

*Margaret Grosh,
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*The Design and
Implementation of
Effective Safety Nets*

For Protection & Promotion



THE WORLD BANK

Safety nets are non-contributory transfers targeted to the poor or vulnerable

Programs such as:

- 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

Also known as social assistance or welfare

Does **NOT** include social insurance, health, education, housing.

For Protection and Promotion provides

Condensed summaries of extensive literatures

– e.g. on targeting, on program interventions, on different country circumstances

Key themes treated from SSN perspective – eg. public finance, monitoring, evaluation, disability

Covers ‘new’ topics – eg. grievances, graduation, benefit structures, payments, reducing fraud and error,

Benchmarks – e.g. spending levels, benefit levels, targeting outcomes, administrative costs

Message 1:

All countries
need good safety nets
to reduce poverty and vulnerability

Safety Nets provide Protection and Promotion

Effect	Nature of Benefit		Strength of Evidence	How good is current practice? 5 star scale
	Protect	Promote		
Reduce poverty and inequality via redistribution	✓		★★★★★	★★★★
Enable households to invest –In children’s human capital –In their livelihoods		✓ ✓	★★★★★ ★	★★★ ★
Help households to manage risks –Avoid irreversible losses –Allow higher risk/return activities	✓	✓	★★★★★ ★	★★ ★
Provide governments room to focus on eff in trade, industrial policy	✓	✓		★★★

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In making the case for SSN, the book outlines challenges and rebuttals wrt

- Affordability
- Administrative feasibility
- Various disincentives

Message 2:

Safety nets must and can be cost-effective, but not all are at present

Vision of a good safety net

- Appropriate
- Adequate
- Equitable
- Cost-Effective
- Incentive Compatible
- Sustainable
- Dynamic

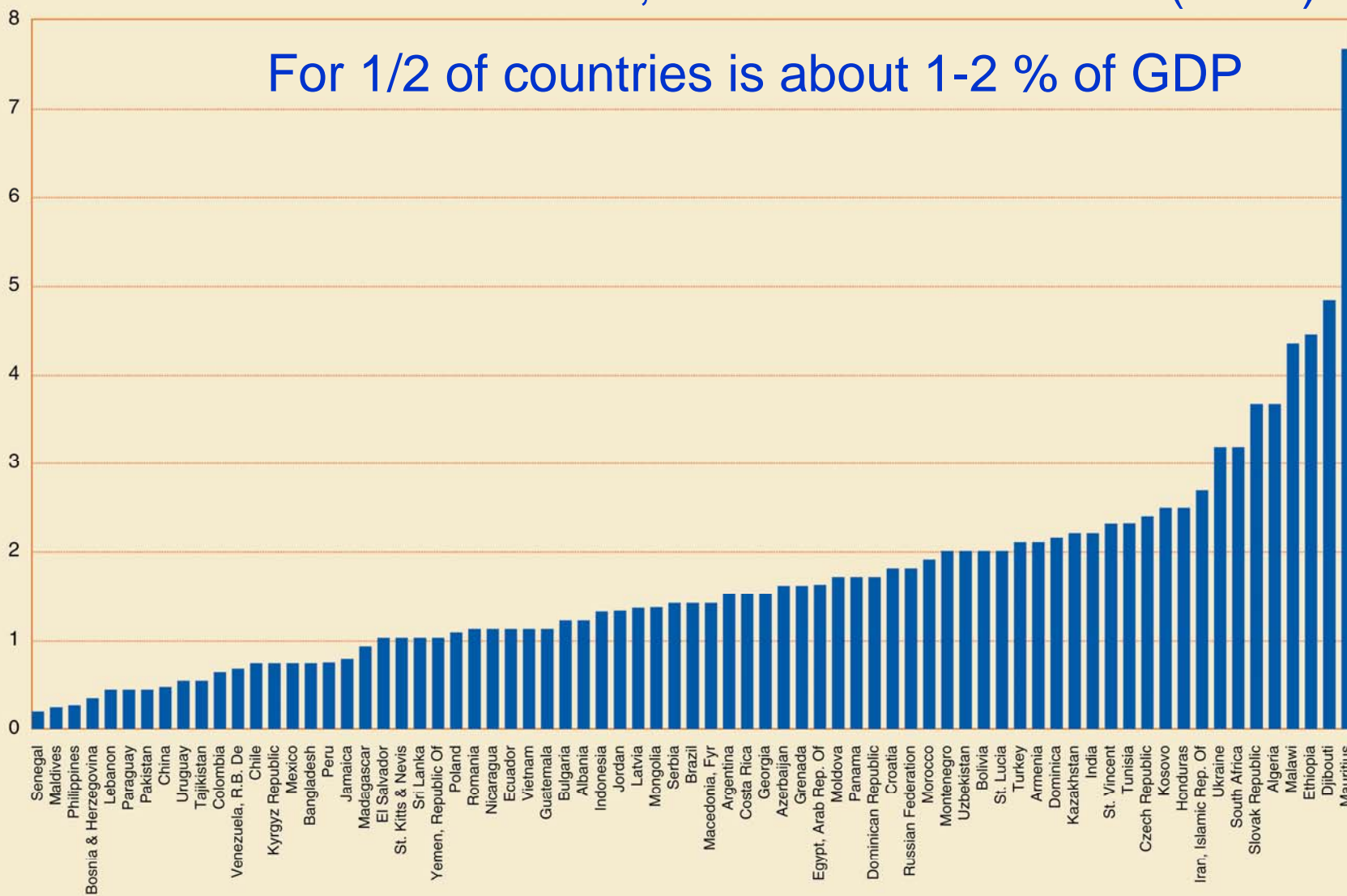
For Protection and Promotion provides help with the how to's

