WHAT ARE SOCIAL SAFETY NETS, WHAT DO THEY ACHIEVE AND WHERE DO THEY FIT INTO COMPETING DEMANDS ON GOVERNMENT’S FINANCES
<table>
<thead>
<tr>
<th>Time</th>
<th>Monday, April 30</th>
<th>Tuesday, May 1</th>
<th>Wednesday, May 2</th>
<th>Thursday, May 3</th>
<th>Friday, May 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:15 - 9:00 am</td>
<td>9:30 – 10:30 REGISTRATION</td>
<td>LIGHT BREAKFAST</td>
<td>LIGHT BREAKFAST</td>
<td>LIGHT BREAKFAST</td>
<td>LIGHT BREAKFAST</td>
</tr>
<tr>
<td>9:00-10:30 am</td>
<td>Session 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10:30 -11:00 am</td>
<td>Global Trends and Challenges in Social Protection and Jobs</td>
<td>Lecture</td>
<td>SSN Interventions: Overview of Cash Transfers</td>
<td>Lecture</td>
<td>Lecture</td>
</tr>
<tr>
<td>11:00-12:30 pm</td>
<td>Session 2</td>
<td>Lecture</td>
<td>Panel of experts:</td>
<td>Lecture</td>
<td>Lecture</td>
</tr>
<tr>
<td>12:30 – 2:00 pm</td>
<td>Lunch Session</td>
<td>LUNCH SESSION</td>
<td>LUNCH BREAK</td>
<td>LUNCH SESSION</td>
<td>LUNCH SESSION</td>
</tr>
<tr>
<td>2:00-3:30 pm</td>
<td>Session 3</td>
<td>Lecture</td>
<td>Lecture / Panel discussion</td>
<td>Lecture</td>
<td>Lecture / Interactive Exercise</td>
</tr>
<tr>
<td>3:30 – 4:00 pm</td>
<td></td>
<td>Lecture</td>
<td>Lecture</td>
<td>Lecture</td>
<td>Lecture / Panel discussion</td>
</tr>
<tr>
<td>4:00 - 5:30 pm</td>
<td>Session 4</td>
<td>Lecture</td>
<td>Lecture</td>
<td>Lecture</td>
<td>Lecture</td>
</tr>
<tr>
<td>6:00 pm</td>
<td></td>
<td>OPENING RECEPTION</td>
<td></td>
<td></td>
<td>FREE</td>
</tr>
<tr>
<td>Time</td>
<td>Session</td>
<td>Topic</td>
<td>Presenter(s)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------</td>
<td>----------------------</td>
<td>----------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8:15 - 8:45 am</td>
<td>LIGHT BREAKFAST</td>
<td>Light Breakfast</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8:45 – 9:00 am</td>
<td>What is ahead of us this week?</td>
<td>What do we celebrate in XXI century on the Victory day?</td>
<td>Daily Overview and Evaluation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9:00-10:30 am</td>
<td>Session 1</td>
<td>Lecture: Overview of Payments of SSN with case studies/ISPA</td>
<td>Laura Rawlings, Emily Weedon, Yoonyoung Cho, Suleiman Namara</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lecture: SSN Programs for Resilience Building and Productive Inclusion</td>
<td>Carlo Del Ninno/ Sarah Call Black/ Aude De Montesquiou/ Janet Heisey</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Panel Discussion</td>
<td>Carine Clert, Cornelia Tesliuc, Samira Hillis, Josefinas Posadas</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Participants’ Country Presentations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10:30-11:00 am</td>
<td>COFFEE / TEA BREAK</td>
<td>Light Breakfast</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11:00-12:30 pm</td>
<td>Session 2</td>
<td>Lecture: Integration and Intermediation Case Management in SSN Programs and Social Services</td>
<td>Veronica Silva Villalobos</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lecture: Activation of SSN beneficiaries: building links between SSN and ALPMs</td>
<td>Maria Laura Sanchez Puerta/ Matteo Morgandi</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lecture: Subsidy reform: tools for SSN practitioners</td>
<td>Ruslan Yemtsov, Amr Moubarak</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Participants’ Country Presentations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12:30 - 2:00 pm</td>
<td>LUNCH BREAK</td>
<td>Light Breakfast</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lunch Session</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Discussion: Universal Basic Income: Crazy Idea or New SSN Tool?</td>
<td>Ugo Gentilini + Jamele Rigolini</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Participants’ panel: What have I learned? How this is going to affect my work?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2:00 - 3:30 pm</td>
<td>Session 3</td>
<td>Lecture: Communication &amp; Outreach in Social Safety Nets</td>
<td>Surat Nsour</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lecture and panel discussion</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>New frontiers of SSNs: Bridging Humanitarian Crisis Response and Safety Nets System Building</td>
<td>Ugo Gentilini</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Group work</td>
<td>Luz Rodrigues, Marco Shaffer, Ruslan Yemtsov</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Participants’ Country Presentations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3:30 – 4:00 pm</td>
<td>COFFEE / TEA BREAK</td>
<td>Light Breakfast</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4:00 – 5:30 pm</td>
<td>Session 4</td>
<td>Working Groups Preparation of Participants’ Presentations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Working Groups Preparation of Participants’ Presentations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Working Groups Preparation of Participants’ Presentations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Participants’ panel: What have I learned? How this is going to affect my work?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
WHAT ARE THE SOCIAL SAFETY NETS?
Social safety nets are non-contributory transfer programs generally targeted to the poor or those vulnerable to shocks, eg:

