Urban Poverty and Local Governance:
Institutional and Financial Implications for Social Safety Nets

The Architecture for Urban Safety Nets:
Institutional and Financing Models

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FRAMEWORK FOR DELIVERY SYSTEMS FOR SOCIAL SAFETY NETS
INSTITUTIONAL REQUIREMENTS AND OPTIONS FOR ADDRESSING URBAN POVERTY
Urban poverty requires specific institutional responses

• Urban poverty is dynamic and the urban poor move in/out of locality and/or into/out of poverty
  • Need to be able to track these movements and make benefits portable -> require inter-jurisdictional coordination

• The poor are often concentrated in slums, sometimes straddling municipal jurisdictions
  – Possible mismatch of needs and resource endowments for individual local government -> poorer localities tend to be poorly resourced municipalities too
    • Better-resourced localities can be burdened from “spillover” – typical in health

• Urban poor face multiple challenges of poverty
  – Higher cost of living; exposure to crime & violence; multiple (precarious) employment, etc.
    • Need for better inter-sectoral/inter-program coordination

• Social capital/community ties tend to be weaker in urban space
  – Influx of migrants vs. NGOs, private philanthropies
    • Less reliance on community-based arrangements but taking advantage of greater opportunities for institutional partnerships?
Effective SSN service delivery requires efficient intergovernmental relations.
Different levels of government have their own advantages and disadvantages

- Central government typically leads in policy-setting and financing
  - SSN is often not a high priority for subnational governments (vs. health, education)
- Local governments are often called on to fulfill specific functions (e.g., outreach, beneficiary identification, enrollment) because of their comparative advantages
  - Detailed knowledge of local realities
  - Ground presence for face-to-face contacts
  - Relative ease of spatial/inter-sectoral coordination
- But vertical coordination can be complicated
  - Lack of clarity in assigned roles and responsibilities
  - Mismatch in roles and resources
  - Absence of common information for beneficiary identification
  - Political discord
- And local government capacities vary significantly
  - Across countries (Brazil vs. Philippines vs. Pakistan)
  - Within countries (large capital cities vs. small towns)
Public Expenditure & Revenue by Level of Government

Source: International Monetary Fund World Economic Outlook; OECD Fiscal Decentralization Database. All data from 2012/13 except Canada (2009) and Brazil (2011).
These 3 countries with significant decentralization depict very different Social Protection Systems:

- Both in Brazil and Canada, subnational roles in SP are much smaller than the federal roles.
- In South Africa the national government fully centralized social assistance functions in 2004 (and also created a single payment agency).
Fiscal arrangements can create unbalance in roles vs. resources

Mismatch in revenue vs. expenditure assignments in the Philippines

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Divergent fiscal capacities create uneven “playing fields” for public interventions, including for SSN

Available resources per capita across selected local government units in the Philippines

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<th>PROVINCES</th>
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- #REF!
- IRA & Other Transfers
- Own-source Revenues
- Tax revenues
- Non-tax revenues

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Australia & USA: Unemployment Insurance

Australia & USA: Workers’ Compensation

Mexico: Popular Health Insurance

Germany: Unemployment Benefit II

Mexico: Pensions for Older People

Pakistan: Benazir Income Support Programme

South Africa: Social Grants

USA: Social Security

Brazil: Bolsa Familia

Mexico: Oportunidades/Prospera

USA: Temporary Assistance for Needy Families

USA: Medicaid

Mexico, Nuevo Leon State: Direct Support for Older People Program

Brazil, Bahia State: Better Life (Vida Melhor)
This session will explore some of these institutional issues in:

- **City of Belo Horizonte, Brazil**
  - Where the municipal government has introduced a series of institutional and management innovations ranging from participatory planning, territorially focused inter-sectoral coordination, and results-based management.

- **City of Surakarta (Solo), Indonesia**
  - Where the city government has adopted a combination of participatory planning and its own poverty targeting method to complement national SSN programs.

- **Nigeria**
  - Where the federal government is gearing up to the challenge of streamlining inter-governmental coordination in SP&L service delivery.