Chapters on:	Design	Implement.
Financing		
Targeting		
Benefits & payments		
Monitoring & evaluation		
New topics on:		
Grievance mechanisms		
Benefit structures		
Reducing error and fraud		
Linkages with other programs		
Handling decentralization		

Spending on safety nets is modest

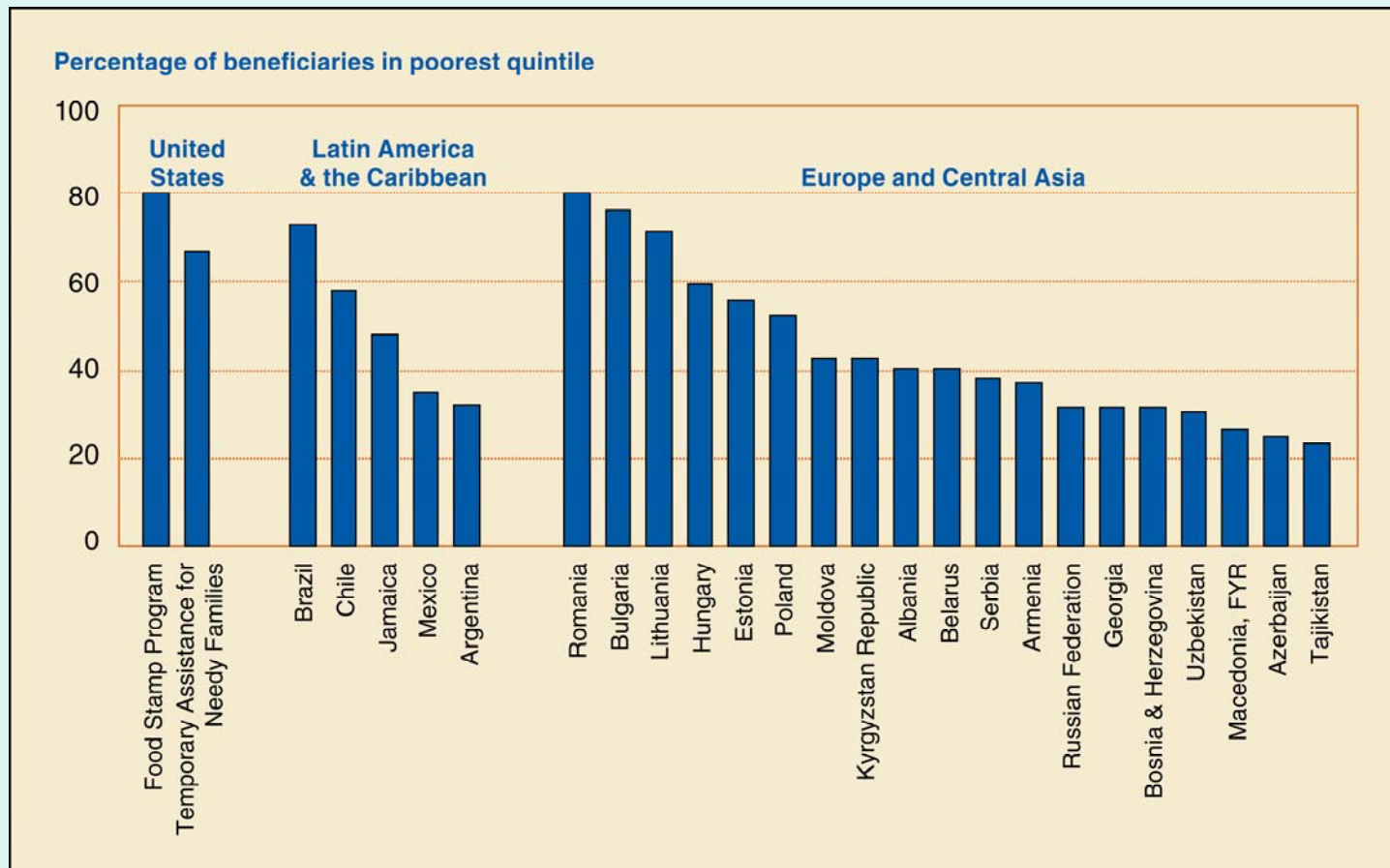
Percentage of GDP Mean 1.7% of GDP; median 1.4% of GDP (n=72)