- Cash transfers, targeted or not, conditional or not;
- Food or other in-kind distribution
- Public workfare jobs
- General price subsidies, eg for food or fuel
- Fee waivers for essential services such as health or education

Similar concept to what is called social assistance in Europe.

This definition excludes *contributory* social insurance as a whole. But the boundary is increasingly fuzzy. SSNs often complement other aspects of what is termed social policy (including health and education).
A Framework for Social Protection: Place for Safety Nets

- **Resilience [Prevention]**
  - Helping households manage risk and avoid poverty

- **Equity [Protection]**
  - Protecting against destitution, mitigating poverty

- **Opportunity [Promotion]**
  - Building human capital, assets of the poor to help them to move out of poverty

**COMMON ANALYSES AND ACTIONS**
- Delivery systems
- Impact evaluations/Behavioral model
- Monitoring
- Financing
- Communication and outreach
- Good governance, transparency

**Methods and Approaches**
- Public Works
- Cash Transfers
- In-kind Transfers
- Access to Services
WHY SO MUCH FOCUS ON POVERTY?

- Poverty is "unacceptable deprivation in well-being"
- Poverty has long term consequences for human being in terms of their ability to participate in society, provide access to opportunities to their children
- Material poverty is also associated to insecurity, poor health, low education attainment or achievements, lack of freedom & voice/ lack of empowerment
- Therefore societies aim to eliminate that state or at least reduce its prevalence and negative consequences
- They do it via various means, among which social safety nets are the most direct.
- Poverty reduction /equity enhancing objective of Social safety nets often is mistaken with “poverty targeted” parts of SSNs
- In fact, human rights view of SSNs are aligned with poverty reduction/equity objective
The problem with this definition is that easily 60-80% are becoming eligible for assistance => Policy choices
SOCIAL SAFETY NET FITS INTO A COMPLEX WEB OF SOCIAL PROTECTION

Schemes/programs definition

Statutory
- Public
  - Contributory
  - Noncontributory
- Private
  - Contributory
  - Noncontributory

Nonstatutory
- Public
  - Contributory
  - Noncontributory
- Private
  - Contributory
  - Noncontributory

Benefits features

Cash
- Periodic
- Lump sum/ad hoc

In kind
- Periodic
- Lump sum/ad hoc

Older persons
- Old age
- Survivors

Family/child benefit

Active age
- Sickness
- Disability/invalidity
- Unemployment
- Employment injury
- Maternity
- Survivors
- ALMP
- Housing
- Other social assistance

Health care benefit

Function
Type of benefit
Periodicity
Means tested or not

Other criteria
- Mandatory/voluntary benefit
- Complementary/main benefit

Source: ILO 2013.
Note: ALMP = Active labor market program; SP = social protection.
DESIGN CHOICES VARY TO ACHIEVE SAME OBJECTIVES

Sources: ASPIRE and SPEED
WHAT SOCIAL SAFETY NETS ACHIEVE AND HOW?
IMPACTS: POVERTY REDUCTION AND ENHANCED EQUITY

![Bar chart showing poverty reduction and inequality in different income groups.](chart_image)

Source: ASPIRE database
SOME COUNTRIES ARE ACHIEVING MORE THAN AVERAGE BY EXPANDING COVERAGE AND INCREASING ADEQUACY
1. Safety nets enable households to make better investments in their future.

