

AN EVALUATION OF WORLD BANK SUPPORT, 2000–2010

# Social Safety Nets



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Cover: Children in Ethiopia, beneficiaries of the Productive Safety Net Program supported by the World Bank as well as a consortium of several other donors. The program provides work opportunities to create local infrastructure and cash transfers to food-insecure households. Photo courtesy of Jennie I. Litvack.

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# Abbreviations

AAA	Analytic and advisory activities	KPI	Key performance indicator
BISP	Benazir Income Support Program	LIC	Low-income country
CCT	Conditional Cash Transfer	MIC	Middle-income country
CDD	Community-driven development	M&E	Monitoring and evaluation
DPL	Development policy loan	PDO	Project development objective
ESW	Economic and sector work	PREM	Poverty Reduction and Economic Management
FSSP	Female School Stipend Program (Punjab)	PSIA	Poverty and Social Impact Analysis
GDP	Gross domestic product	PWP	Public works program
IBRD	International Bank for Reconstruction and Development	RSR	Rapid social response
IDA	International Development Agency	SSN	Social safety net
IEG	Independent Evaluation Group	UCT	Unconditional cash transfer



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Ursula Martinez conducted the staff survey of SSN response to the food, fuel, and financial crises, as well as the analysis of trust funds, analytic and advisory activities and the history of SSNs at the World Bank. She also conducted client interviews to assess the sharing of global knowledge, along with Victoria Monchuk. Robert Gillingham assessed the Bank's support for economic reform through development program loans and their treatment of SSNs, with inputs from Ximena del Carpio and Ursula Martinez. Domenico Lombardi conducted extensive interviews with more than 40 Bank staff and managers to assess how the Bank's organizational structure affects its work on SSNs. William Ascher wrote a back-

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# Foreword

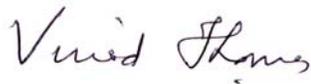
Recent crises—fuel, food, and financial—have underscored the urgency of developing social safety nets (SSNs) in all countries. These crises have pushed millions of additional people into extreme poverty, reversing previous gains in poverty reduction. Even before they were hit by the crises, many countries were not on track to achieve the Millennium Development Goals because of chronic poverty and inequality. The consequences of increasing weather variability, climate change, and natural disasters have made things more difficult everywhere.

When households are hit by shocks, SSNs can be used to protect particularly vulnerable people by providing liquidity, offering short-term employment, and discouraging negative mechanisms for coping with the setbacks. Many countries, especially high- and middle-income countries, have some form of targeted SSN programs, and they are spreading to low-income countries, too.

During fiscal years 2000–10, the World Bank supported SSNs with \$11.5 billion in lending and an active program of analytic and advisory activities and knowledge sharing, much of it during the last two years in response to the triple crisis. Prior to the crises, the Bank focused its SSN support mainly on addressing chronic poverty and investing in the human capital of the poor. The crises pointed out weaknesses in countries' SSNs, as many middle-income countries found that their poverty-targeted SSNs were not flexible enough to increase coverage or benefits as needed, while low-income countries lacked poverty data and systems to target and deliver benefits.

Bank support evolved in positive directions over the decade. Since the triple crisis hit, the Bank increased lending and analytical support greatly as it helped countries cushion their impact on their poor and vulnerable households and prepare SSNs to address future shocks. This recent crisis-related expansion of support included both low- and middle-income countries, increasing SSN activity greatly in many low-income countries. In addition, over the decade, the Bank began to move from a project-focused approach that emphasized delivery of social assistance benefits toward an approach that focused on helping countries build SSN systems and institutions to respond better to poverty, risk, and vulnerability.

To build on results achieved to date, the Bank needs to engage now, when future shocks can be anticipated and appropriate systems put in place to help countries develop SSNs that effectively protect the poorest and most vulnerable. To this end, the Bank would want to focus on strengthening its engagement in low-income countries, emphasizing SSN systems and institutional capacity, and improving the results frameworks of operations that support the development of SSN systems.



Vinod Thomas  
Director-General, Evaluation

# Executive Summary

Events of the past decade have underscored the vital need for social safety net (SSN) programs in all countries, especially in times of crisis. Many countries have some form of targeted SSN program, especially in high- and middle-income countries, but SSNs are increasingly spreading to the lowest income countries. Over fiscal years 2000–10, the World Bank supported SSNs with \$11.5 billion in lending and an active program of analytical and advisory services and knowledge sharing, much of it during the last two years of the decade in response to the food, fuel, and financial crises. Yet the crises also pointed out weaknesses, as many middle-income countries (MICs) found that their poverty-targeted SSNs were not flexible enough to increase coverage or benefits as needed, and low-income countries (LICs) lacked poverty data and systems to target and deliver benefits.

Bank support evolved in positive directions over the decade. The Bank began to move from a project-focused approach that emphasized delivery of social assistance benefits toward an approach that focused on helping countries build SSN systems and institutions to respond better to poverty, risk, and vulnerability. Stronger demand for SSN support in MICs led to significantly stronger engagement there than in LICs. However, the recent crisis-related expansion of support included also LICs and permitted initiation of Bank support in 15 new countries. The Bank's support to SSNs throughout the decade has relied strongly on both lending and knowledge sharing to engage clients.

Bank support has largely accomplished its stated short-term objectives and helped countries achieve immediate impacts. But to achieve the longer-term goal of developing country SSNs, short-term objectives need to be better defined, effectively monitored, and anchored in a longer-term results framework. Weaknesses in poverty data, program designs, and monitoring indicators need to be addressed to ensure target groups are adequately reached.

The Bank made substantial progress over the decade, but key areas of Bank support need strengthening. First, the Bank needs to engage consistently during stable times to help countries develop SSNs that address poverty and can respond to shocks. Second, continued emphasis is needed on building SSN systems and institutional capacity. Third, stronger engagement is needed in LICs. Fourth, short- and longer-term results frameworks for Bank SSN support need to be strengthened. This involves improving the quality of objectives, design, and monitoring within projects, as well as developing a longer-term results framework for building effective SSNs to protect the poor and vulnerable. Finally, continued effort is needed to ensure strong cross-network coordination on SSNs. The Social Protection strategy currently under preparation is picking up on several of these issues and is seeking strategies for addressing them.

## Background and Context

SSNs—programs designed to protect the poor and vulnerable from shocks and contribute to reducing poverty—are important elements of a country's poverty reduction and growth strategy. The critical need for such programs in all countries, especially in times of crisis, has been un-

derscored over the past decade. It was particularly evident following the food, fuel, and financial crises, which pushed an additional 65 million people into extreme poverty around the world.

The Bank defines SSNs as noncontributory transfers targeted in some way to the poor and

vulnerable. This is a narrow definition and constitutes only one component of a country's social protection system; it is also just one of the many tools available for poverty reduction. SSNs address chronic poverty and inequality, help the poor invest in developing human capital, and protect the poor and vulnerable from individual and systemic shocks, including during economic reforms.

SSN programs are a dynamic and growing area of World Bank work. Over fiscal years 2000–10, the Bank loaned \$11.5 billion to support such programs in 244 loans to 83 countries. Half of the lending occurred in the last two years of the decade, when the SSN portfolio doubled from three to six percent of the Bank's lending. It also conducted 297 analytic and advisory activities focused on SSNs and 92 impact evaluations of 24 Bank-supported SSN programs (the largest body of evidence from impact evaluations of any sector) and produced hundreds of training seminars, study tours, and publications. The Bank's lending and analytical support interact with economic, political, and institutional conditions to enable the Bank to have an impact in a country.

The Independent Evaluation Group (IEG) has never evaluated SSNs before, but with the demand for Bank support at an all-time high, an assessment of the Bank's work in this area is timely. The purpose of this evaluation is to assess how effective and relevant the Bank has been in its support for SSNs and to draw lessons that can be applied to future support. Although the evaluation covers the whole decade, trends within the decade have also been examined, as experience in this area is evolving quickly.

## Major Findings

**Throughout the decade, countries and the Bank focused SSN support mainly on addressing chronic poverty and human development and focused less on SSNs that can address shocks.** During much of the decade, most countries enjoyed strong and stable economic growth. SSNs focused on addressing the needs of the chronically poor or vulnerable as well as developing the human capital of the poor. Although these areas of support were re-

levant and important, the Bank and its client countries did not focus much on developing flexible SSNs appropriate for responding to systemic shocks. When the food, fuel, and financial crises hit, lessons from previous crises were once again underscored. Those countries that had developed SSN programs or institutions during “stable times,” such as Indonesia, were better positioned to scale up—and the Bank was better able to help them—than those that had not. Results from IEG's survey of Bank staff indicated that only 16 percent of countries' SSNs were well positioned to respond to the crises by being able to identify and reach affected poor households. The two most common constraints for Bank support were weak country institutions and inadequate data.

**The lack of adequate SSN programs in many countries led the Bank to support SSN instruments that were not designed for crisis response.** Although existing instruments enabled countries to provide benefits to various subsets of poor and vulnerable people, modifying the target groups or scaling up the program to address new needs proved difficult. Moreover, experience has shown that it is often difficult to scale back benefits once a crisis subsides, especially when SSN programs are not designed to be flexible or are delivered on a temporary basis. Staff survey results indicated that 80 percent of countries now have plans to strengthen their SSNs to respond better to crisis. For example, in the Republic of Yemen, the Bank supported a labor-intensive public works program as a direct crisis response. At the same time, efforts were made to strengthen the cash-transfer program to serve as the main SSN for poverty reduction and crisis response in the future.

**During this period, the Bank began to make an important shift from an approach based mainly on projects that emphasize delivery of social assistance benefits to helping countries build SSN systems and institutions that can respond better to various types of poverty, risk, and vulnerability within a particular country context.** The systemic approach involves developing various capacities, such as data to identify vulnerable groups, targeting systems to ensure the right groups receive

benefits, payment mechanisms to channel resources to beneficiaries, and monitoring and evaluation systems to measure program implementation and impact, as well as a set of coordinated programs appropriate for different groups of poor and vulnerable people. Only 14 percent of the 30 case study countries that IEG examined embraced a systemic approach to addressing different types of risk in the first half of the decade, but 46 percent did so by the second half of the decade.

**The Bank was most effective in helping countries where it had had steady engagement through lending, analytic and advisory activities, and dialogue over the decade.**

This longer-term engagement enabled the country to develop SSN institutions and the Bank to develop a deeper understanding of country dynamics. This was evident in such countries as Brazil, Colombia, Ethiopia, and Moldova.

**The Bank lending, analytical, and capacity-building support for SSNs was significantly more concentrated in MICs than LICs throughout the decade.** The type of assistance varied as well, with greater emphasis on institution building in MICs (57 percent of operations) than in LICs (24 percent of operations). Despite a recent increase in LIC engagement, SSNs remain a much less significant part of the development agenda in LICs than in MICs. Five percent of MIC lending and 13 percent of MIC projects are focused on SSNs; only 2 percent of LIC lending and 6 percent of LIC projects focus on SSNs.

**The stronger emphasis on MICs is driven by both country demand for SSN support and Bank supply of support.** On the demand side, MICs have a higher capacity to borrow and spend than LICs and can invest in more costly institutional development and scale-up programs, rather than short-term relief programs and pilots, which are typically used in LICs. In addition, with high poverty rates, tight budgets, and many competing pro-poor needs, LICs may place less emphasis on SSNs as elements of their poverty alleviation programs.

On the supply side, the Bank's low level of engagement in LICs may have perpetuated those

countries' low level of attention to SSNs. Bank resources for dialogue generally accompany Bank preparation and supervision of operations; thus, countries with active lending programs are provided more opportunities for dialogue (and potential for future lending) than those without lending programs. This is indicated in results from regression analysis, which show that countries receiving greater volumes of SSN loans are more likely to receive further Bank SSN lending. Although this reflects client satisfaction with Bank services and enables the steady engagement so important for SSN development, it perpetuates a situation of low Bank engagement for countries with initially low demand.

**Country demand for SSNs may be higher in MICs, but SSNs are also important in LICs to protect against systemic shocks and to help alleviate extreme poverty and food insecurity.** The largest scale SSN supported by the Bank in a LIC is the Ethiopia Productive Safety Net Program, which benefited greatly from capacity building, adapting the design as the program progressed, and an exemplary experience in donor coordination. The Bank needs to engage in LICs, at least through analytical and advisory services, to help countries understand the value of SSNs and improve their capacity to design and implement programs that are appropriate in their context.

**Operations supporting SSNs generally have achieved satisfactory outcomes.** The positive results are particularly notable in LICs, where 88 percent of projects achieve at least moderately satisfactory ratings compared with an average of 74 percent for other sectors. Consistent with project ratings, the evidence from impact evaluations on SSNs shows positive short-term impacts on measures such as household consumption, school attendance, and children's health. However, these impact evaluations are for programs overwhelmingly concentrated in the Latin America and the Caribbean Region. Some positive impacts have been recorded for SSNs for protecting the poor during shocks, but very few studies have examined this question.

**Although short-term achievements have been encouraging, results frameworks of operations supporting SSNs need to be further im-**

**proved.** Results frameworks have focused insufficiently on the poor and vulnerable. By the Bank's definition, SSNs support programs that target the poor or vulnerable in some way. Yet IEG found that objectives and performance indicators were often not specific enough to ensure effective monitoring of the effects of the SSN project on the poor or vulnerable. Only 59 percent of operations supporting SSN had objectives that specifically targeted the poor and vulnerable, and 47 percent of operations supporting SSN did not have even one indicator to monitor progress on reaching the poor. When the poverty focus was mentioned, it was often in general terms of "poverty reduction" rather than as part of a time-bound objective directed toward a specific subset of the poor. Results frameworks have improved throughout the decade, but further improvements are necessary.

**The quality of results frameworks matters because clear objectives and monitoring indicators are necessary for coherent project design, in particular regarding coverage, level and duration of benefits, and targeting.** As an illustration, IEG examined in depth public works programs, where documentation lacked important detail regarding which groups of poor and vulnerable people would be employed by the public works and how the participation of and benefit to these groups would be monitored.

**Short-term SSN project objectives have not been adequately anchored in a longer-term results framework.** Whereas Bank-supported operations are short term in nature, the development of effective SSNs often takes longer, involves multiple sequential phases of support, and requires complementary inputs from other sectors. Bank-supported operations can accomplish limited objectives (and be considered satisfactory) and still not lead to effective country SSNs to protect the poor and vulnerable unless this longer-term development is anticipated, implemented, and monitored. Whereas Bank supported projects may be formally accountable for only those achievements occurring only during the life of the project, the effectiveness of the Bank's support for SSN development also needs to be measured against longer term objectives that extend beyond the project cycle. This concern was

evident in IEG's examination of conditional cash transfers (CCTs), where both project results and impact evaluation evidence from more than 60 impact evaluations measured short-term achievements. Although CCTs often accomplished their limited objectives of transferring cash to poor families and getting children to attend school, the achievement of the longer-term objective of improving learning outcomes over time was rarely documented. Because the rationale for CCTs in many countries is to invest in the human development of poor children so they can escape intergenerational poverty traps, monitoring the achievement of the longer-term objective is necessary for success.