For 1/2 of countries is about 1-2 % of GDP



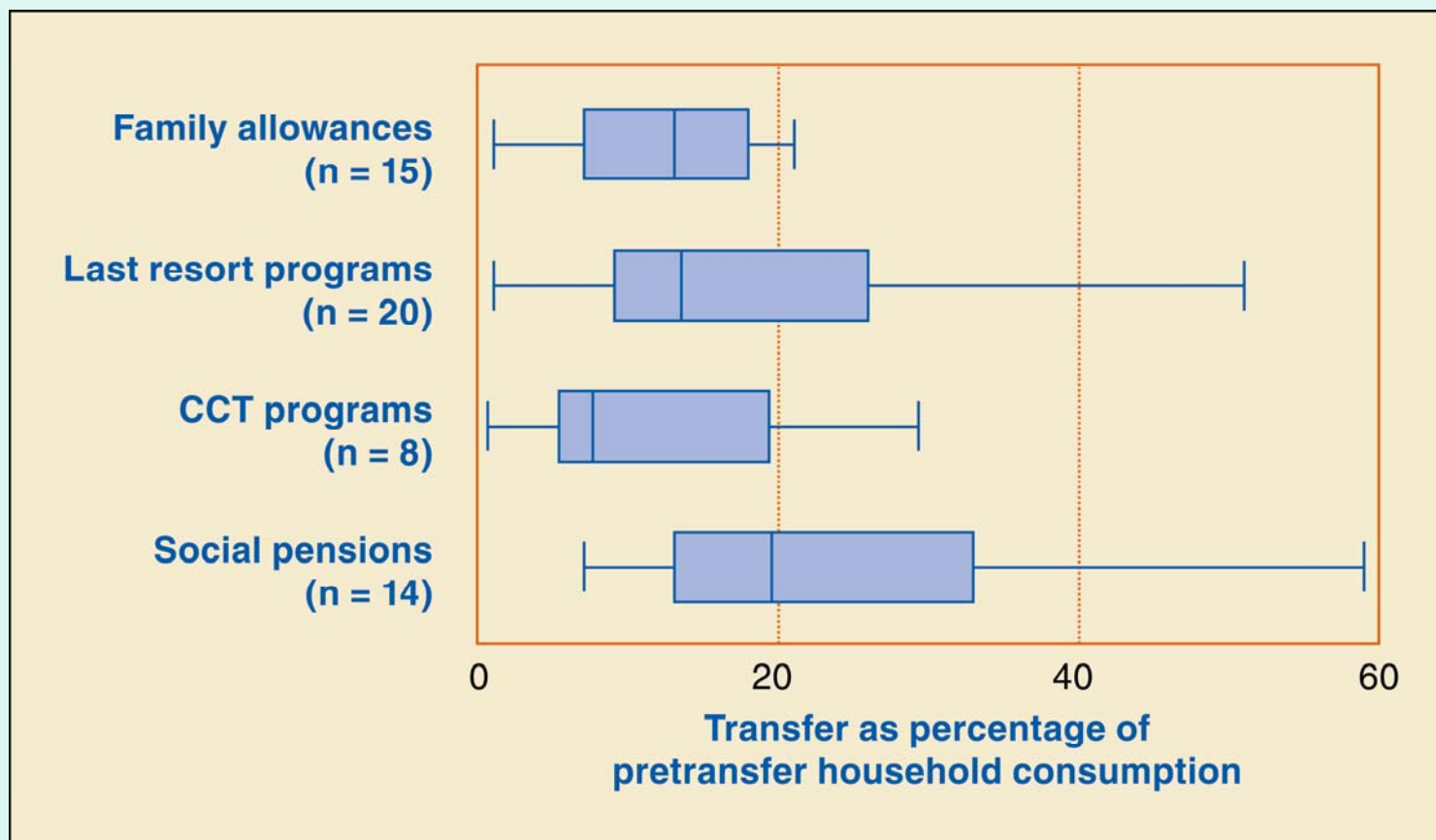
For Protection and Promotion benchmarks SSN programs on