2. Safety nets help households manage risk
   - Ex post: Avoiding hard to reverse losses
   - Ex ante: Allowing higher risk/higher return strategies

3. Safety nets help communities create assets

4. Safety nets help governments make beneficial reforms that improve growth prospects.

The first 2 are generally viewed from an individual (or household) perspective; the 2\textsuperscript{nd} pair are assessed from a public (economy-wide) standpoint.
Why shocks may create permanent damage for poor households?

- Disproportionate impact on the poor
- Ability to push vulnerable and non-poor into poverty
- Long term negative impact on human development outcomes
- Particularly for children – nutrition, ECD, education

Household well-being

Ex-ante | Shock | Ex-post

$t$
WHAT THE SSNS CAN DO TO PREVENT IT?

1) Build household resilience, ex ante.

2) Protect wellbeing, ex post.
EXAMPLE: BRAZIL BOLSA FAMILIA PROTECTED POOREST AGAINST FOOD PRICE INCREASES
Detailed systematic review, of English language literature; journals (42%) and grey literature; 58% RCTs; 60% of studies on Latin American programs; 33% African, rest elsewhere; 56 programs – 57% CCTS, most in LAC; 20% UCTs, mostly in Africa

% in following is for share of studies reported on the phenomenon, not share of programs with results

- **In poverty:** 72% of studies show reduction in poverty; 76% show increase in food or total expenditure;
- **In education:** 53% of studies show increased attendance; 32% increased test scores
- **In health:** 67% show increased health use; 58% increased dietary diversity, 23% improved anthropometric outcomes
- **In production:** 69% show increase in agricultural assets, inputs or livestock; 47% improved savings and borrowing; 56% for business/enterprise indicators
- **In employment:** 74% show reduction in child labor, adult labor force participation increases in over half of cases
- **In empowerment:** 71% show effects on contraception or multiple sexual partners; 75% on female decision making, marriage, pregnancy; 85% on abuse

**IMPACTS: THE RESULTS AS SUMMARIZED IN BASTAGLII ET AL 2016**
HOW DO SOCIAL SAFETY NETS FIT INTO A LIMITED BUDGET?
There are, of course, other programs that also enable households to improve their incomes, invest in children and to manage risk. How, then does one place SSNs programs in the broader context of the wider range of investments?

The remainder of this session will look at this question by:

➢ Presenting global patterns of SSN budgets
➢ Presenting the investment case for SSNs
➢ Discussing the financing of SSN
HOW MUCH IS SPENT ON SSN DOES NOT SEEM TO DEPEND ON INCOME LEVEL, BUT ON OVERALL DESIGN CHOICES

Source: State of SSN 2018
Grosh et al. (2008) highlight some correlates of safety nets spending, with no statistically significant linkages.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Safety Net Spending as % of GDP</th>
<th>Social protection spending as % of GDP</th>
<th>Social sector Spending as % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per capita GDP (PPP)</td>
<td>0.0768</td>
<td>0.5045**</td>
<td>0.5460**</td>
</tr>
<tr>
<td>Gini coefficient</td>
<td>-0.1104</td>
<td>-0.3410**</td>
<td>-0.2686*</td>
</tr>
<tr>
<td>Voice</td>
<td>0.0678</td>
<td>0.2294**</td>
<td>0.2607**</td>
</tr>
<tr>
<td>Ethnic fragmentation</td>
<td>0.1628</td>
<td>-0.0204</td>
<td>-0.0972</td>
</tr>
<tr>
<td>Democracy</td>
<td>0.1733</td>
<td>-0.0533</td>
<td>0.1907</td>
</tr>
<tr>
<td>Attitudes about inequality</td>
<td>0.1234</td>
<td>-0.1694</td>
<td>-0.1559</td>
</tr>
</tbody>
</table>
SPENDING ON SSN, % OF GDP BY TYPE OF SSN PROGRAMS
In principle, yes. In practice, it is very difficult.

It is not hard to assess the impact of a SN for increasing enrollment or improving nutrition, nor even to place an economic value on such an improvement.

But this is only one outcome of a safety net. The value of the redistribution from a transfer may be the dominant component of the total benefits but this is harder to estimate.

Yet to exclude this component of societal value is to bias benefits down. Asking is a SSN the best way to increase schooling will give a different answer than asking does the combination of improved schooling and increased equity compare to other investments.
WHAT ARE THE CRITERIA TO ASSESS PERFORMANCE OF SSNS?