**Much effort has gone into rigorously evaluating the impact of various SSN programs on specific outcomes, but very little has been done to examine the cost of achieving those outcomes and weighing alternative policy options.** The goal for SSNs, as in all areas of public policy, is to have the biggest impact possible for the least cost. For this reason, cost-effectiveness analysis can be useful in assessing the cost per unit of impact of a particular policy and comparing that result to other options. Yet only 12 percent of SSN operations assessed the cost and anticipated outcomes from alternative programs. This may be because of the lack of specific objectives and indicators, the presence of indirect effects, or the difficulty in obtaining data on benefits and cost. However, even where impact evaluations have been conducted and have provided precise evidence of benefits, this information has rarely been used to weigh options and see where the largest impact can be achieved for the least cost.

**SSN programs have a unique set of fiscal, political, and institutional risks, in part because of their need to expand and contract to meet needs.** The size of the Bank's financial contribution to SSN programs ranges from 9 percent of Brazil's *Bolsa Familia* program to 100 percent of the CCT component of Macedonia's cash transfer program. Programs in MICs are often supported largely by government resources, whereas programs in LICs are usually heavily donor dependent, given countries' limited capacity for redistribution. In LICs, the major risk to fiscal sustainability is reduction in

donor support; in MICs it is change in government priorities and budget support for SSNs. In a few upper-middle-income countries, such as Colombia and Mexico, Bank-supported SSN programs throughout the decade have gone to the national scale, and there are concerns about pressure on national budgets and questions of fiscal sustainability. These programs are still relatively small (around 0.5 percent of gross domestic product), but Bank support to program expansion, as in all areas of government expenditure, should be consistent with budget management strategies. It should be monitored to ensure sound design to achieve stated objectives, and to avoid creating large, permanent entitlements.

**Donor support for SSNs in LICs is often fragmented. Only in one of the LIC case studies undertaken by this evaluation—Ethiopia—did IEG find strong Bank participation in a well-coordinated, jointly financed effort.** This is a missed opportunity for the Bank, as donor-dependent countries need a well-coordinated effort to harness the various sources of aid and advice, improve the efficiency and effectiveness of their programs, as well as enhance their fiscal sustainability.

**In some SSN programs, fiscal pressure arises from the difficulty of scaling back a program that has been expanded unless the benefits of the program itself are known to be temporary.** Argentina faced such a challenge with its emergency Heads of Households Program throughout the decade, but after several years of effort (and Bank support), the country successfully wound down the program designed for crisis response while continuing to strengthen its permanent SSN. In other cases, crisis provides an opportunity to introduce or enlarge a SSN program that is needed at the time and remains in place to address the needs of specific groups among the chronically poor and vulnerable when the crisis subsides.

**Political economy issues have been important in determining the shape of SSN programs.** An important factor in the Bank's ability to be relevant and effective in its support for SSNs is its knowledge of political economy and how it is used. IEG's case studies found that

new political leadership was responsible for SSN reform (positive or negative) in half of the 30 countries. IEG also found that new political space for SSN reform often opened up during crisis: 70 percent of cases where SSN programs were introduced occurred after a major country transition or crisis because there was political appetite for it. SSNs are among the most politically sensitive areas of development policy, as they involve redistributing resources. Therefore, understanding how politics affect a country's ability to design and implement SSNs is important for the Bank's effectiveness. The Bank's support to Brazil's *Bolsa Familia* was technically oriented but politically savvy—it provided appropriate input, in the right way, when most needed.

**Strategic engagement has strengthened the effectiveness of Bank support for SSNs in many countries.** Strategic engagement involves situating the SSN dialogue in wider country dialogue, having a vision of how to build an effective overall SSN system (for example, how various SSN programs complement each other in the country context), and using the right instruments at the right time with the right stakeholders. In almost two-thirds of countries studied, the Bank supported SSNs in the context of country economic dialogue, Country Assistance Strategies, or sector discussions. However, in less than one-third of the countries is there evidence of the Bank having an overall vision of how its support helps build an effective SSN system. In some countries, the Bank was able to take advantage of political openings for SSN advancement when broader economic reforms were introduced. Bank and country experience suggests that associating SSNs with economic reform is an excellent way of garnering political support for both the reforms and the SSN agenda (Colombia, Indonesia, Mexico, Turkey, and Yemen).

**SSNs are a challenge within the Bank, as they fall within the supervisory responsibility of the Social Protection Sector family, yet less than half of projects containing SSN components are managed by staff in that sector family.** Sources of tension exist with regard to budget arrangements, task manage-

ment, and accountability, although the extent varies by Region.

## Recommendations

Because this evaluation assesses the World Bank's support for SSNs, the recommendations are for the Bank, with the objective of improving SSNs in countries.

- **Engage during stable times to build SSNs that can help countries respond effectively to shocks.** This requires steady country dialogue and support for developing SSNs, whether by lending, country-specific analytic and advisory activities, or engagement in global knowledge and learning. Although the Bank's focus on systemic shocks has accelerated since the most recent crises, greater attention is needed to design SSNs (in combination with other relevant programs) that adequately address systemic shocks. As such shocks are transitory in nature, an important characteristic is the ability to expand and contract to reach different population groups as needed. Access to reliable poverty data, crisis monitoring systems, and flexible targeting systems are important elements to develop appropriate SSNs.
- **Support the development of SSN institutions and systems.** Institution building needs to be accelerated, particularly in LICs, where capacity constraints are severe and the building blocks for SSN administrative systems may need to be built from scratch. In MICs, the approach will require continuing the effort to harmonize programs within the broader social protection framework.
- **Increase SSN engagement in LICs.** The Bank needs to maintain special efforts (financing and internal incentives) for LICs to develop SSNs that will protect their poorest and most vulnerable and prepare for shocks. Depending on the country context, these may include improving country capacity, adapting SSN programs to the institutional environment, improving poverty data and analysis to identify the particularly vulnerable groups, and assuring effective donor coordination for SSNs (for financing and technical assistance) to increase efficiency of government programs.
- **Improve the results frameworks of Bank supported SSN projects** to (1) more clearly identify and address the needs of specific groups of poor or vulnerable, and (2) identify how project objectives fit within longer-term objectives for development of country SSNs. This involves improvements in the quality of objectives, design, and monitoring within projects, as well as development of a longer-term results framework or roadmap for building effective SSN programs and systems.
- **Clearly define objectives and assess benefits, costs, and feasibility of policy alternatives to ensure the most appropriate use of SSNs.** To ensure the most appropriate use of SSNs, objectives must be clearly defined and cost effectiveness type analysis used to assess policy alternatives. Comparing alternative options for reaching the specific objective(s) is particularly important in contexts of high poverty and tight budgets and encourages specific SSN objectives.
- **Improve internal coordination of SSNs.** Budget systems need to be reviewed to see if the incentives they create for managers and task team leaders constrain cooperation between Bank units. Expertise should be shared across sectors and networks to enhance Bank support.



# Management Response

## Introduction

Management welcomes this comprehensive review of the World Bank's support for social safety nets (SSNs) over the last 10 years. It is careful, detailed, and fair. Its analysis of how the Bank's safety nets work has successfully met client needs – especially during the recent food, fuel and financial crises – is particularly timely. The Independent Evaluation Group's (IEG) recommendations for how we can improve our safety nets work going forward closely match management's own strategic directions for Social Protection and Labor more broadly (as represented in the concept note for the proposed Social Protection and Labor strategy for 2012–22, endorsed by the Committee on Development Effectiveness in January 2011). Moreover, the detailed analysis in the report will be useful to add to the diagnostics and background work being done for the strategy.

Management welcomes the overall findings of the review, which documents several achievements of the Bank's work over the past decade:

- ***Substantial portfolio.*** The World Bank has loaned \$11.5 billion to support SSNs through 244 loans to 83 countries and has conducted nearly 300 analytic and advisory activities (AAA). The World Bank has also created a substantial inventory of knowledge products and related activities, including flagship global training courses and South-South learning fora.
- ***Ability to help countries respond to crisis.*** In response to the food, fuel, and financial crises, the World Bank's lending volume for SSNs increased from \$1.2 billion in FY06–08 (precrisis) to \$9.0 billion in FY09–11 (post-crisis). Between FY08 and FY10, 58 borrowers received lending and grant assistance for SSNs. The Rapid Social Response Multidonor and Catalytic Trust Funds and Japanese Social Development Fund Emergency Window (contributed by Japan, Russia, Norway, and the United Kingdom), as well as the Global Food Crisis Response Program, allowed a significant increase in capacity building and AAA in low-income countries (LICs), especially in LICs with which the Bank had not previously had dialogue on SSNs.
- ***Solid portfolio performance.*** Even with its rapid expansion, the SSN portfolio remains one of the best in the Bank. IEG rated 86 percent of projects with an SSN objective as moderately satisfactory or higher, compared with 78 percent of all other Bank projects. This higher performance is particularly striking for LICs, where 88 percent of projects with an SSN objective were rated moderately satisfactory or higher, compared with 74 percent of all other operations.
- ***Use of impact evaluation.*** Over the past decade, 92 impact evaluations have been carried out on 24 SSN programs supported by the Bank, which in turn has generated a large,

substantial evidence base not available, as yet in other sectors. These evaluations show positive short-term results on household consumption, school attendance, and children's health. Only a small number of studies have examined long-term impact, but there is some evidence that the immediate improvements in welfare created by SSN programs may be sustainable over time. The companion piece to this IEG evaluation presents a valuable summary of all the available evidence while adding two new long-term evaluations.

That said, it is important to recognize that the world of safety nets is extremely dynamic, and new knowledge and new practices are constantly evolving. Over the course of the last 10 years, the size and number of effective programs, together with the amount of safety nets know-how and evidence, have expanded at great speed. This performance has caught the close attention of the international community as well as the media and other development stakeholders. Countries are devising new SSN approaches every year, guided by the continual harvesting of new evidence as to what works and what does not. This does suggest the vital importance of analyzing trends over time and not just settling on average findings over the course of the last 10 years. It is also important to recognize the degree to which the SSN revolution has been, and continues to be, led by the South, especially some large middle-income countries (for example Brazil, India, Mexico, and South Africa), which implies that knowledge work and South-South learning in particular is highly significant to the ongoing success of SSNs worldwide.

Nonetheless, the importance ascribed to safety nets varies greatly from country to country and is often low in low income countries. SSNs' redistributive and poverty-reducing role is well understood, but countries take very different positions about how much redistribution they want in their societies, and whether SSNs are the right tools to deliver it. SSNs' role in risk management and resilient growth is also powerful, but the evidence for this is being built only slowly and is only beginning to filter out to central ministries, politicians, and the general public. As a result, there is less social consensus around the desirability of safety nets than, for example, around the goals for universal primary education or availability of clean water supply. Consequently, the World Bank will work with many countries to analyze what role safety nets could play in their contexts, and to gather evidence, but should not expect to have an active lending portfolio in every country.

### Management Comments

Management broadly agrees with the findings and recommendations of this review. In fact, three of the recommendations, namely: to increase work in the LICs, to move to a systems approach, and to improve results frameworks, are fully reflected in the main pillars of our new Social Protection and Labor Strategy, which is currently being shaped by a series of global consultations. This section provides management's specific comments on each of the recommendations.

***Recommendation 1: Engage during stable times to build SSNs that can help countries respond effectively to shocks.*** Management agrees that this is a desirable direction and one on which the Bank can act. Indeed, the Bank has been working more vigorously in this area since the food, fuel, and finance crises of recent years hit. Having said that, the focus of the Bank's assistance depends on the priorities assigned to the topic. However, management is

optimistic about being able to continue to engage in crisis preparedness at higher than pre-crisis levels, because of the following factors:

- With respect to crisis preparedness, the triple wave of crises in 2008 and 2009 has raised countries' demand for SSNs—a demand that is likely to be reinforced by the more recent resurgence of high food prices.
- With respect to both crisis preparation and engagement in LICs, the Japanese Social Development Fund Emergency Window, the Global Food Crisis Response Program, and the Rapid Social Response Multidonor and Catalytic Trust Funds have been extremely important in giving the Bank important means of involvement, funding 66 projects in 41 countries, of which 21 are in Sub-Saharan Africa.
- We have a number of concrete actions in hand that can build on these opportunities to expand the development potential of SSN programs, as detailed in the Management Action Record.

Management expects the Bank to sustain continuous engagement through a country-specific and time-varying blend of lending and all forms of nonlending support: formal economic and sector work, nonlending technical assistance, capacity building through training or South-South learning, involvement in donor coordination or impact evaluation, and so on. Measuring progress on this front will be principally a qualitative exercise. Looking only at lending volumes will not be enough to show progress. In fact, we expect our financing to taper off eventually as countries that have already borrowed extensively from the Bank recover eventually from crisis.

***Recommendation 2: Support the development of SSN institutions and systems.*** The Social Protection and Labor Strategy that is under preparation stresses this as a key focus area. The Bank will engage in this work at two levels:

- Assisting countries to establish the “building blocks” of administrative capacity. These would include a targeting mechanism so programs reach the right beneficiaries, payment, and management information systems, and monitoring and evaluation. This work is already prominent in SSN operations and can be readily tailored to help in all country settings.
- Understanding and improving the positive synergies between different social protection programs and regulations, such as social assistance programming, unemployment insurance, and contributory pensions. This is partly a design issue, but it can be assisted by shared technical platforms for eligibility, payments, and so on. Working at the systems level in this second sense is more feasible in countries that have multiple social assistance programs in place or those where the Bank has a well-established dialogue. In other settings, an appropriate entry point may be to work on establishing or improving a single program, as a first step toward building more complex systems and their supporting technical elements.

***Recommendation 3: Increase SSN engagement in LICs. This is also a desirable direction, one that is highlighted in the Social Protection and Labor Strategy.*** Management expects that engagement will be sustained for LICs, as in Recommendation 1 for countries more generally, by a country-specific blend of lending and all forms of nonlending support. Work in this

## MANAGEMENT RESPONSE

area must be sensitive to the very different visions from one country to another with respect to the role of safety nets, the capacity to finance them, and consequent differences in the choice instruments selected and the details of their implementation. The Bank will continue its engagements with countries to customize their strategy and take the next step pertinent in each context.