Targeting ... can work in all country settings, but a many programs operate below potential



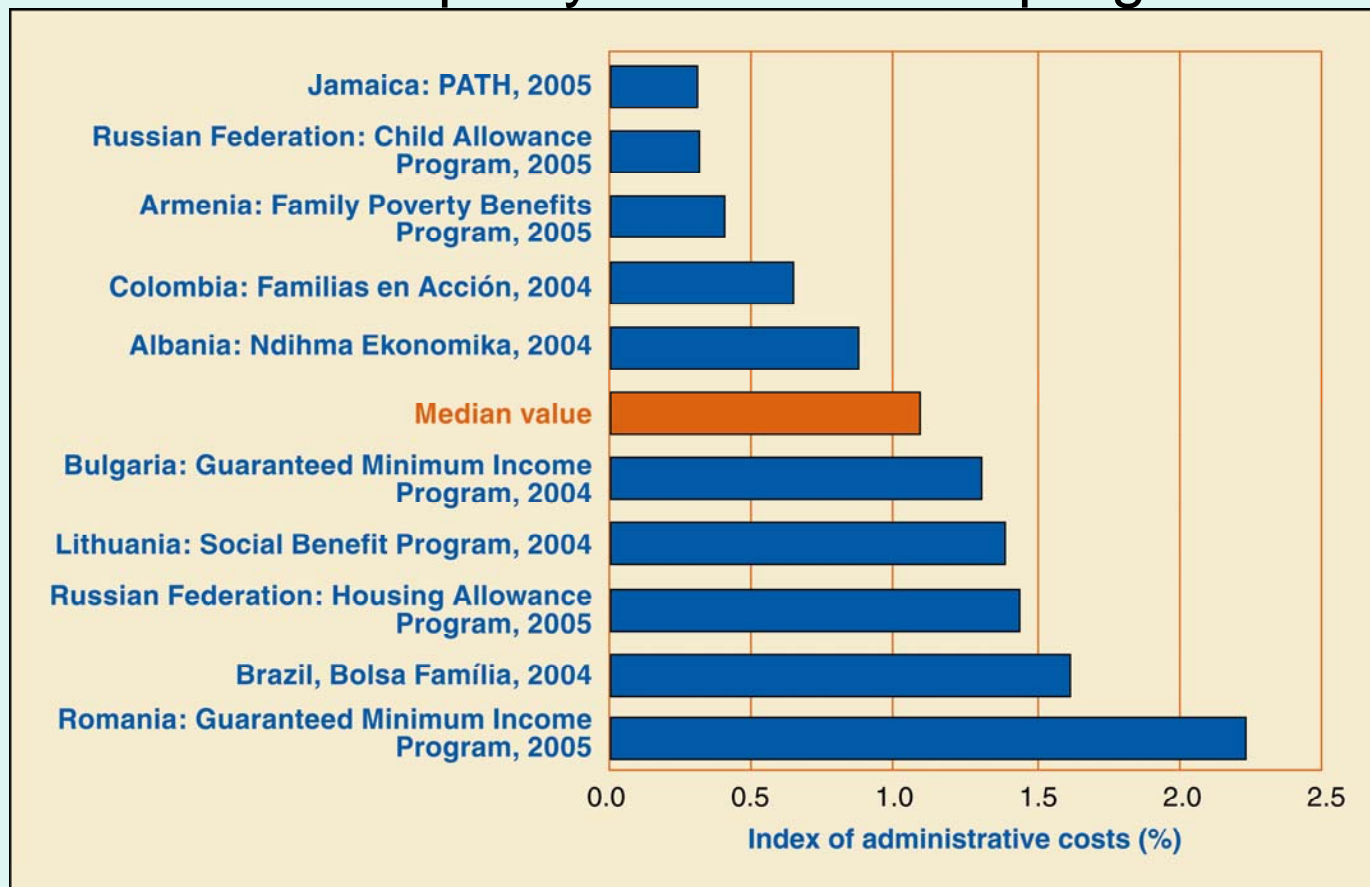
For Protection and Promotion benchmarks SSN programs on

