Sparks wave of rigorous impact evaluations

2004/5

Transformative role of CCTs is recognized by donor support in Colombia, Jamaica and Turkey
Ethiopia Productive SSN: PSNP – a package of cash/food/public works/unconditional cash. It reforms humanitarian aid (“saving livelihoods as well as lives”) Exemplar of vision for LICs
Argentina’s Jefes de Hogar as economic crisis response
Activation approaches to SSN beneficiaries across European countries

Revolution in SSNs
Third Wave: SSNs Are Part of Development Strategy

A turning point in recognition of SSNs as universal instrument

2005

2006: Livingstone call for action supporting social assistance / social safety nets among the necessary tools for development

Development of targeting methodologies and assessment tools

Growing evidence base for the positive effects of social safety nets

“Myth busting” on Social safety nets as hand outs promoting laziness

2008 Financial Crisis

2/3s developing countries take SSN measures to respond to crisis

Major scale up of SSNs in many countries

Wave of Social Pensions

2010-Today

SSN as part of crisis response to several shocks (Horn of Africa, Yemen civil conflict, Ebola, Syrian refugees crisis)

Hugely growing popularity of cash transfers (including new initiatives such as Give directly)

Scale up of graduation programs (Bangladesh, Ethiopia, India, Peru ...)

On September 2015 at the UN general assembly 200 heads of States adopted new Sustainable development goals. SP/SSN coverage is target 1.3
SOCIAL SAFETY NETS: WHERE ARE WE NOW?
The number of low income developing countries and emerging market economies with social safety nets/social assistance programs doubled in the last two decades → from 72 to 149 countries;

Figure: Number of developing countries & emerging market economies with social safety net/social assistance programs

… WITH SIZEABLE ALTOUGH MANAGEABLE COST …
...AND INCREASINGLY COMPLEX PATCHWORK....
Social safety net have demonstrated effect on reducing poverty

Social Safety Nets promote productive opportunities and help to build resilience

Social Safety Nets promote health, nutrition and development for young children

Social Safety Nets reduces risky health behaviors for youth

...And social safety nets do not:
- Increase consumption of “temptation goods”
- Lead to laziness and reduced work
- Wither away as soon as transfer stops
- Create unpredictable drain on the public budgets
...BUT OFTEN NOT UP TO SCALE OR UP TO A TASK...

Source: ASPIRE
... AND FINANCED THROUGH VOLATILE EXTERNAL SOURCES
WHAT IS NEXT FOR SSN?
The Future is NOW!

**Build efficient delivery systems and platforms**
- ID, IS, targeting, registries, payment systems
- Public good value of SSN systems as connectors

**Safety Nets -> Safety Nets +**
- Leverage access to complementary services (through case management)
- Support to graduation and productive inclusion
- Resilience through ex-ante crisis preparation

**Human Capital Development**
- Making HC investment possible for the poor and vulnerable
- Strengthen access to human capital services among poor, vulnerable / Catalytic role for safety nets
- Opportunities for behavioral changes
Big Question to Tackle: How to Ensure Sustainable SSN?

- New shocks will redouble
  - debates on social contract
  - pressures to leave no one behind
  - demands for continuing reform to achieve sustainability

- **Factors contributing to FISCAL sustainability:**
  - Efficient, lower cost programs
  - Consolidation of fragmented, duplicating programs
  - Link programs to human capital investment and enhancement

- **Factors contributing to POLITICAL sustainability**
  - Design is concordant with public attitudes about poverty, redistribution
  - Established record of transparency, effectiveness, impact
  - Considers both demand for inclusion (protection) by middle class as well as demand for fairness

- **Factors contributing to ADMINISTRATIVE sustainability**
  - Appropriate set up of institutional responsibilities and incentives
  - Adequate administrative budget and capacity development
Thank you