Measuring progress on these fronts will be principally a qualitative exercise. Because the Bank has already engaged with a high percentage of LICs in the last three years, a simple country count of engagement is unlikely to reveal the extent of progress; rather, progress will need to be measured through the depth, breadth, and longevity of engagement in countries. There are, however, two caveats worth noting with respect to the specifics of the SSN engagement in LICs:

- The Bank's level of SSN engagement at the country level will always be determined by demand and policy selectivity. The latter point on selectivity is especially relevant, given the limited amount of the Bank's highly concessional IDA resources available for country use. Countries may also lack the broad national agreement on the role of safety nets necessary for their effective, sustainable operation.
- The World Bank is actively involved in donor coordination through existing global and country-level frameworks; but it must be acknowledged that the degree of engagement may vary by country (as some national governments may assign other donors to the lead role in some cases), and successful coordination requires the active and willing engagement by other donors and partners.

With respect to improvements in data collection as a means to guide social safety net assessments, it is important to recognize two different sides of the issue. The first is the collection of basic poverty data to inform strategic choices, and the second is the development of targeting systems. These are both important and constrained in LICs, but progress can be made on the two independently. It is unlikely that rapid progress can be made in increasing the number of countries with robust coverage of safety net participation in their household survey data. Representative information on social assistance programs is typically only a feature of large, stable social assistance programs, which for the most part are missing in most LICs.

Progress in the collection of multipurpose household survey data providing information on poverty has been steady but slow. National household surveys are produced throughout the world, and the Bank supports and maintains these databases. In many cases, Bank teams have been heavily involved in the process of designing and conducting these surveys. These efforts, coordinated by the Global Poverty Working Group sponsored by the Poverty Reduction Board and Development Economics, has recently resulted in the single largest update ever of the database of poverty indicators – disseminated in the World Development Indicators report and on-line via the Open Data initiative (from 230 data points covering 104 countries to almost 600 data points covering 115 countries). However, it should be noted that these are rarely Bank-led activities, but very complex national endeavors, where Bank support involves funding (in most cases through trust funds), technical assistance, and capacity building. As such, progress is slow, particularly in LICs with low administrative and technical capacity. In Africa and to a lesser extent in South Asia, poverty figures in particular,

and household surveys in general, are available on average with considerable lags, low frequency, and problems of comparability. Steady support from the Bank and donors is required to continue national efforts to improve household surveys data collection.

***Recommendation 4: Improve the results frameworks of Bank-supported SSN projects.*** Management fully appreciates this recommendation. That the Bank is already moving in this direction is borne out by Human Development Network Anchor’s recent “Results Readiness in Social Protection and Labor,” which is now being disseminated to project teams (cited in the IEG report). This internal review shows a positive trend: more recently approved projects have better results frameworks. However, there are also notable areas in which task teams can do better: formulating project development objectives and aligning monitorable indicators along the results chain. Building on the recommendations in the HDNSP and IEG reviews, the HDNSP anchor’s results team will support task teams in applying lessons learned to the design of results frameworks for projects in the SSN portfolio.

Management would also point out, however, that the long-term results and outcomes of SSN interventions go well beyond the scope of individual projects. Management views its range of instruments to help governments build a long-term vision in an inclusive way – including AAA, training and South-South learning as well as lending – and the vehicles that would contain long-run SSN strategies as country Poverty Reduction Strategies, national social protection strategies, and the like. Where such strategies exist, they may be referred to in the Project Appraisal Documents of specific operations. But it is unrealistic to expect that all Project Appraisal Documents will be able to make such references, particularly in the first operation of engagement in a country with only a nascent safety net sector or in crisis response projects.

These longer-term outcomes can sometimes be picked up in follow-on projects but are more commonly being dealt with by specially designed impact evaluations carried out by Bank staff or by researchers outside the Bank. The report on impact evaluations accompanying the main IEG SSN evaluation offers some examples of such long-term assessments, which bypass the regular project cycle (for example, the evaluations of Colombia’s Familias en Acción and Pakistan’s Punjab Secondary School Stipend Program). Given that most evidence in impact evaluations of SSNs comes from conditional cash transfer programs, IEG recommends expanding impact evaluations to other programs. Management agrees and has already reformulated the clusters under the Bank’s Development Impact Evaluation initiative to include unconditional cash transfers and public works. Management therefore commits to continue its efforts to increase staff and client awareness of the importance of undertaking such longer-term impact evaluations and of making data from projects accessible to the research community at large.

***Recommendation 5: Clearly define objectives and assess benefits, costs, and feasibility of policy alternatives to ensure the most appropriate use of SSNs.*** While management agrees conceptually with the importance of comparing alternative means of reaching strategic goals, it has two problems with the application of this recommendation in specific project contexts.

- First, the comparison of alternate policies or programs at the higher level (for example, SSNs versus other types of interventions), or of alternative SSN interventions (for example,

public works versus conditional cash transfers), is addressed not during project development, but through strategic analytic work – safety net assessments, public expenditure reviews, poverty assessments, support for countries as they prepare poverty reduction strategies and the like – undertaken at strategic junctures of continuous engagement (see recommendation 1). The Human Development Network has developed methodological tools (such as the “Human Development in Public Expenditure Reviews” guidance note, guidelines for Risk and Vulnerability Assessments, criteria for safety net assessments in Grosh et al. 2008) and literature to benchmark such work (Fiszbein and Schady 2009 on conditional cash transfers; del Ninno, Subbarao, and Milazzo 2009, and Subbarao and others 2010 on public works; Bundy and others 2009 on school feeding; and so forth). IEG’s companion volume, the meta-evaluation, will add to this literature.

- Second, the task of comparing policy options is complicated by SSNs’ multiple objectives, which rule out simple rates-of-return analyses. The Bank’s conceptual definition of SSNs views their prime objective as reducing poverty through cash and in-kind transfers, and the SP ADEPT program developed by Human Development and Development Economics provides robust, comparable measures of this. But it is not sufficient to capture other objectives of SSNs. To help World Bank staff and country clients build the basis of more regular application of cost-effectiveness analysis, Human Development will provide enhanced training as part of the ongoing suite of impact evaluation courses.

In the Management Action Record, management largely follows IEG’s suggested focus on the formulation for lending operations, but with the understanding that at that stage of decision making, the range of options governments can consider is rather narrow, essentially focusing on alternative features of a given type of program or, more commonly, further development of an existing program. Management will focus its efforts on the core objectives of income support and effective institutions for the delivery of SSNs. To work toward being able to do better assessments, management proposes three areas:

- To foment cost-effectiveness analysis in more of the significant body of impact evaluations
- To conduct a global benchmarking of targeting performance of transfer programs of many types and using different targeting instruments
- A series of knowledge pieces on the cost-effectiveness of different aspects of delivery systems to identify the most effective design options.

By carrying out results readiness work and strengthening operational teams, management is taking actions to assist client countries in prudent and strategic choices about the choice of instruments, the size and selection of target populations and benefit levels and hence is helping to promote sustainability of safety nets. .

***Recommendation 6: Improve internal coordination of SSNs.*** The fact that SSN components occur in projects mapped to many sectors other than Social Protection implies a need to ensure that the technical quality of the work is equally high and the advice consistent, no matter which sector is in the lead. This IEG evaluation report provides somewhat limited analysis of whether this has been achieved, but raises no explicit flags and provides some small

reassurances. A number of mechanisms and practices are already in place to ensure that the knowledge function for SSNs cuts across boundaries: for example, cross-board membership, cross-sectoral thematic group and Global Expert Team membership, and consultation and collaboration on a series of flagship initiatives. As part of ongoing business modernization, management is strengthening sector boards to enable them to better manage the allocation of expertise across the Bank and revising the budgeting system for cross support to remove disincentives and encourage cross-unit collaboration and will report progress in the context of regular Board updates. Management proposes to continue and reinforce some of these mechanisms and to focus on improving the outreach of knowledge and quality assurance services.

# Social Safety Nets: An IEG Evaluation of World Bank Support, 2000-2010

## Draft Management Action Record

<i>IEG findings and conclusions</i>	<i>IEG recommendations</i>	<i>Acceptance by management</i>	<i>Management response</i>
<p>1. SSNs for Shocks: Throughout the decade, countries and the Bank focused SSN support on addressing chronic poverty and human development and focused less on SSNs to address shocks. During the last few years of the decade, the focus of countries and the Bank expanded as addressing systemic shocks took on greater importance. The urgency of preparing for systemic shocks became particularly clear after the food, fuel, and financial crises, during which lessons from previous crises were underscored: those countries that had prepared during good times—by developing permanent SSN programs or institutions—were better positioned to scale up, as needed—and the Bank was better able to help them—than those that had not. The Bank was most effective in helping countries in which it had been steadily engaged through lending, AAA, or dialogue over the decade. Such engagement enabled the country to develop SSNs and the Bank to develop a deeper understanding of country dynamics.</p>	<p>Engage during stable times to build SSNs that can help countries respond effectively to shocks. This requires steady country dialogue and support for developing SSNs, whether by lending, country-specific AAA or engagement in global knowledge and learning. As such shocks are transitory in nature, an important characteristic of a SSN is its ability to expand and contract to reach different population groups as needed. Access to reliable poverty data, crisis monitoring systems, and flexible targeting systems are elements to develop appropriate SSNs.</p>	<p>Agree</p>	<p>Management agrees with the recommendation: The Bank’s client countries need broad-based and flexible SSN systems that address chronic poverty and its consequences but can also be scaled up to protect the poor from economic shocks—whether at global, country or household level. During the 2008–09 crisis, increased demand from clients and the extraordinary amount of resources deployed by the World Bank have helped to build a strong pipeline of activities that will persist into the immediate future, including in many countries that did not have prior SSN dialogue. The Bank will continue to provide client-driven assistance to respond to crisis situations, and to help countries build systems that alleviate chronic poverty, through its full menu of products—investment and policy lending (including new instruments, such as P4R), grants, and analytical activities. A key element of this would be capacity building and knowledge exchanges. These all will be financed through normal Bank budget allocations and supplemental seed funding from donors. It will also launch new activities focused on helping countries build greater capacity to respond to future crisis. Specifically:</p> <p>The proposed 2012–22 Social Protection and Labor strategy emphasizes continuing the move towards building country Social Protection (including SSN) scalable and flexible systems that can be used to address both shocks and chronic poverty. New Social Protection and Labor (SP&amp;L) strategy (including results framework) developed, expected to be submitted to the World Bank Board (FY12).</p> <p>For the poorest client countries (who usually have inadequate SSN systems), the Bank will use demand-driven grant financing from the first round Rapid Social Response (RSR 1) multidonor trust fund to help countries to increase crisis preparedness—by building monitoring systems, flexible targeting and scalable SSN delivery systems, or devising crisis contingency plans. To meet unfulfilled country demand, the Bank will also</p>

<i>IEG findings and conclusions</i>	<i>IEG recommendations</i>	<i>Acceptance by management</i>	<i>Management response</i>
			<p>seek additional donor support for a second round of Rapid Social Response (RSR 2). Donor consultations for second round of RSR (FY12–13). The Bank will continue capacity building to enhance crisis resilience of client countries (LICs and middle-income countries [MICs]) through: South-South learning events (between MICs and LICs clients), continued offering of core training programs targeted to the representatives of client countries and staff of donor agencies. Organize new South-South learning events, and continue the annual SSN core course (FY12 and ongoing).</p>
<p>2. <b>Systems Approach:</b> During this period, the Bank began to make an important shift from an approach based mainly on projects that emphasize delivery of social assistance benefits to helping countries build SSN systems and institutions that can respond better to various types of poverty, risk, and vulnerability within a particular country context. The institutional development approach was driven mainly by MICs, for which this was the most common objective of Bank-supported SSN programs.</p>	<p>Support the development of SSN institutions and systems. Further accelerate institution building, particularly in LICs, where capacity constraints are often severe and the building blocks for SSN administrative systems may need to be built from scratch. In MICs, the approach will require continuing the effort to harmonize programs within the broader social protection framework.</p>	<p>Agree</p>	<p>Management agrees with the central role of the systems approach for safety nets and for social protection in general, as reflected by its support for the shift in project designs noted by IEG. The Bank will continue supporting the systems approach in both LICs and MICs, adapted to country needs and capacity levels, and is aiming to implement this recommendation as follows:</p> <p>The proposed 2012–22 Social Protection and Labor strategy puts systems as a central theme for the SP&amp;L practice in the World Bank in its engagements with clients and partners. The strategy will emphasize deepening the Bank’s knowledge and practice for building effective SP&amp;L systems in different country contexts and capacity levels. It will also emphasize labor-market continuity of SSNs programs and will coordinate with the IFC on private sector job creation. <b>New SP&amp;L strategy developed, submitted to World Bank Board (FY12).</b></p> <p>The World Bank will develop and apply new County Policy and Institutional Assessment measures, with guidelines, for benchmarking Social Protection, including a new measure for Social Protection systems. This will become part of the regular process of monitoring progress towards system building. <b>New County Policy and Institutional Assessment criteria and accompanying guidance note on Social Protection systems (FY12 onward).</b></p> <p>For LICs in particular, the Bank will draw lessons on developing the building blocks for SSNs in LICs through its current activities (supported by RSR and other crisis-related instruments) focused on building administrative systems, institutions and delivery capacity for SSNs. These lessons will be disseminated internally and externally. <b>Success stories notes on good</b></p>

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<i>IEG findings and conclusions</i>	<i>IEG recommendations</i>	<i>Acceptance by management</i>	<i>Management response</i>
			<p>practices in LICs (launched FY12, fully posted and disseminated FY13).</p> <p>The Bank will develop new knowledge tools and data products to assess performance of SSN/SP&amp;L systems through a global inventory of social programs, their rules and their interactions in delivering benefits at the household level. Global inventory of SSNs developed and maintained, and existing SP&amp;L systems mapped with the new “SP Atlas” (first posted on web FY12, fully launched and updated by FY13–14).</p>
<p>3. SSN Engagement in LICs: The Bank focused its lending, analytical, and capacity-building support for SSNs significantly more on MICs than in LICs throughout the decade. Despite a recent increase in LICs engagement, SSNs remain a much less significant part of the development agenda in LICs than in MICs. Country demand for SSNs may be higher in MICs, but SSNs are also important in LICs, as they help protect against systemic shocks as well as help the poorest and most vulnerable people. The Bank’s low level of engagement may have perpetuated countries’ low level of attention to SSNs. The Bank needs to be engaged (at least through analytical and advisory services) to help countries understand the value of SSNs and improve their capacity to design and implement the programs, as appropriate in each country’s context.</p>	<p>Increase SSN engagement in LICs. The Bank needs to maintain special efforts (financing and internal incentives) for LICs that permit countries to develop SSNs that will protect their poorest and prepare for shocks. Depending on the country context these may include: improving country capacity, adapting SSN programs to the institutional environment, improving poverty data and analysis to identify the particularly vulnerable groups and assuring donor coordination for SSNs (for financing and technical assistance) to increase efficiency of government programs.</p>	<p>Agree</p>	<p>Management agrees with the importance of continuing focusing efforts on improving capacity of LICs to deliver sustainable SSNs for the poor and also to protect access to basic services by the poor through all available instruments: lending, grants, AAA, training and knowledge-sharing activities. To continue efforts to improve capacity of LIC SSNs, the Bank is committed to the following actions:</p> <ul style="list-style-type: none"> <li>• The proposed 2012–22 Social Protection and Labor strategy identifies increased engagement in LICs as the key action to increase coverage of the poor by social protection. The strategy will emphasize deepening the Bank’s knowledge and practice for supporting work in LICs, adapted to different contexts and capacity levels. New SP&amp;L strategy developed, submitted to World Bank Board (FY12).</li> <li>• To implement this strategic direction, the Bank will continue and enhance capacity building and knowledge sharing activities for operational staff of the Bank and client countries focused on LICs. South South learning events and knowledge exchanges (FY12–14).</li> <li>• To maintain the existing momentum in IDA countries, the Bank will seek to sustain the engagement with LICs through continuous country dialogue, strategic AAAs, and other forms of capacity building. The Bank will commit to report annually on the range of activities in LICs and specifics of major country level engagements in LICs. Annual reports will provide details on country level engagement by regions and central vice presidential units in lending and nonlending services (FY12 onward).</li> <li>• To go beyond core work, the Bank will proactively seek additional donor resources to supplement Bank budget funding for SSNs capacity</li> </ul>