Program generosity: ... is lower in developing than developed countries, with median program adding 10% to 20% to pre-transfer consumption of their beneficiaries



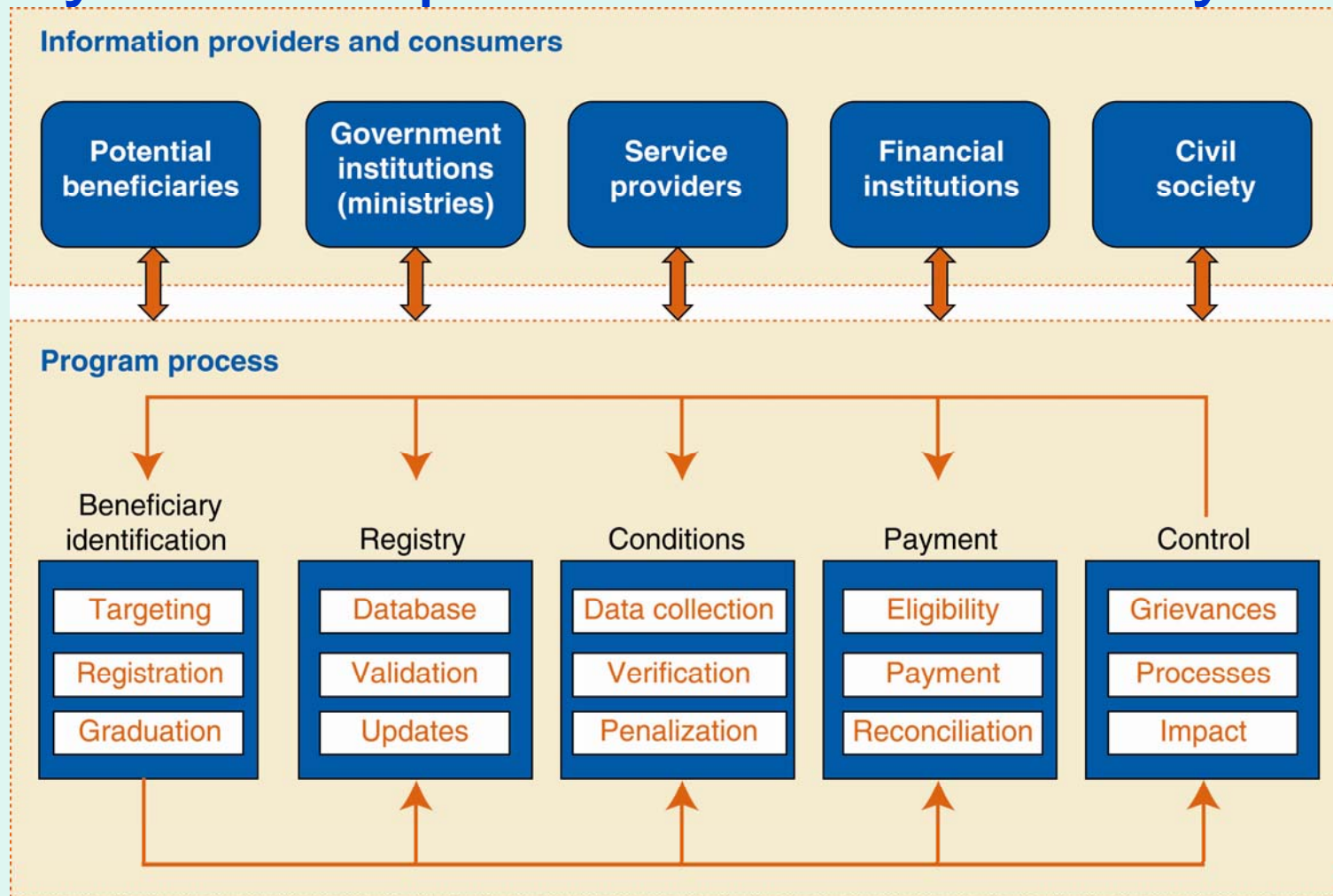
For Protection and Promotion benchmarks SSN programs on