1. Inclusiveness – are those in need covered? This entails ensuring non-discrimination, gender equality, responsiveness to special needs,

2. Adequacy – what benefits/services are provided? Programs provide regular and predictable benefits and quality services that are adequate to meet the needs of the population.

3. Appropriateness – do benefits and services reflect social preferences/contract? Do they match capacity? This requires policy decisions to be guided by evidence.

4. Respect for Rights and Dignity

5. Governance and Institutional Capacity

6. Financial and Fiscal Sustainability

7. Coherence and Integration – internally and across

8. Responsiveness – to shocks and long term changes

9. Cost-Effectiveness

10. Incentive Compatibility
In decentralized systems donor supported and NGO programs may be the main form of SSNs, and their cost are not directly reflected on the national budgets, and are driven by different considerations.

Moreover, the nature of the overall system is not conveyed by budgets. A well integrated systems may look rather different than an uncoordinated set of small programs even if the expenditure levels were the same.

What has been spent or what is being spent is not a strong argument for what should be spent.
EXTERNAL/DONOR SUPPORT FOR FINANCING SSN REMAINS ESSENTIAL FOR MANY COUNTRIES

Source: Beegle, Coudouel, and Monsalve, forthcoming.
Basic economic theory argues that financing is separate from expenditure decisions. While all taxation involves economic distortions – ‘deadweight’ costs to the economy – revenue collection should seek to minimize these costs as a share of revenue.

But from a political perspective, a dedicated revenue source may provide ring-fencing of a program as well as make the taxation more politically acceptable.

Ex: The Indian state of Maharashtra financed public works from an earmarked tax of payrolls.

Similar protection of a program may come from declaring an “entitlement” in which the government commits to providing a benefit to any individual or household that qualifies. Such entitlements have first claim to revenues.
CONSIDERATIONS FOR LEVELS OF SPENDING

- Considerations for the overall budget envelope include:
  - Financing and set up other social protection schemes (Social insurance!)
  - Tax base (informal sector...)
  - Institutions for private provision
  - Quality of public service delivery
  - The nature of shocks affecting the country
  - Politics
Sources for Financing Safety Nets

Reallocation across different expenditure categories (e.g. removal of subsidies and use of the savings to finance direct transfers)

Revenue raising measures
- Personal income taxes
- Corporate income taxes
- General consumption taxes
- Excises
- Property taxes
- SS contributions
- “Green” taxes
- User fees
- Royalties

Government revenue/GDP ratios %

Source: IMF fiscal database
How to Finance Across Levels of Government?

- Financing should be all or mostly from national level general revenues.
- Because of equity – the poorest districts need the most social assistance but are the least able to afford it.
  - Illustration:
    - Latvia, a small unitary state, where local government finances the minimum income guarantee program.
    - Poverty 4% in Riga, 12% in Latgale.
    - But 40% of expenditures on program are in Riga where there is least poverty.
  - Illustration:
    - Romania: minimum income guarantee program was originally national financed, when financing was decentralized, caseload fell by nearly half and most in poorest districts, eventually national financing resumed.
- To prevent concern over immigration based on generosity of benefits:
  - Evidence on such migration quite thin in US and Canada, though some suggestion that state legislatures act as though it were real; similarly in the EU little hard evidence but much political heat.
- Qualifiers – often richer subnational actors will ‘top up’ benefits or run supplemental programs. Can be useful if not out of proportion, especially if:
  - National benefits/eligibility are not differentiated by local cost of living which are usually higher in richer areas.
  - If major cities present more complexity in nature of poverty problem and social services.
Factors contributing to FISCAL sustainability:
- Efficient, lower cost programs
- Consolidation of piecemeal programs
- Funded by tax rather than debt or donors
- Link programs to asset creation

Factors contributing to POLITICAL sustainability
- Design is concordant with public attitudes about poverty, redistribution; does the public view poverty as individual weakness or bad luck?
- Established record of transparency, effectiveness, impact
- Considers both demand for inclusion by middle class as well as demand for fairness (tied to transparency)

Factors contributing to ADMINISTRATIVE sustainability
- Appropriate set up of institutional responsibilities and incentives
- Adequate administrative budget and capacity development
### WHAT TYPES OF PROGRAMS ARE INCLUDED INTO SSN?