<i>IEG findings and conclusions</i>	<i>IEG recommendations</i>	<i>Acceptance by management</i>	<i>Management response</i>
			<p>building in LICs. Donor consultations for second round of RSR (FY12–13).</p> <ul style="list-style-type: none"> <li>• The Human Development practice with Poverty Reduction and Economic Management will invest in a suite of knowledge products in the next two fiscal years, including tools to improve data adequacy on SSN targeting and delivery of benefits (including gender differentiated data). New knowledge products on building blocks of SSNs in LICs produced and posted on safety net website (analysis conducted in FY12–13, posted FY14).</li> <li>• The Bank will continue its yearly coordination meetings on social protection together with the International Labour Organisation, United Nations agencies and all key bilateral and multilateral donors, as well as actively participate in country-specific donor coordination meetings. Ongoing annual donor coordination meetings and participation in other donor coordination activities (FY11 onward)</li> </ul>
<p>4. Project performance and quality of results frameworks: The Bank’s support for SSNs has been effective in helping countries reach short-term objectives and achieve short-term impacts, such as increased school attendance or immediate consumption. However, short-term SSN project objectives have not been adequately anchored in longer-term results frameworks. Anticipating and planning for complementary inputs from other sectors (including inputs on monitoring poverty and vulnerability) needs more attention. There is also a need to mobilize resources from outside the project cycle to track progress toward the longer-term objectives, including selective longer-term impact evaluations. Results frameworks for projects with SSN components focused insuffi-</p>	<p>Improve the results frameworks of Bank supported SSN projects to (1) more clearly identify and address the needs of specific groups of poor or vulnerable, and (2) identify how project objectives fit within longer-term objectives for development of country SSNs. This involves improvements in the quality of objectives, design, and monitoring within projects, as well as development of a longer term results framework for building effective SSN programs and systems.</p>	<p>Partially agree</p>	<p>Management partially agrees with this recommendation. Management agrees with and fully appreciates the need for improving results frameworks and of identifying project impacts on beneficiaries, as was borne out by our 2010 internal HDNSP results-readiness review. However, as long-term results and outcomes go beyond the scope of individual projects, management will focus on strengthening the application and consistency of medium term indicators in the results chain to monitor performance of projects, and through strategically targeted knowledge work. The Human Development network will also promote strengthened and consistent quality across the Bank through tools, analysis of outputs, impact evaluation and support to task team in results. The Bank has agreed to the following:</p> <ul style="list-style-type: none"> <li>• The Social Protection and Labor Sector Board will introduce the use of core sector indicators, as appropriate, for all new investment projects. New core sector indicators for social protection developed, validated and introduced (FY12).</li> <li>• The HDNSP anchor will review and, as necessary, amend the existing Results Readiness Guidance Note for SSN to strengthen the focus on medium term key performance indicators and their fit within longer term objec-</li> </ul>

MANAGEMENT RESPONSE

<i>IEG findings and conclusions</i>	<i>IEG recommendations</i>	<i>Acceptance by management</i>	<i>Management response</i>
<p>ciently on clearly identifying the poor and vulnerable target groups. (By the Bank’s definition, SSNs support programs targeted to the poor or vulnerable in some way.) Yet IEG found that objectives and performance indicators were often not specific enough to ensure effective monitoring of the effects of the project on the poor or vulnerable. Project objectives need to be defined more precisely, monitorable key performance indicators need to be better aligned with those objectives and accompanying M&amp;E arrangements need to track their performance.</p>			<p>tives.</p> <ul style="list-style-type: none"> <li>• HDN will reach support operational staff working on the results frameworks of Specific Investment Loans, Development Policy Loans and P4Rs and evaluation of safety nets components with tools, training and customized support via its toolkits, publications, website, training events, quality enhancement clinics and the like.</li> <li>• Regarding the above three points, support for results in projects (FY12 and onward).</li> </ul>
<p><b>5. Weighing Policy Options and Using Cost-Effectiveness Analysis:</b> The goal for SSNs, as in all areas of public policy, is to have the biggest impact possible for the least cost. For this reason, cost effectiveness analysis can be useful in assessing the cost per unit of impact of a particular policy and compare that result to other options. SSN operations have usually been undertaken without explicitly considering alternatives for achieving specific objectives (for example, by using cost-effectiveness analysis). This may be because of the lack of specific project objectives and indicators, the presences of indirect effects or the difficulty in obtaining data on benefits and cost. However, even where</p>	<p>Clearly define objectives and assess benefits, costs, and feasibility of policy alternatives to ensure the most appropriate use of SSNs. Comparing alternative options for reaching the specific objective(s) is particularly important in contexts of high poverty and tight budgets and encourages specific SSN objectives.</p>	<p>Partially agree</p>	<p>Management only partially agrees with this recommendation for reasons stated in the accompanying text. Management recognizes that at the broad intersectoral level, choices about whether to invest in safety nets or other sectors are made at the level of Poverty Reduction Strategy Papers, or with respect to country engagements, in the Country Assistance Strategy or Country Partnership Strategy. In its proposed actions, management follows IEGs’ suggested focus on the formulation lending operations, but with the understanding that at that stage of decision-making the range of options under consideration by government is rather narrow, essentially focusing on alternative features of a given type of program or more commonly, further development of an existing program. In the tools to improve consideration at this stage, the Bank will focus its efforts on the core objectives of poverty reduction through cash or in-kind transfers and building effective institutions.</p> <p>Three specific actions proposed are:</p> <ul style="list-style-type: none"> <li>• A series of SSN primers assessing the cost-effectiveness of different delivery systems for cash transfers, namely: beneficiary registry systems, payment systems and management information systems. These will be available to strengthen the economic analysis and design of the capacity</li> </ul>

<i>IEG findings and conclusions</i>	<i>IEG recommendations</i>	<i>Acceptance by management</i>	<i>Management response</i>
<p>impact evaluations have been conducted and provide precise evidence of benefits, this information has rarely been used to weigh various options or assess where the largest impact can be achieved for the least cost.</p>			<p>building or service delivery component of SSNs projects. Deliver a series of SSN Primer Notes on the cost-effectiveness of delivering cash transfers: beneficiary registries, payment mechanisms and MIS (FY12–14).</p> <ul style="list-style-type: none"> <li>The Social Protection ADEPT module reports on targeting effectiveness of SSN transfers. It will be applied across countries of the world to produce summary outcome indicators made available in Social Protection Atlas (including gender disaggregated data). “Social Protection Atlas” (first posted on Web FY12, fully launched and updated by FY13–14).</li> <li>To encourage more cost-effectiveness analysis within the panoply of impact evaluations, a new module on the topic will be developed and included as a component of the general impact evaluation regional training courses being coordinated by HDN Chief Economist’s office. Include a cost-effectiveness module in the general impact evaluation training courses (FY12 forward).</li> </ul>
<p><b>6. Bank Internal Coordination:</b> SSNs are a challenge within the Bank, as they fall within the supervisory responsibility of the Social Protection sector family, yet less than half of projects containing SSN components are managed by staff in that sector family. Sources of tension exist with regard to budget arrangements, task management, and accountability, although the extent varies by Region.</p>	<p><b>Improve internal coordination of SSNs.</b> Review budget systems to see if the incentives they create for managers and task team leaders constrain cooperation between Bank units. Share expertise across sectors and networks to enhance Bank support.</p>	<p>Agree</p>	<p>Management agrees with this recommendation.</p> <ul style="list-style-type: none"> <li>As part of ongoing business modernization, Management is strengthening sector boards to enable them to better manage the allocation of expertise across the Bank and revising the budgeting system for cross support to remove disincentives and encourage cross-unit collaboration and will report progress in the context of regular Board updates.</li> </ul> <p>Bank management is committed to continued strengthening of the SSN community of practice and its intersectoral linkages by:</p> <ul style="list-style-type: none"> <li>Ongoing review by Social Protection Sector Board of thematic coding system for new social protection lending and AAA activities, which will improve capacity to monitor portfolio and cross-sectoral linkages in operations with Social Protection components.</li> <li>Maintaining cross-sector board membership and ongoing coordination and dialogue between Human Development Network Social Protection and Labor and Poverty Reduction and Economic Management Poverty and Equity. Cross-Board membership and informal dialogue (continues FY11 and onward).</li> </ul>

MANAGEMENT RESPONSE

<i>IEG findings and conclusions</i>	<i>IEG recommendations</i>	<i>Acceptance by management</i>	<i>Management response</i>
			<ul style="list-style-type: none"> <li>• Reaching out to other sector teams with key SSN knowledge products and providing operational support to all teams engaged in SSN regardless of their sector affiliation. Dissemination across sectors of existing and new knowledge products, including proactively reaching out to task team leaders managing lending operations with SSN themes (FY12 onward).</li> <li>• Continuing consultation and collaboration in topical and key knowledge products by Social Protection and Labor, Education, Health, Nutrition, and Population; Poverty Reduction and Economic Management poverty, Agriculture and Rural Development, Sustainable Development Network as topical, for example, Social Protection and Labor staff will be involved in on-going products managed by other networks. Ongoing examples include:             <ul style="list-style-type: none"> <li>• Fuel subsidy reform and the role of safety nets—with the Energy Anchor, Sustainable Development Network.</li> <li>• Climate change adaptation and safety nets—with Social Development.</li> <li>• Nutrition and Social Protection/scaling up nutrition—with Health, Nutrition, and Population.</li> <li>• Food price monitoring—with Poverty Reduction and Economic Management poverty</li> <li>• Labor market work on informality—with Poverty Reduction and Economic Management poverty and Finance and Private Sector Development.</li> </ul> </li> </ul>

## **Chairperson's Summary: Committee on Development Effectiveness**

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On May 25, the Committee on Development Effectiveness (CODE) considered the document *Social Safety Nets—An Evaluation of World Bank Support, 2000-2010* prepared by the Independent Evaluation Group (IEG) and Draft Management Response.

### **Summary**

In its statement, IEG provided the global context, underscoring the urgency of developing adequate social safety nets as a cushion against shocks on the poor and vulnerable and to countries' poorest when not in crisis. The evaluation assessed the Bank's effectiveness and relevance in helping countries to develop and implement SSNs in the past decade and to determine trends to help inform future support, drawing on evidence from the portfolio, country cases, and other sources. In its opening remarks, Management welcomed this timely and relevant evaluation, which echoes Management's strategic directions for the proposed *Social Protection and Labor Strategy for 2010-2022*, (SP&L Strategy), under preparation--the Concept Note was discussed by CODE in January 2011. Management broadly agreed with IEG's recommendations including the need for greater emphasis on SSN programs and systems to prepare countries better for shocks and greater emphasis on low-income countries. Management agreed with the need to strengthen the results framework for SSN projects and evaluate longer-term impacts of projects, but noted minor differences about how this might be achieved. IEG emphasized that development impact of SSNs requires a country team effort, and accountability extends beyond those working on social protection. It also underlined the need to ensure that Bank-supported interventions be appropriately anchored in a strong results framework and viewed as part of a road map of helping achieve countries' longer-term development objectives aspired with SSNs.

The Committee appreciated IEG's comprehensive evaluation and Management's Draft Response. Members stressed the need to focus on the long-term development impacts of SSNs, while recognizing the difficulty in designing a comprehensive and systemic results framework that could assess both short-and-long-term needs. They agreed with enhanced focus on low-income countries (LICs), while underscoring that this focus should not divert attention away from middle-income country (MIC) needs. Also highlighted was the need to leverage the Bank's SSN experience to date and to put in place systems/cushions for unexpected shocks and crises. As the IEG evaluation noted, when hit by the recent food, fuel and financial crises, the vast majority of countries were not well prepared to respond. Members raised questions about the sustainability of SSNs, emphasizing the need for prudent choices of instruments, target groups—including addressing gender issues--benefit levels, and the use of innovative financing schemes. They stressed due consideration of political economy issues. The need for a systemic approach to SSNs, based on country-appropriate institution building over time and complimentary interventions was noted, as were the importance of South-South learning and technical assistance. Questions were raised regarding broadening the narrow definition of SSNs, including looking at more traditional systems of social protection. Members also highlighted the importance of addressing inter-generational transmission of poverty.

Anna Brandt, Chairperson

# Statement of the External Advisory Panel

*Armando Barrientos, Ravi Kanbur, Gordana Matkovic*

Social safety nets (SSNs) are an important component of effective development strategies in a world where chronic poverty and inequality persist and where global economic developments present opportunities as well as risks. As part of an overall framework of poverty reduction, protecting the poor and most vulnerable from the consequences of these new risks and from the normal risks they face, as well as targeting resources for poverty reduction through transfers, is a key role for governments in developing and transition economies. It should therefore be a central plank in the World Bank's support to its member countries. This Independent Evaluation Group (IEG) assessment will be an important input to the ongoing discussions on developing the World Bank's new strategy for social protection.

We follow the Bank's definition of SSNs as "noncontributory transfers targeted in some way to the poor and vulnerable...[to]... address chronic poverty and inequality, help the poor invest in developing human capital, and protect the poor and vulnerable from individual and systemic shocks, including during economic reforms." Of course this is just one part of an overall system of public intervention in pursuit of poverty reduction, but it is an important and growing component. The Evaluation provides very useful information on the extent to which the Bank has expanded its support to SSNs, and shows that the major expansion has come in middle-income countries (MICs) rather than in low-income countries (LICs).