Administrative costs ... which we find moderate and in line with their OECD counterparts even for finely targeted means- or proxy-means tested programs



Index of admin
cost =
generosity *
share of admin
cost in program
budget

Safety nets require administrative systems

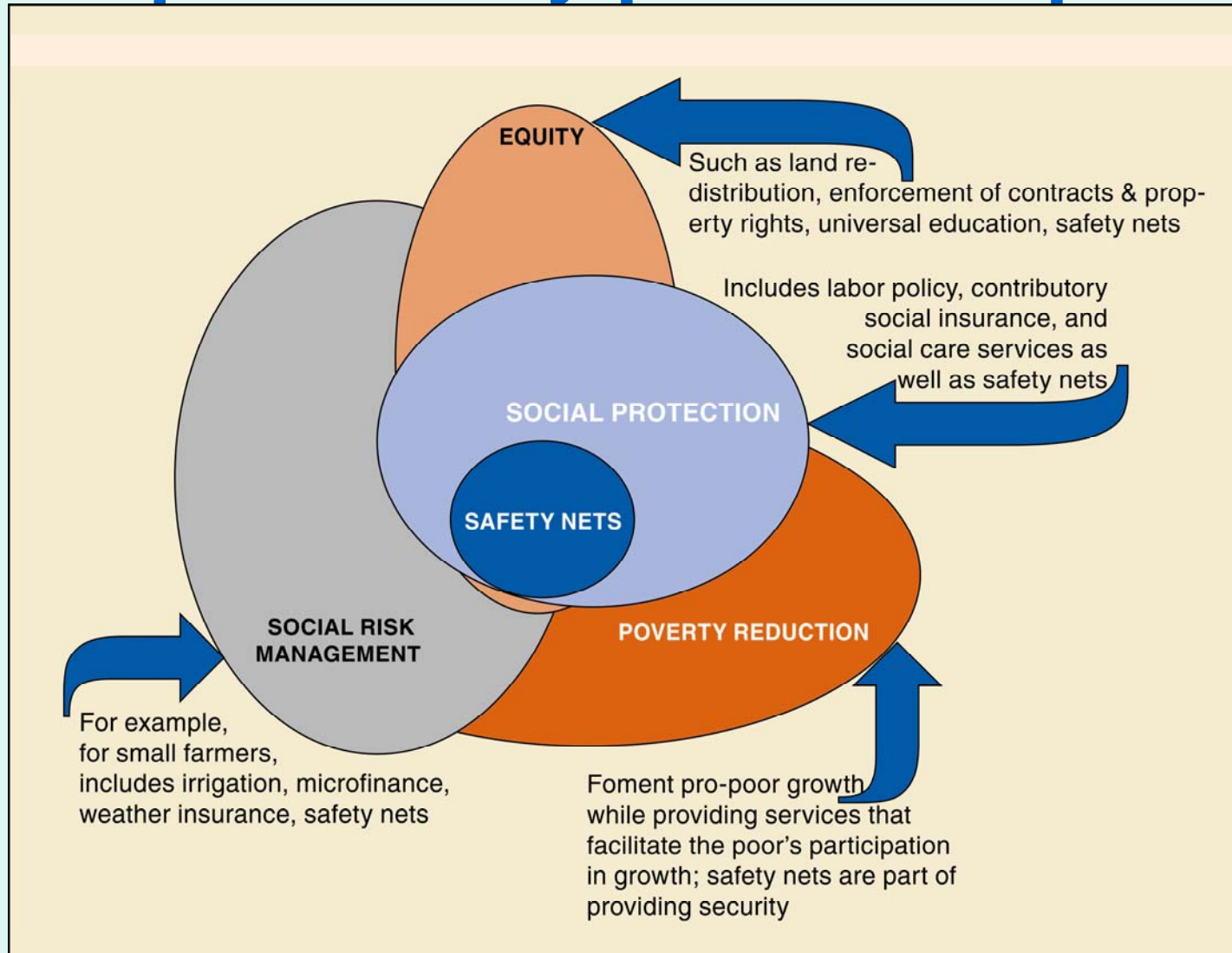


Administrative systems require money, time and managerial acumen

Message 3:

Safety nets must be customized
to the time and place

The mix of programs will differ according to needs and complementary policies in place



The tale of three workfare programs ... alike but different

	Ethiopia	Argentina	Bulgaria
	Productive Safety Net	Jefes de Hogares	From SA to Employment
Problem	Chronic food insecurity	Massive recession and unemployment	High unemployment despite growth
Where	Food insecure rural areas	National	National
Type of works	Soil and water conservation; Large labor gangs	Public services, training; Small groups within public services	Communal ecological activities; agro-forestry; industry; social and cultural