<table>
<thead>
<tr>
<th>Category</th>
<th>Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unconditional cash transfers</strong></td>
<td>- Poverty targeted cash transfers and last resort programs</td>
</tr>
<tr>
<td></td>
<td>- Family/children/orphan allowance (including orphan and vulnerable children benefits)</td>
</tr>
<tr>
<td></td>
<td>- Non-contributory funeral grants, burial allowances</td>
</tr>
<tr>
<td></td>
<td>- Emergency cash support (including support to refugees/returning migrants)</td>
</tr>
<tr>
<td><strong>Conditional cash transfers</strong></td>
<td>- Public charity, including zakat</td>
</tr>
<tr>
<td><strong>Social pensions (non-contributory)</strong></td>
<td>- Conditional cash transfers</td>
</tr>
<tr>
<td></td>
<td>- Old age social pensions</td>
</tr>
<tr>
<td></td>
<td>- Disability benefits/war victims noncontributory related benefits</td>
</tr>
<tr>
<td></td>
<td>- Survivorship</td>
</tr>
<tr>
<td><strong>Food and in-kind transfers</strong></td>
<td>- Food stamps, rations and vouchers</td>
</tr>
<tr>
<td></td>
<td>- Food distribution programs</td>
</tr>
<tr>
<td></td>
<td>- Nutritional programs (therapeutic, supplementary feeding and PLHIV)</td>
</tr>
<tr>
<td></td>
<td>- In kind/non-food support (education supplies, free texts and uniforms)</td>
</tr>
<tr>
<td><strong>School feeding</strong></td>
<td>- School feeding</td>
</tr>
<tr>
<td><strong>Public works, workfare and direct job creation</strong></td>
<td>- Cash for work</td>
</tr>
<tr>
<td></td>
<td>- Food for work (including food for training, food for assets etc.)</td>
</tr>
<tr>
<td><strong>Fee waivers and subsidies</strong></td>
<td>- Health insurance exemptions and reduced medical fees</td>
</tr>
<tr>
<td></td>
<td>- Education fee waivers</td>
</tr>
<tr>
<td></td>
<td>- Food subsidies</td>
</tr>
<tr>
<td></td>
<td>- Housing subsidies and allowances (and &quot;privileges&quot;)</td>
</tr>
<tr>
<td></td>
<td>- Utility and electricity subsidies and allowances</td>
</tr>
<tr>
<td></td>
<td>- Agricultural inputs subsidies</td>
</tr>
<tr>
<td><strong>Other social assistance</strong></td>
<td>- Scholarships/education benefits</td>
</tr>
<tr>
<td></td>
<td>- Social care services, transfers for care givers</td>
</tr>
<tr>
<td></td>
<td>- What is left out from above categories</td>
</tr>
</tbody>
</table>
# How much is known about equity role and about productivity impact?

<table>
<thead>
<tr>
<th>Role</th>
<th>Strength of Evidence</th>
<th>Required elements</th>
<th>How good is current practice?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce poverty and inequality via redistribution</td>
<td>★★★★☆</td>
<td>Progressive net benefit</td>
<td>★★★</td>
</tr>
<tr>
<td>Enable households to invest</td>
<td>★★★★☆</td>
<td>Transfers to those with unrealized opportunities</td>
<td>★★★</td>
</tr>
<tr>
<td>– In children’s human capital</td>
<td>★</td>
<td></td>
<td>★</td>
</tr>
<tr>
<td>– In their livelihoods</td>
<td>★</td>
<td></td>
<td>★</td>
</tr>
<tr>
<td>Help households to manage risks</td>
<td>★★★★☆</td>
<td>Reach hh in time; Meaningful guarantee</td>
<td>★★</td>
</tr>
<tr>
<td>– Avoid irreversible losses</td>
<td>★</td>
<td></td>
<td>★</td>
</tr>
<tr>
<td>– Allow higher risk/return activities</td>
<td>★</td>
<td></td>
<td>★</td>
</tr>
<tr>
<td>Help create assets/social cohesion</td>
<td>★★★</td>
<td>Local involvement</td>
<td>★★</td>
</tr>
<tr>
<td>- Build infrastructure</td>
<td>★</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Spillover economic effects</td>
<td>★</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Greater cohesion</td>
<td>★</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide governments room to carry out complicated reforms</td>
<td></td>
<td>Credible promise/capacity</td>
<td>★★</td>
</tr>
</tbody>
</table>