The evaluation finds that the Bank's SSN projects do better on average than Bank projects in other sectors; further, the gap is more marked in LICs. This is an encouraging basis on which to examine the details of Bank support to SSNs, with a view to improving its effectiveness. There are several dimensions along which improvements can be made.

Perhaps the most important recommendation of the evaluation is that support for SSNs needs to be treated systemically and systematically, rather than as one-off interventions in response to crises or particular political exigencies. The emphasis needs to be placed on institutional building. This recommendation flows from the evaluation's detailed assessments on the design and performance of SSNs supported by the Bank, and to some extent it encapsulates the other recommendations: to engage governments in dialogue on SSN in "normal times," to develop results frameworks that incorporate short term objectives with

the goal of reaching longer-term development impacts, and to improve the internal coordination of the Bank's support to SSNs.

Although the actual modality of financial support for SSNs will be through individual operations, the evaluation makes clear that success of these operations depends on locating the support within an overall assessment of the needs left uncovered or inappropriately covered by the current collection of interventions, and an agreed strategy to move toward a system of social protection more broadly conceived. A comprehensive social protection assessment, done not under crisis conditions but in the framework of an ongoing dialogue with the government, can reveal gaps in coverage, inefficiencies in the existing interventions, and the data and monitoring and evaluation requirements. It can also lay the foundations for a results framework for SSN operations, which the evaluation emphasizes have been insufficiently focused on the poor and vulnerable. Such an assessment, done jointly with the government, is essential in developing a SSN strategy for the country and for identifying further interventions, project or analytical, that the Bank can support, including institutional strengthening for analysis design and implementation of SSNs.

With this background, we would like to highlight three issues on which Bank management should commit a response in light of the findings and recommendations of the evaluation.

First, management should commit to raising the issue of such a systemic assessment with country governments and, where there is a demand, work with the government and local analysts to produce an operationally oriented comprehensive social protection assessment as part of the overall dialogue on growth and poverty reduction. As the findings of the report indicate, it is important that the assessments include close attention to the political economy and institutional environment within which SSNs work or are expected to work, in addition to more technical design and implementation issues.

Second, in the light of the findings in this report, it makes sense for the Bank to reflect further on the factors preventing a stronger engagement with SSNs in LICs and to explore ways in which a more balanced approach could be achieved. There is already sustained dialogue on social protection in some MICs, and this can be built on. But it is particularly important to extend this to other countries, and it is particularly important in LICs where, as the analysis in the evaluation shows, the lack of experience with SSNs, for the Bank and the government, may become a self-fulfilling prophecy. The issue may be left underexplored and underinvestigated, despite the manifest needs of the poor.

Third, Bank management should commit itself to improving coordination across various units that engage in SSN activities. As the evaluation makes clear,

SSNs are a challenge within the Bank, as they fall under the general responsibility of the Social Protection Sector, yet less than half of projects containing SSN support fall under that Sector board. SSNs involve all networks and 13 sector boards.... Analytical work is often undertaken by regional Poverty Reduction and Economic Management (PREM) Network Poverty units, investment projects and technical knowledge of SSNs are housed in the regional Social Protection department (which also produce considerable analytic and advisory activities), and multisectoral Development Policy Loans involving SSN components are supported by the regional economic policy unit within PREM. IEG research on the Bank's organizational structure and its affect on SSN work indicates that although the matrix system enables expertise to be drawn from various areas, it also risks making coordination challenging. It creates weak incentives for collaboration, and ultimately affects the quality of the work in countries.... Yet accountability mechanisms are inconsistent with the multisectoral nature of the work involved, as there is no clear mechanism of cooperation, recognition, or quality control procedures for cross-sectoral situations.

The evaluation itself does not have much in the way of concrete suggestions for improvement, although it does point to good practices like the Global Expert Team. Moreover, issues of matrix management are of course broader than for SSNs alone. However, Bank management should respond to the findings of the evaluation by setting out how it proposes to address the organizational challenges identified by the evaluation in the specific context of SSNs.

To conclude, we welcome this evaluation. The Bank has responded vigorously to the needs for SSNs, especially during the recent crises. IEGs findings and recommendations can serve to underpin a strengthening of the Bank's support to SSNs, especially in taking a systemic and systematic approach to the problems, expanding coverage in LICs, and in improving internal Bank coordination in working on SSNs.

# Chapter 1

## Introduction

### Social Safety Nets and the Functions They Serve

Social safety nets (SSNs) are critical to reducing poverty because they support inclusive growth and provide resources to the most vulnerable in society. Although the World Bank traditionally viewed them as mechanisms for redistributing income and improving the welfare of those unable to participate in productive activities, SSNs are now also seen as critical for the growth agenda.<sup>1</sup>

This evaluation is guided by the operational definition of SSNs most often used by the World Bank: a set of noncontributory transfers targeted in some way to the poor and vulnerable.<sup>2</sup> This definition is quite narrow, as it refers to only targeted programs and focuses only on the poor and near poor. SSNs are a subset of broader social protection programs supported by the Bank<sup>3</sup> as well as broader poverty alleviation programs. This definition corresponds to five “functions” (or objectives) of SSNs:<sup>4</sup>

- **Function 1:** Reduce chronic poverty and inequality.
- **Function 2:** Encourage more and better human capital investments among the poor to provide the opportunity to exit *poverty*.
- **Function 3:** Enable the poor to manage risk from individual shocks.
- **Function 4:** Enable the poor to manage risk from systemic shocks.
- **Function 5:** Protect the poor if necessary during broader economic reforms.

SSN programs in the Bank’s portfolio support the following SSN instruments: cash transfers (conditional and unconditional); in-kind transfers; education/health subsidies; energy, water, and housing subsidies; and public works programs.

The operational definition of SSNs is intended to delineate a specific type of Bank support. In practice, however, it is often difficult to draw lines between different types of government policies and programs designed for social protection, poverty reduction, risk management,

#### *Evaluation Essentials*

- ❖ The definition of SSNs used throughout this evaluation is government programs involving noncontributory transfers targeting in some way the poor and vulnerable.
- ❖ The past decade has highlighted the need for SSNs in all countries.
- ❖ Bank engagement in SSNs has expanded rapidly since the food, fuel, and financial crises.
- ❖ The purpose of the evaluation is to assess how effective and relevant the Bank has been in helping countries develop SSNs.

or improving equity.<sup>5</sup> For example, some countries have universal programs protecting the poor and non-poor, yet these would not be included in the Bank's definition of SSNs because they are not targeted to the poor<sup>6</sup> despite serving as important components of a countries' poverty alleviation strategies. SSNs are but one of a variety of tools designed for poverty reduction, social risk management, and social protection. They can contribute to achieving each of these goals, but they do not constitute all the tools available to achieve any of them (Holtzman 2009).

In addition to poverty objectives, SSNs also serve important political, social, and security purposes in some countries. In fragile states or countries that are in conflict or emerging from conflict, SSNs are often used to demonstrate state power and the ability to provide basic programs to citizens and thus maintain some level of authority and popularity. In Latin America and the Caribbean, the political agenda has involved tackling the high level of inequality through SSNs. In the Middle East and Africa, and some other countries, such as Jamaica, SSNs have sometimes aimed to keep young people employed to minimize political and security concerns. In Bosnia and Herzegovina, Nepal, and several fragile states in Africa, SSN transfers have also been targeted at ex-combatants to help reintegrate them into society.

Although nonpoverty objectives can motivate the design and implementation of SSNs, the Bank, with the overall mission of poverty reduction, generally does not directly support such objectives. This evaluation, through its country case studies, acknowledges the relevance of addressing critical issues in a particular country context; however, it primarily evaluates the Bank's support to SSNs based on objectives that focus on poverty and vulnerability.

The recent food, fuel, and financial crises have underscored the need to develop SSNs in all countries.

Recent crises have underscored the urgency of developing SSNs in all countries. The importance of SSNs was highlighted over the past decade as a series of international economic crises—in East Asia, the Russian Federation, and South America—and the recent global crises sharply increased poverty. The fuel, food, and financial crises of 2007–08, which affected a majority of Bank clients,<sup>7</sup> provided the most dramatic justification for effective SSNs. The World Bank estimates that the three crises pushed approximately 64 million additional people into extreme poverty (below \$1.25/day) in 2010, and 40 million additional people went hungry in 2009 because of the crises.<sup>8</sup> These crises reversed previous gains in poverty reduction and intensified the hardship of those who were already trapped in poverty.

Even before the economic downturn, however, many countries were not on track to achieve the Millennium Development Goals and were suffering socioeconomic consequences of increasing weather variability.

ty, natural disasters, and internal conflicts. In such situations, SSNs may be used to protect vulnerable people by providing liquidity, offering short-term employment, and discouraging negative coping mechanisms.

Countries generally spend 1–2 percent of gross domestic product (GDP) on poverty-targeted SSNs.<sup>9</sup> In Latin America and the Caribbean, where reforms have focused on consolidating existing SSN programs and implementing transfer programs to serve as the backbone of social assistance, total SSN spending is around 1.3 percent of GDP (Weigand and Grosh 2008). Individual SSN programs supported by the Bank are usually less than 0.5 percent of GDP, with the Bank's contribution ranging from very small (9 percent of total program cost in Brazil's *Bolsa Familia* conditional cash transfer [CCT] program) to very substantial (100 percent in Macedonia's CCT program<sup>10</sup>). Some SSN programs are ongoing, established programs integrated into state budgets, and others are more ad hoc, donor-driven projects.

Some governments spend significantly more on programs to protect the poor (and others) using broad instruments, such as general subsidies, rather than narrowly targeted ones, and provide compensation to categorical groups considered vulnerable. This is especially common in the Eastern Europe and Central Asia and the Middle East and North Africa Regions. In Bosnia and Herzegovina, for instance, veterans' benefits represent more than 2 percent of GDP, and in the Republic of Yemen, general subsidies cost close to 8 percent of GDP in 2009. Untargeted programs are not SSNs as defined by the Bank, yet they are treated as such by governments because they are among the instruments intended to protect the poor and vulnerable. Table C.2 in appendix C shows spending levels for targeted and untargeted SSNs in selected countries.

## Bank Engagement in Social Safety Nets

The Bank's first strategy for social protection was produced in 2001 and included a detailed elaboration of the objectives of SSNs as well as the broader social protection agenda (World Bank 2001). The strategy focused on a "social risk management" framework that identified the key sources of risk faced by households and sought to develop a range of instruments, rather than free-standing projects, to address those risks.

Although the Bank's definition of SSNs is narrow, the social protection strategy encourages a more fluid approach to addressing risk, with SSNs just one of several possible types of instruments to develop a social protection system serving the poor and non-poor. This strate-

Bank engagement in SSNs grew rapidly over the decade, particularly after the recent crises.

gy was intended to guide the Bank's lending, analytical work, and dialogue in the sector throughout the past decade. A revised strategy is now being prepared to assess past performance of the sector and indicate new or renewed directions for Bank attention.

During the past decade, World Bank engagement in SSNs expanded rapidly, particularly since the food, fuel, and financial crises. From FY00 to FY10, the Bank committed more than \$11.5 billion to support SSNs in 244 loans in 83 countries and spent more than \$60 million on analytic and advisory activities (AAA). More than half of the volume of the Bank's lending and a third of its loans have occurred since FY09 as part of the Bank response to the ongoing crises and a major increase in government interest in Bank support. The use of Rapid Social Response trust funds and the International Development Association (IDA) crisis window has enabled engagement to spread to low-income countries (LICs), as reflected in the spike in projects and AAA, particularly in the Africa Region.

## Objectives, Scope, and Methodology of the Evaluation

This evaluation assess how relevant and effective the Bank has been in helping countries develop SSNs.

The purpose of this evaluation by the Independent Evaluation Group (IEG) is to assess how effective and relevant the Bank has been in helping countries develop SSNs to protect the poor and vulnerable. It seeks to understand what drives both SSN performance and the Bank's effectiveness. It offers lessons for informing future support.

Although the Bank has been actively involved in SSNs for the past decade, IEG has never evaluated this work.<sup>11</sup> But with the acceleration of demand for SSN support by the Bank, it is timely that IEG evaluate this area of assistance to help inform future support. And with the most recent crises fading, it is important to look again at country and Bank responses to learn how well countries were positioned to protect their poor and vulnerable and what lessons there may be for future support.

It draws on evidence from the portfolio, country cases, and a variety of other sources.

The evaluation examines the Bank's support to SSNs during the past decade (FY00–FY10). Given the rapid growth and evolution of SSN work, every effort is made to examine trends within the decade. The evaluation covers the full portfolio of SSN lending operations approved since FY00 as well as AAA,<sup>12</sup> global knowledge sharing, and the Bank's engagement in SSN dialogue at the country level.

The evaluation draws evidence from several sources (described in more detail in appendix B):

- A portfolio review of 244 loans (investment and policy based) supporting SSN development approved during FY00–10, trust

- funds, and AAA. For a description of the portfolio review construction, coding, and analysis, see appendix B, § I.
- Thirty country case studies, 25 of which were randomly selected, in-depth desk studies, and 5 purposefully selected field studies. The purpose of having a large number of country case studies is to better understand the context of the Bank’s engagement and when it has been most effective. It enables assessment of the Bank’s relevance in countries – that is, whether the Bank has addressed the right issues given country economic, political, institutional, and cultural circumstances. Random selection (stratified by region) was done to ensure that a wide range of SSN experiences was captured, from very active to less active Bank roles. Case studies involved extensive desk reviews as well as interviews with Bank staff, management, and clients. For a description of the methodology, including sources used for the case studies, structured and semi-structured questions, and how case studies were used for quantitative and qualitative analysis, see appendix B, § VI.
  - An electronic survey of staff working on all Bank client countries to better understand Bank and country response to the food, fuel, and financial crises with regard to SSNs. Responses were received from staff working on almost half of Bank client countries (65). For a full report of the survey findings, see appendix B, § VII.
  - An in-depth literature review of 137 impact evaluations on SSNs. This review examined evidence regarding what works and under what conditions, distribution of benefits, sustainability of benefits, and emerging lessons. Of the programs evaluated, 24 were Bank supported. Two new impact evaluations (in Colombia and Pakistan) examined longer-term impacts of CCTs. Impact evaluations have focused heavily on SSNs, and thus this evaluation has a great advantage of being able to draw from this large body of literature on development impact. For the full report on impact evaluations, see “Evidence and Lessons Learned from Impact Evaluations on Social Safety Nets” (IEG 2011c); “Do Conditional Cash Transfers Lead to Medium-Term Impacts? Evidence from a Female School Stipend Program in Pakistan” (IEG 2011b); and “Assessing the Long-Term Effects of Conditional Cash Transfers on Human Capital: Evidence from Colombia” (IEG 2011a).
  - A series of background studies that draw on the literature, portfolio analysis, case studies, and additional interviews to examine specific topics: public works programming in the Bank’s SSN portfolio, social safety nets in low-income countries, development policy loans (DPLs) for SSNs and their distributional impacts on the poor, the political economy of SSN programs, how the Bank’s organizational structure affects assistance for SSNs,

the impact of country decentralization on SSNs, the application of the Bank's 2001 strategy for SSNs, SSN results framework analysis, and SSN global knowledge. Methodologies and key findings from each source are listed in appendix B.