Targeting	Community determines most food insecure households	Any unemployed head of household with children < 18	Long-term work-able beneficiaries of the means tested GMI program

For Protection and Promotion provides help with the customization

The main theme of chapters:

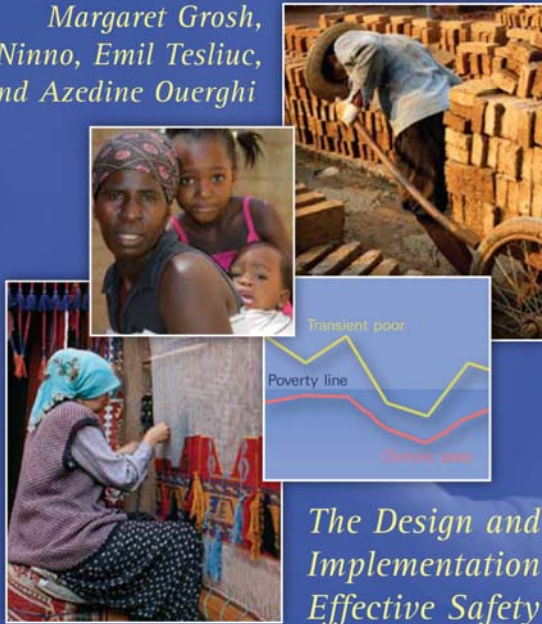
- on weaving a safety net
- on different country contexts

A recurring theme in all other chapters, especially

- on program interventions

Translations – Spanish, Russian, Vietnamese
already underway, seeking French, Arabic and
Chinese

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- SSNs have a role in the public policy of all countries, from high to low income, during crises and stable times
- SSN have a demonstrated impact on protection from poverty, and in promoting household's independent incomes
- The book is a 'one stop shop' for advice on how to design and implement cost-effective SSNs in all country settings

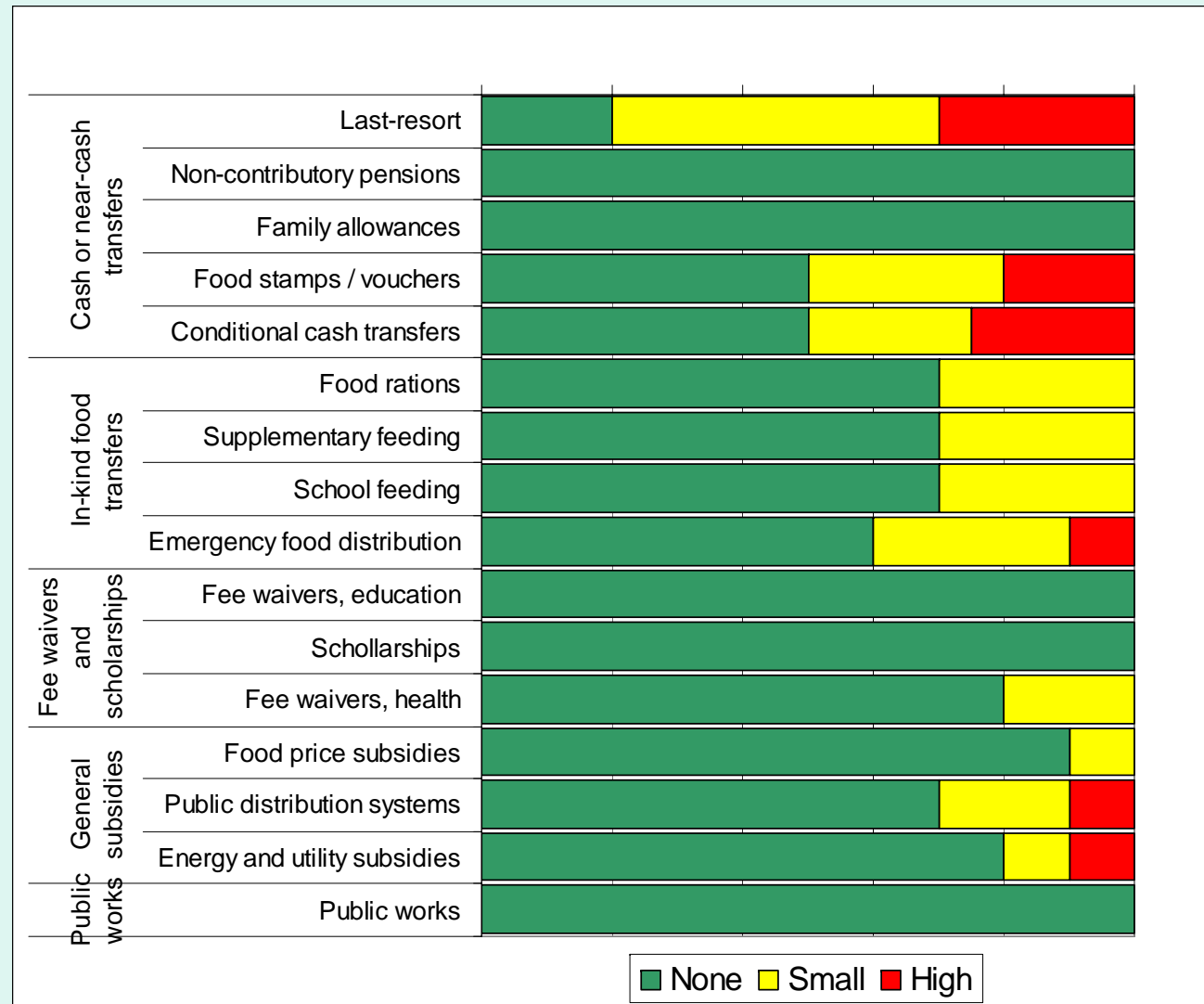
Work disincentives

Common belief:

Safety nets discourage labor effort
among those who receive the transfers and
among those who are taxed to provide it

The concern over work disincentives seem exaggerated

- Large disincentives to work are only found in programs for work-able households with high generosity with high marginal tax rate on earnings
- Only few programs exhibit such features in low- to middle-income countries



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