- Semistructured client feedback on the Bank's contribution to their country SSNs. This was received through various sources, including five field-based case studies (including two Project Performance Assessment Reviews), tracer interviews with participants of past global or regional learning events (such as the Istanbul CCT conference and the Latin America and the Caribbean Region CCT Learning Circle), and interviews conducted for two new impact evaluations.

## Organization of the Report

The rest of the report is organized as follows. Chapter 2 examines the trends in World Bank support for SSNs. Lending is only one tool that the Bank has to assist countries with the development of SSNs: AAA (both economic and sector work (ESW) and nonlending technical assistance), trust funds, and global knowledge are also examined.

Chapter 3 evaluates the effectiveness and sustainability of the Bank's lending for SSNs. The SSN portfolio has grown during the past decade and includes several different types of SSN programs (cash transfers, public works programs, and others) supported through various lending instruments (investment loans, emergency loans, DPLs) in both International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA) countries. Understanding the context of these disbursements, including objectives set for the operations, is important for learning what works best and for assessing the use of more than \$11.5 billion. This chapter also examines risks to fiscal, political, and institutional sustainability of Bank-supported projects and development impacts of SSN programs.

Chapter 4 looks more broadly at the Bank's engagement on SSNs in two ways. First, it looks beyond Bank lending to overall Bank assistance (lending, AAA, knowledge sharing, and dialogue) and examines how relevant and effective the Bank has been in supporting countries as they build SSNs. Second, it assesses how well the Bank has helped countries develop SSN systems and institutions to address a range of poverty and vulnerability issues.

Chapter 5 lays out the most important factors related to the nature of the Bank's engagement in SSNs. It does this by examining political economy factors within the country and how the Bank took country factors into account when engaging on SSNs. The evaluation further

examines the nature of the Bank's engagement on SSNs by looking at the timing of Bank involvement; the awareness of institutional conditions within the countries; the flexibility and adaptability of Bank's support within a context of sustained engagement; internal and external coordination of Bank support; and the link to the broader Bank dialogue and country strategy, including poverty reduction and growth.

Chapter 6 draws lessons and presents recommendations for future Bank support to countries in developing effective and relevant SSNs.



# Chapter 2

## Allocation of the World Bank's Support for SSNs

The World Bank supports countries in developing and implementing SSNs through a range of channels, including lending and AAA (ESW, nonlending technical assistance, global knowledge sharing, and research and evaluation). All these tools provide opportunities for dialogue. They are usually used in combination to advance the SSN agenda in a country. These channels interact with the country's economic, political, and institutional conditions to enable the Bank to have an impact. This chapter examines trends in the use of each of these channels over the past decade (FY00–FY10).

Overall, IEG found that SSNs are a growing and evolving area of Bank work. This is reflected in Bank engagement as measured by lending, projects, AAA (particularly nonlending technical assistance), research studies and evaluations, and the use of lending instruments. The Bank's involvement in SSNs increased sharply in the past two years, as these constitute one of the main mechanisms through which the Bank responded to the food, fuel, and financial crises. Indeed, lending for SSNs jumped from three percent of total Bank lending throughout much of the decade (FY00–08) to six percent (FY09–10). The Bank played a positive countercyclical role in financing SSNs, but the volume of its lending over the decade has been dominated by a small number of middle-income countries (MICs). Trust funds and the IDA crisis window have been critical in countering the asymmetry in Bank lending, enabling broader engagement in lower-income countries and an increase in the number of Bank-supported SSN programs, particularly in Africa.

### The SSN Lending Portfolio

Between FY00 and FY10, the World Bank loaned \$11.5 billion to support SSNs through 244 loans to 83 countries (see list of projects in the portfolio in appendix B.I, table B.2). Most operations that support SSNs are multisectoral and involve several components, including those focused specifically on SSNs as well as those that are not. IEG

#### *Evaluation Essentials*

- ❖ SSNs are a dynamic and growing area of Bank work.
- ❖ The Bank's assistance to SSNs has been countercyclical and has increased sharply in response to the food, fuel, and financial crises.
- ❖ SSN lending has been dominated by a few large middle-income countries each year, although many others engage with the Bank through smaller loans or technical work.
- ❖ SSNs represent a larger share of lending and nonlending activity in middle-income countries than in low-income countries.
- ❖ IDA trust funds have enabled more engagement in lower-income countries, especially in Africa.

Between FY00 and FY10, the Bank loaned \$11.5 billion to support SSNs.

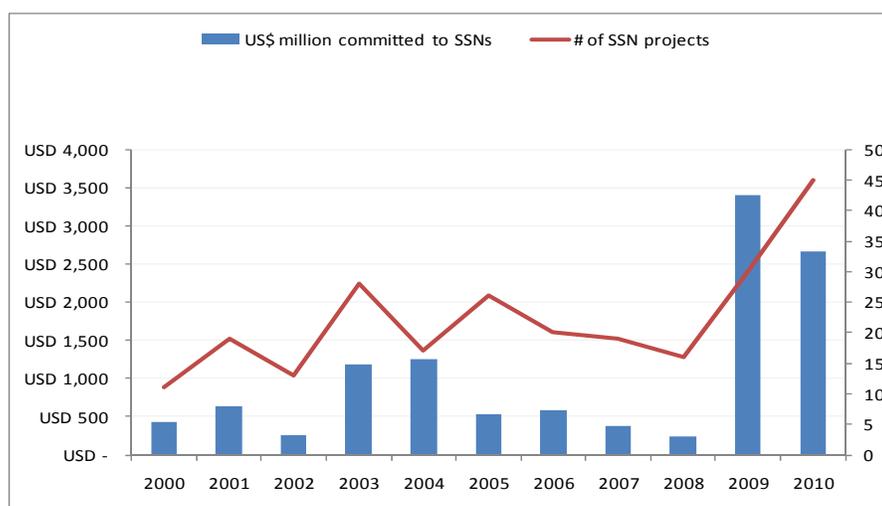
carefully reviewed project documents to determine the characteristics and performance of each specific program. SSN lending figures represent only the SSN component of the larger operation. (More details of the filters used to extract this portfolio can be found in appendix B.I.) The portfolio includes investment loans and development policy lending (including, for example, DPLs, to IBRD countries and Poverty Reduction Support Credits, to IDA countries).

COMMITMENTS

Bank lending for SSNs has increased during periods of crisis.

Throughout the decade, Bank lending for SSNs increased during periods of crisis, with a particularly strong spike in 2009 and 2010 with the food, fuel, and financial crises (figure 1).<sup>1</sup> The Latin America and the Caribbean Region dominates, with more than 60 percent of lending (figure 3). In terms of number of projects, the regional distribution is spread mainly over Latin America and the Caribbean (31 percent), Africa (25 percent), and Europe and Central Asia (21 percent) (figures 2 and 3).

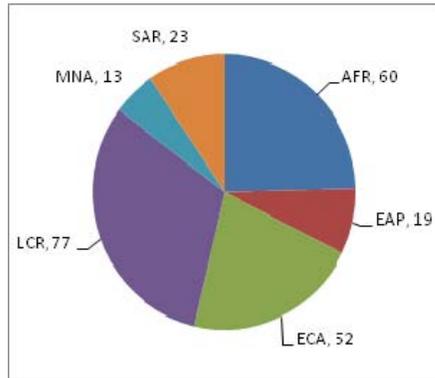
Figure 1. Trends in World Bank Commitments and Project Approvals (\$ millions), by Fiscal Year of Approval



Source: IEG portfolio review.

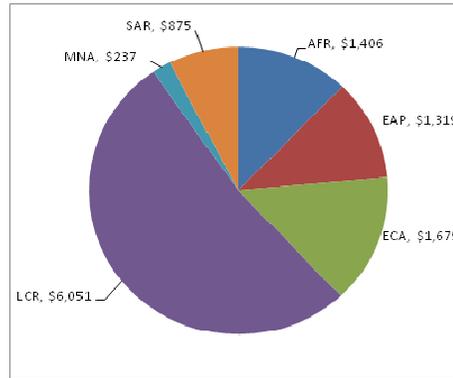
The Bank has actively supported SSNs in low-income countries (LICs)<sup>2</sup> and MICs,<sup>3</sup> but its support has been larger for MICs. MICs accounted for 62 percent of total Bank projects supporting SSNs and 79 percent of total SSN lending over the period, whereas LICs represented 38 percent of total projects and just 21 percent of total lending. As loans to MICs have been substantially larger than those to LICs,<sup>4</sup> the share of lending has been higher than the share of projects in MICs.

Figure 2. Projects Supporting SSNs by Region



Source: IEG portfolio review.

Figure 3. SSNs Commitments by Region (\$ millions)



Source: IEG portfolio review.

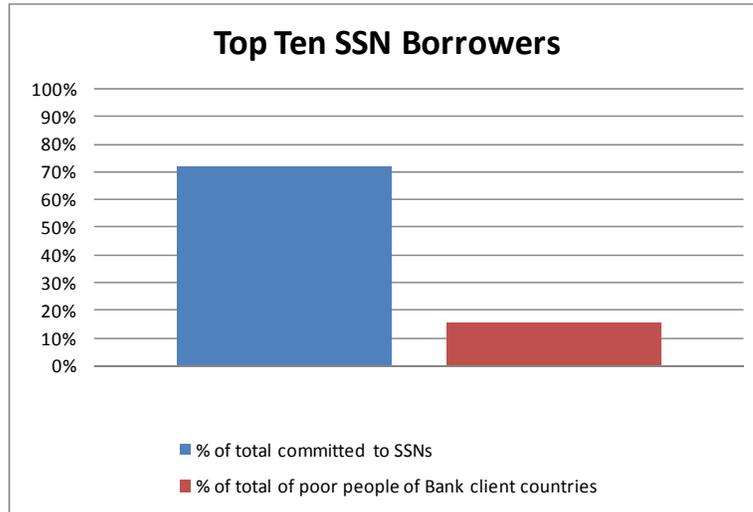
Despite the greater emphasis on MICs, more LICs had Bank-supported SSNs than MICs. Sixty-eight percent of LICs had at least one operation supporting SSNs throughout the decade; 59 percent of MICs did. MICs that borrowed from the Bank for SSNs were more likely to have a series of Bank-supported operations (and AAA) over time supporting institutional development. In contrast, in LICs, projects were distributed more thinly over more countries, with greater emphasis on emergency response than ongoing institution building.

Over the past decade, SSN lending has been dominated by one or two large borrowers each year, and a small number of countries have dominated the SSN lending portfolio over the decade. The top 10 borrowers for SSNs over the decade represent 70 percent of Bank SSN lending (see figure 4). Yet these countries represent only 15 percent of poor people in Bank client countries.<sup>5</sup> This concentration of lending has been mainly to MICs with large Bank lending programs, with the exception of Ethiopia and Pakistan. (When the SSN lending is compared to overall Bank lending, the results are reversed: the top 10 borrowers represent 52 percent of Bank lending and 68 percent of the poor).<sup>6</sup>

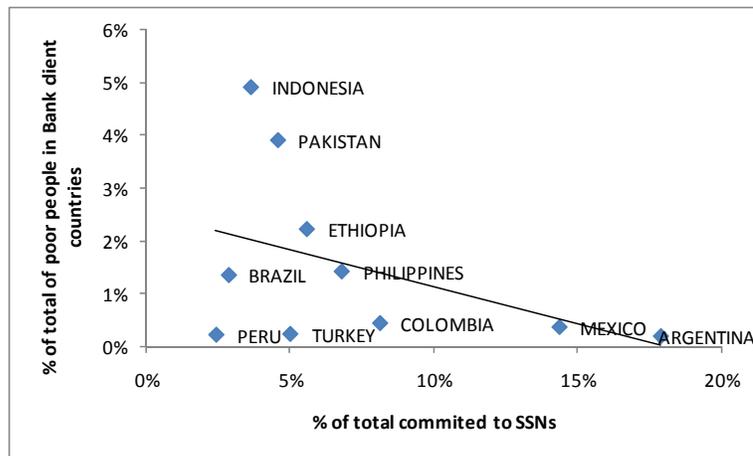
The larger portion of support has gone to MICs, though the top borrowers account for a relatively small portion of global poverty.

Figure 4. Top 10 SSN Borrowers

A. 70 Percent of Borrowing, But only 15 Percent of Client Poverty



B. Mainly Middle-Income Countries



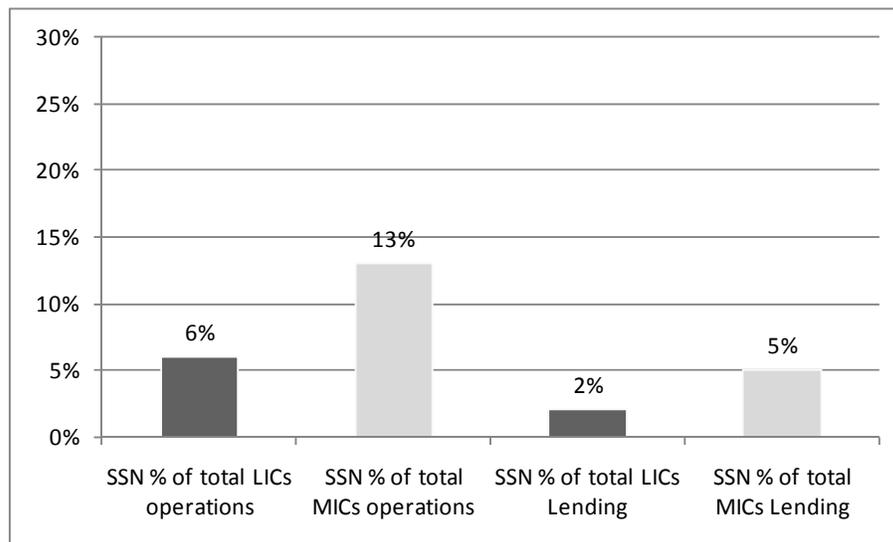
Sources: IEG portfolio review and World Development Indicators.

Note: Poverty Data: FY00–07. Commitment data: FY00–10. Appendix D, table D.3, presents SSN lending and poverty by countries.

SSNs have played a more important role in the Bank's engagement in MICs than in LICs.

In addition to more Bank resources going to MICs, SSNs have played a more important role in the Bank's engagement in MICs than in LICs. Over the decade, SSNs represent 2 percent of total LIC commitments and 6 percent of LIC operations, compared with 5 percent of MIC commitments and 13 percent of MIC operations (figure 5).

Figure 5. SSN Operations and Lending as a Percentage of Total World Bank Operations and Lending, by Country Income Level



Source: IEG portfolio review.

There are several reasons why SSN lending for programs that by definition target the poor and vulnerable goes to clients with fewer poor people: MICs generally borrow more than LICs, given their higher borrowing and spending capacity. (See appendix C, table C.1 for differences between LICs and MICs.) The Bank's lending ceilings for MICs are higher than for LICs, which have more constrained IDA allocations. Also, SSN programs (both Bank supported and non-Bank supported) already exist in MICs to some extent, though they are often inefficient, so countries borrow for institutional strengthening and scaling up. (Government institutional capacity building was an objective in only 24 percent of the projects supporting SSNs in LICs, compared with 57 percent of the projects supporting SSNs in MICs.) SSN support to MICs is often through a series of loans over time, whereas in LICs, projects are thinly spread over more countries and are more limited in scope. Regression analysis indicates that volume of Bank SSN lending is correlated with the past volume of SSN lending, volume of overall Bank lending, and countries that underwent an economic crisis earlier in the decade.<sup>7</sup>

LICs, in contrast, have high levels of poverty, weak administrative capacity, and many pro-poor programs competing for support. So even if their overall focus on poverty reduction is greater than in MICs, their capacity to borrow for targeted SSNs may be lower. SSN programs in LICs have focused more on immediate crisis response and piloting different SSN programs and less on institution building and scaling up or restructuring existing programs; these types of projects often require more resources over time than short-term or pilot efforts. Finally, in LICs, other donors often provide grant financ-

The capacity of LICs to borrow for targeted SSNs is constrained.

ing for SSNs (but not for other “hard investments”), and thus countries may prefer to borrow, even at IDA rates, for other sectors.

In addition to the differences in country demand by MICs and LICs, the Bank's internal structure has served to accentuate, rather than mitigate this disparity. Greater ongoing lending to MICs provides additional Bank resources (for SSN loan preparation and supervision) with which to engage in dialogue and further stimulate country demand for SSNs. So the existing lending patterns favor engagement with MICs. (As mentioned above, a significant predictor of Bank SSN lending is the volume of prior SSN lending.)

In addition, whereas Bank-funded AAA could help strengthen country capacity, it has also been directed heavily toward MICs, which receive about three times as much of these resources as LICs (see Countercyclicality of World Bank Support, below). Indeed, until recently (see Trust Funds, below), the Bank's country presence in LICs on SSNs has been very modest, providing fewer opportunities to engage in dialogue, offer capacity building, and stimulate interest in SSN programs. This was particularly evident during the food, fuel, and financial crises, when the Bank was constrained in its ability to provide support because of weak institutions, lack of data, and lack of SSN programs (see next paragraph).

#### TRUST FUNDS

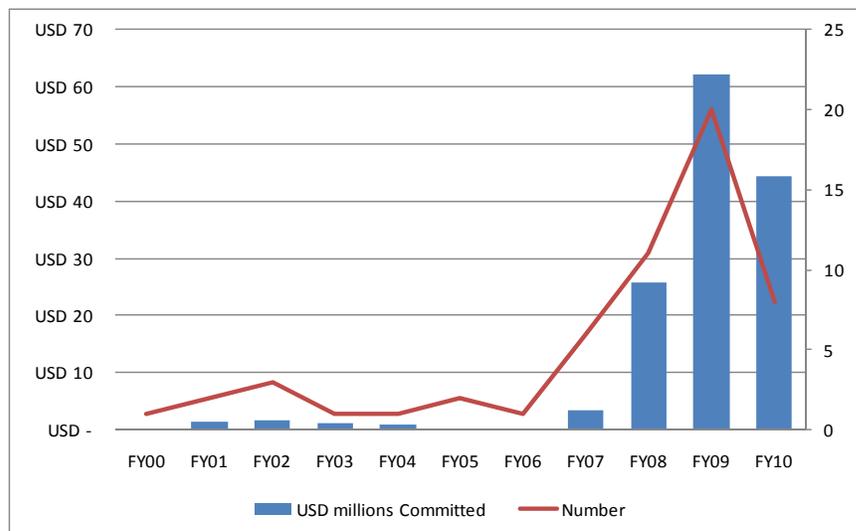
Over the past decade, recipient-executed trust funds<sup>8</sup> provided \$141 million for SSNs. After the food, fuel, and financial crises, activities supported by trust funds increased significantly, mainly in LICs. That increase is attributable to the Rapid Social Response (RSR) Program (figure 6). The RSR Program leveraged trust fund support for a total value of \$61.3 million for SSNs, along with the IDA crisis window (\$1.3 billion, to support additional efforts in LICs).

Trust funds and IDA crisis funding have enabled increased SSN engagement in LICs.

In the latter part of the decade, RSR trust funds and the IDA crisis window have enabled more engagement in LICs and increased the number of projects in Africa. Responses to the IEG food, fuel, and financial crises staff survey indicate that 23 percent of LICs received support from trust funds during the crises. (For a full report of the survey findings, see appendix B, § VII.) The RSR used three main funding vehicles: the Catalytic Trust Fund<sup>9</sup> (\$2.8 million), the SSN Central Contingency Fund<sup>10</sup> (\$ 3.92 million) and the Multidonor Trust Fund (\$58.5 million).<sup>11</sup> These trust funds primarily supported Bank-executed AAA (ESW, country-level technical assistance, and capacity building) and direct grants for pilot activities and for scaling up program benefits in IDA-eligible countries, as well as knowledge management activities in both IDA and IBRD countries. Around 76 percent of these funds were used in SSN activities; the rest were divided

between access to basic services for the poor and labor market interventions.

Figure 6. Trends in RETF Expenditures (\$ millions)



Source: IEG portfolio review.

Note: RETF = Recipient-executed trust fund.

Evaluating the use of these funds is not possible at this time, because of the short time since their allocation. Nevertheless, building capacity, data, and institutions for SSNs in LICs is a very positive development, given that these were all cited in responses to IEG's survey as constraints to the Bank during the recent food, fuel, and financial crises. (For a full report of IEG's survey findings, see appendix B, § VII.)

#### OPERATIONAL OBJECTIVES

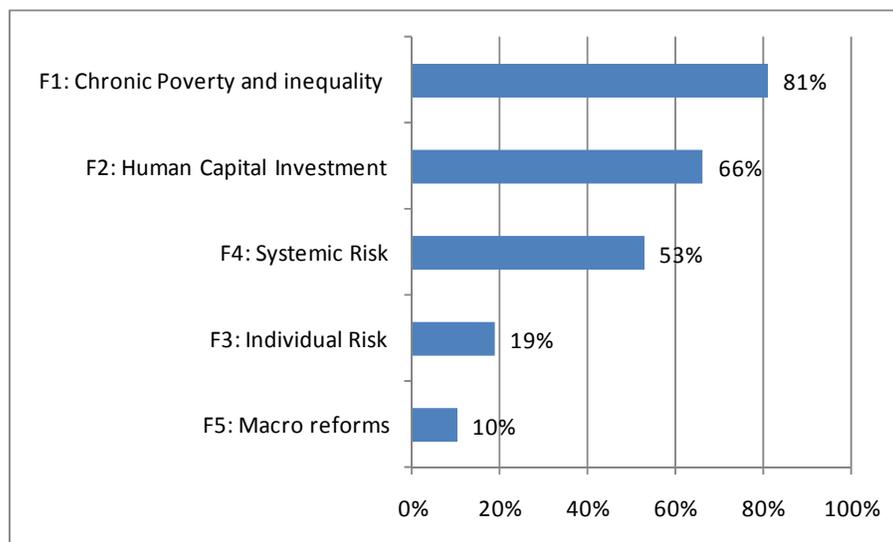
Improving government institutional capacity was the top objective for operations supporting SSNs. Although 45 percent of operations supporting SSNs involved institutional capacity building, clear differences exist between MICs and LICs. More than half of projects in MICs supported institutional capacity building as a stated objective, but only a quarter of projects in LICs pursued this objective. Other objectives (in decreasing order) included the following:<sup>12</sup> access to public services, quality of service delivery, human development outcomes, temporary income support, improving efficiency of public expenditures, addressing the effects of crisis, and improving access to economic opportunities. Notable differences in objectives between LICs and MICs include fiscal efficiency (26 percent of projects supporting SSNs in MICs versus 13 percent in LICs) and community empowerment and nongovernment capacity building (18 percent in LICs versus 9 percent in MICs).

Over the past decade, the Bank supported SSNs mainly as instruments to reduce chronic poverty and inequality and improve human

SSNs have mainly been used to reduce chronic poverty and inequality.

capital investment of the poor, despite the emphasis of the 2001 social protection strategy on addressing risks (figure 7). Nevertheless, the Bank's operational support (lending and nonlending) has contributed to the development of SSNs that address all five functions mentioned in chapter 1. (This is consistent with the Bank's overall country SSN objectives assessed in chapter 4.)

Figure 7. SSN Functions Served by Projects Supporting SSNs



Source: IEG portfolio review.

### SSN INSTRUMENTS

Support to SSNs was delivered through a range of SSN instruments.<sup>13</sup> Often more than one instrument was supported through a single loan (thus the total of SSN instruments, 406, exceeds the number of loans supporting SSNs, 244). Countries' use of SSN instruments differed somewhat depending on their income level and region (table 1).

For example, the most common SSN instrument in LICs was in-kind transfers (55 percent of projects with SSN components, compared with 23 percent in MICs). Likewise, public works programs (PWPs) were supported in 45 percent of LIC projects focusing on SSNs but in only 23 percent in MICs. In contrast, 37 percent of MICs supported unconditional cash transfers (UCTs) and 27 percent supported CCTs, whereas 27 percent of LIC projects with SSN components supported UCTs and only 12 percent supported CCTs.

The analysis by regions indicates some differences there as well. Latin America and the Caribbean was the leading region for CCTs, but the Africa region had a large share of in-kind transfers and Europe and Central Asia led in UCTs. The most common SSN instruments in East

Asia and Pacific, South Asia, and the Middle East and North Africa were CCTs and in-kind transfers.

**Table 1. Share of Projects Supporting SSNs in LICs and MICs Containing Specific SSN Instruments**

<i>SSN instruments</i>	<i>Instrument participation in LICs (%)</i>	<i>Instrument participation in MICs (%)</i>
CCTs 12		27
UCTs 27		37
In-kind transfers	55	23
Education/health subsidies	25	22
Energy, water, housing subsidies	18	21
PWPs 45		23

*Source:* IEG portfolio review.

*Note:* CCT = conditional cash transfer; LIC = low-income country; MIC = middle-income country; PWP = public works program; UCT = unconditional cash transfer.

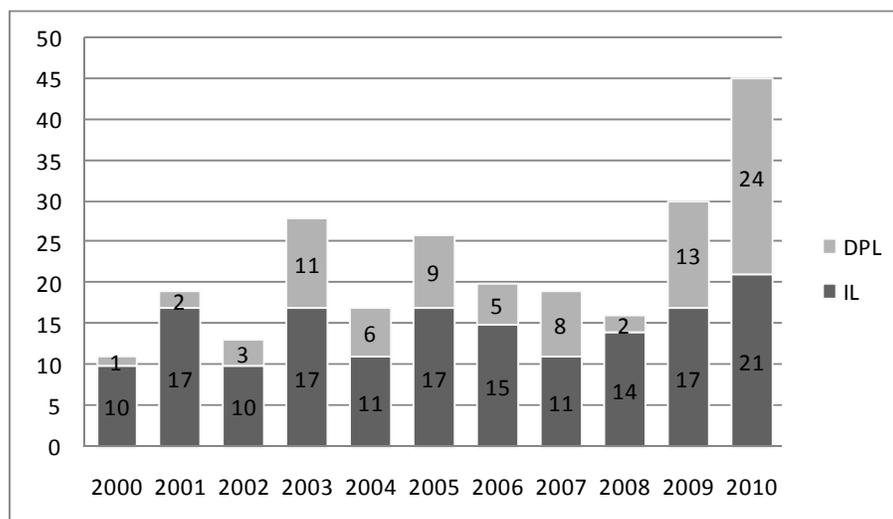
#### SECTOR BOARDS AND LENDING INSTRUMENTS

Although the Bank's SSN work is housed in the Social Protection Sector family in the Human Development Network and about 70 percent of commitments are attributable to it, fewer than half of projects supporting SSNs fall under that sector family. The second largest sector board for work involving SSNs is Poverty Reduction and Economic Management (PREM) Economic Policy, which is responsible for 12 percent of commitments (15 percent of loans). There are many small-scale SSNs in the portfolio reporting to a wide variety of sector boards.

Fewer than half  
of SSN projects  
are implemented  
by the Social  
Protection  
Sector Board.

The use of DPLs to support SSNs increased over the decade. About two-thirds of projects with SSN components were supported by investment loans and one-third by DPLs; however, the operations supporting SSNs now rely much more on DPLs: more than half of programs were supported by DPLs in FY10, largely driven by crisis response operations (figure 8). Almost 80 percent of the projects supporting SSNs in the Social Protection Board were investment loans (regular investment and emergency loans); the rest were DPLs.

Figure 8. Trends in Projects Supporting SSNs, by Lending Instrument



Source: IEG portfolio review.

#### SAFETY NETS IN FRAGILE SETTINGS

The Bank actively supports SSNs in many fragile and post-conflict settings. Throughout the decade, the Bank supported 26 of the 33 countries considered fragile by the Bank's definition.<sup>14</sup> Bank support sought to strengthen or create SSNs programs – using lending, AAA, or trust funds. In the past decade, support to fragile settings represented 13 percent of total projects with SSN components and 2 percent of total SSN lending.

The Bank used various instruments in fragile settings. The most common were public works schemes, usually implemented through community-driven social funds (42 percent of projects supporting SSNs in fragile states) and in-kind transfers (42 percent of projects supporting SSNs in fragile states), followed by UCTs and education, health, water, and housing subsidies. PWP and social funds have been used in fragile states mainly to create short-term employment in response to urgent labor demand shortages; they have frequently been implemented in South Asia and Africa to respond to disasters and conflict and are related to political and social stabilization objectives. In-kind food programs provide a safety net of last resort. When markets are not functioning, food is not readily available locally, or inflation is very high, it may be preferable for SSNs to provide food instead of cash.

#### COUNTERCYCLICALITY OF WORLD BANK SUPPORT

Certain groups of chronically or seasonally poor people need SSNs on a regular basis; however, the need for SSNs spikes during systemic shocks, when a large share of the population is negatively affected by an event such as a natural disaster or economic crisis and traditional systems of

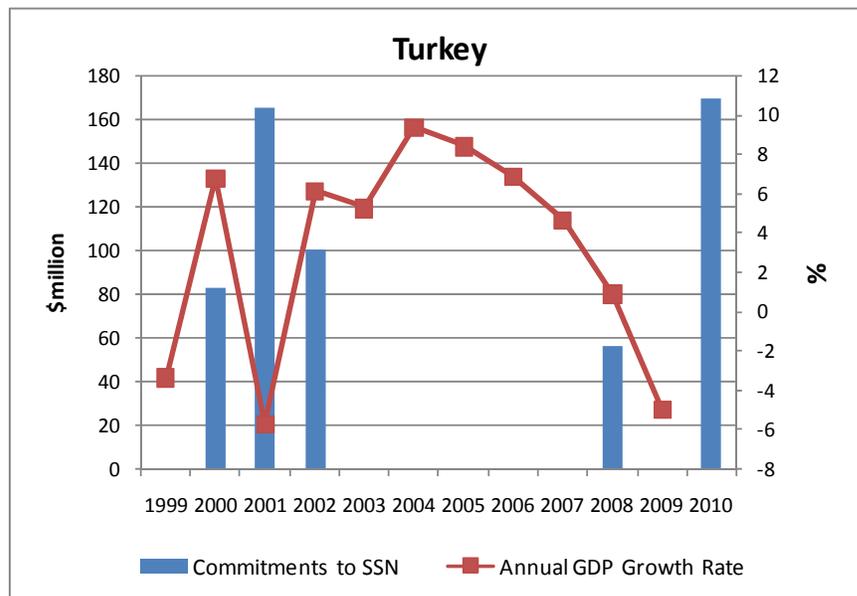
coping fall apart. During times of economic contraction, when demand decreases and underemployment and unemployment rise, SSNs are needed to protect those thrown further into poverty as well as the transient poor (those newly affected). Automatic stabilizers in industrialized countries include SSNs that ensure extra protection for growing numbers of poor and vulnerable during economic decline, but in developing countries, social services – particularly SSNs – are often among the first items to be cut (Ravallion 2002). The Bank can help protect SSNs by including them in the crisis support it provides.

The Bank's support for SSNs has been countercyclical, particularly in response to the food, fuel, and financial crises. That means lending and AAA in many countries was significantly increased. Following the crises, between FY08 and FY10, 42 percent<sup>15</sup> of Bank borrowers received lending assistance for SSNs. More broadly, for the rest of the decade, there is also indication that the Bank seems to be responsive to shocks with its SSN lending.

The Bank's SSN support during the food, fuel, and financial crises has been countercyclical.

However, this support has been countercyclical only for some countries. IEG compared the top 10 SSN borrowers and their borrowing trends throughout the decade to the change in their annual growth rate. Spikes in World Bank SSN aggregate lending were driven by certain large borrowers responding to economic contraction (with borrowing sometimes lagging a year behind the contraction). This is evident in Argentina, Ethiopia, Mexico, Turkey (figure 9) and Colombia (figure 10). For these countries, the Bank has been able to serve a countercyclical financing role. It has not played such a role in the other countries in the top 10.

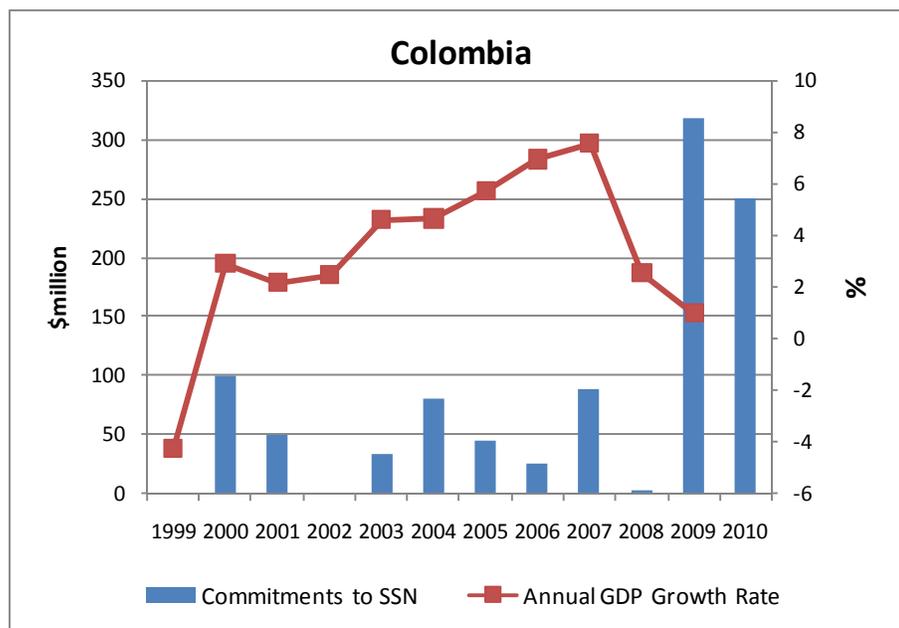
Figure 9. Safety Nets Commitments and GDP Growth in Turkey



Source: IEG portfolio review and World Development Indicators.  
Note: GDP = gross domestic product.

Colombia illustrates how the Bank initiated SSN support in response to an economic crisis at the start of the decade, continued to support SSN development during a period of stable growth (through both lending and AAA), and then increased lending for SSN dramatically in response to the economic shock of 2008 (figure 10).

Figure 10. Safety Nets Commitments and GDP Growth in Colombia



Source: IEG portfolio review and World Development Indicators.

## Analytic and Advisory Activities

### ECONOMIC AND SECTOR WORK AND NONLENDING TECHNICAL ASSISTANCE

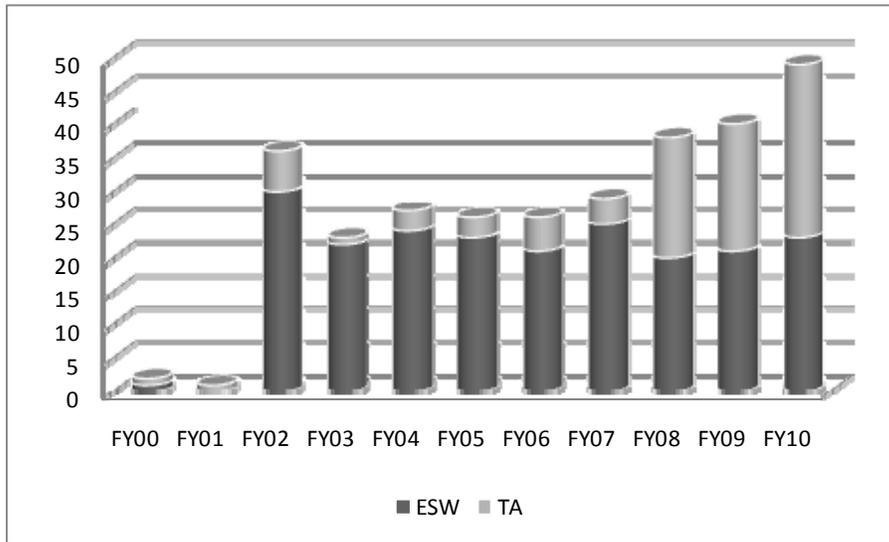
The World Bank spent \$60.5 million on SSN studies (ESW) and non-lending technical assistance over FY00–10. A total of 210 ESW and 87 nonlending technical assistance activities were identified over the decade. Nonlending technical assistance spiked in the last two years (FY09–10) in the Latin America and the Caribbean, East Asia and Pacific, and Middle East and North Africa Regions. The Bank's broader nonlending technical assistance portfolio also increased, but the increase is particularly pronounced for SSNs (figure 11).

The Bank spent \$60.5 million on AAA for SSN over the decade.

Trust funds enabled more AAA in the most recent three-year period.

Trust funds have enabled more AAA, especially in the past three years (FY08–10). The predominant source of funding for SSN ESW and non-lending technical assistance activities has been the Bank budget, except in the East Asia and Pacific Region, where the major source of funds was trust funds. However, this trend changed during the crisis years, from an average of 84 percent of Bank budget and 16 percent trust fund precrises, to 70 percent Bank budget, 30 percent trust fund postcrises.<sup>16</sup>

Figure 11. Trends in SSN ESW and Nonlending Technical Assistance Activities



Source: IEG portfolio review.

Note: In 2002, Operations Policy and Country Services changed the theme coding system and recoded lending operations that had a status of closed, active, and in the pipeline. However, it did not recode closed nonlending activities, which may explain why there are almost no AAA activities between FY00 and FY01.

There is still a considerable gap between AAA provided to MICs and that provided to LICs, despite the focus of the RSR Program on the Africa and South Asia Regions. Over FY00–10, MICs represented 55 percent of the ESW activities, and LICs represented just 17 percent.<sup>17</sup> Likewise, MICs represented 63 percent of the nonlending technical assistance and LICs only 18 percent.<sup>18</sup>

#### SPREADING GLOBAL KNOWLEDGE ABOUT SSNS

Also among the Bank's analytical services are global knowledge products. The SSN anchor has played an active role supporting knowledge sharing across the Bank's client countries globally both indirectly via Bank regional staff and directly to clients through a number of channels. These include core training courses, international and regional south-south learning events, flagship publications and toolkits, and study tours and bilateral visits. Although conferences, courses, and study tours do not automatically lead to new or reformed SSN programs, for some Bank clients, exposure to global knowledge has directly influenced country developments (box 1). This global knowledge sharing also emerged as relevant, to varying degrees, for SSN development in many of the country case studies. Global knowledge sharing, and AAA more generally, enable the Bank to remain engaged on SSNs in countries regardless of lending.

### Box 1. International Conferences and the Impact on Country Policies

As experience with CCTs grew throughout the decade, the Bank organized international conferences to share experiences. These included Mexico (2002), Brazil (2004), and Istanbul (2006). The 2006 CCT conference in Istanbul and subsequent Bank-organized study tours have had an impact on CCT program development in both Indonesia and the Philippines.

Indonesia introduced a targeted UCT program in 2005 in an effort to replace regressive fuel subsidies. That was followed by a pilot CCT program started in 2007. Bank staff and Indonesian officials reported to IEG that their attendance at the Istanbul conference, as well as on a study tour to Mexico, helped them solidify the technical details of the CCT program.

Bank staff reported that the information presented at the conference sparked the interest of Philippine officials in CCTs. A subsequent study tour to Colombia for high-level policy makers further developed government support and technical knowledge. This led to the introduction of a (Bank-supported) CCT program in the Philippines that covers more than a million households.

*Source:* IEG client and Bank staff interviews.

A notable example of regional information exchange is the Latin American CCT Learning Circle. In late 2006, client countries with the most developed CCT programs in the region (Brazil, Chile, Colombia, El Salvador, and Mexico) asked the World Bank to act as a regional facilitator of knowledge, learning, and innovation for CCT programs. In response, the Latin America and the Caribbean Region created the CCT Learning Community, which client countries say has been a vehicle for innovation and just-in-time advice regarding CCT programs (box 2).

### Box 2. The Latin America and the Caribbean CCT Learning Circle

All client country representatives participating in the CCT Learning Circle reported to IEG that the initiative has had a positive influence on decision making for their programs. The learning circle was very important for Mexico's *Oportunidades* expansion into urban areas. Chile used it to brainstorm about the integration of Chile *Solidario* into the Chilean Social Protection System. El Salvador used it to design the expansion of its program into urban areas (based on the Mexican experience). Finally, Brazil's *Bolsa Familia* based its "family monitoring" strategy – a partnership among income transfer, social assistance, health, and education – on the experience of Chile's *Solidario*, which it learned about through the Learning Circle.

*Source:* IEG client country interviews.

Exposure to global knowledge has directly influenced SSN developments in some countries.

The World Bank has also helped disseminate CCT knowledge globally via study tours. Since 2001, the Bank has organized study tours of *Oportunidades* in Mexico, *Familias en Acción* in Colombia, and *Bolsa Familia* in Brazil for more than 30 other countries. The study tours are tailored to participant needs and have covered all aspects of CCT

programs, such as the design of programs for achieving poverty and human capital objectives, the role of CCTs in social protection frameworks, and a wide range of technical design and implementation details.

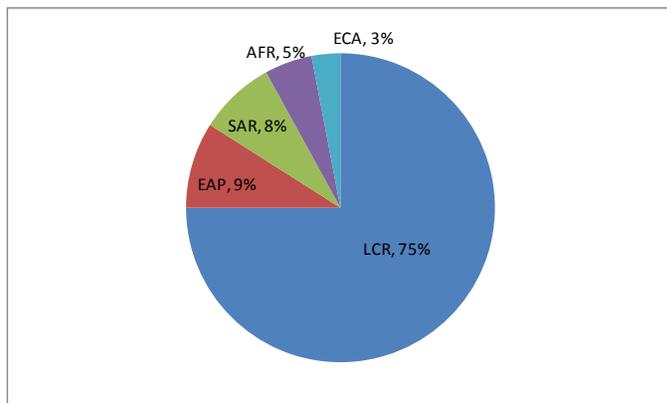
#### IMPACT EVALUATIONS OF BANK-SUPPORTED SSNS

Over the past decade, 92 impact evaluations have been done on 24 programs supported by the Bank, providing a large body of evidence not available for other sectors (see figure 12). Creating this large body of evidence to assess results from SSNs is an innovation and achievement of the Bank's work in this area. These evaluations are concentrated in Latin America, especially Mexico, because of the large number of impact evaluations on CCT schemes in the region. In particular, 75 percent of the studies evaluated programs in Latin America, with the rest shared among East Asia and the Pacific (9 percent), South Asia (8 percent), Africa (5 percent), and Eastern Europe and Central Asia (3 percent).

Ninety-three impact evaluations have been done on 25 Bank-supported SSN programs.

There is no completed impact evaluation of any program focusing of SSN in the Middle East and North Africa Region. Similar to the regional distribution, the majority of impact evaluations are on CCTs (69 percent). School feeding, UCT, and workfare schemes each only account for 7–9 percent (seven to eight evaluations). The rest are on education fee waivers, employment subsidies, and noncontributory pension programs (see appendix C.)

Figure 12. Impact Evaluations of Bank-supported SSN Programs, by Region



Source: IEG portfolio review.



# Chapter 3

## Effectiveness and Sustainability of SSN Programs

This chapter focuses on the effectiveness of Bank lending for SSNs and the sustainability of the programs it has supported. It assesses how effective the Bank has been in achieving the stated objectives of SSN programs it supports and what explains that performance.

Because projects supporting SSNs are multisectoral and sometimes have diverse objectives (see chapter 2), only those projects containing an explicit SSN objective are included in the analysis of performance. Of the 92 closed operations in the portfolio, 71 had an explicit SSN objective and were used to assess effectiveness and project performance.

### Effectiveness of the SSN Portfolio

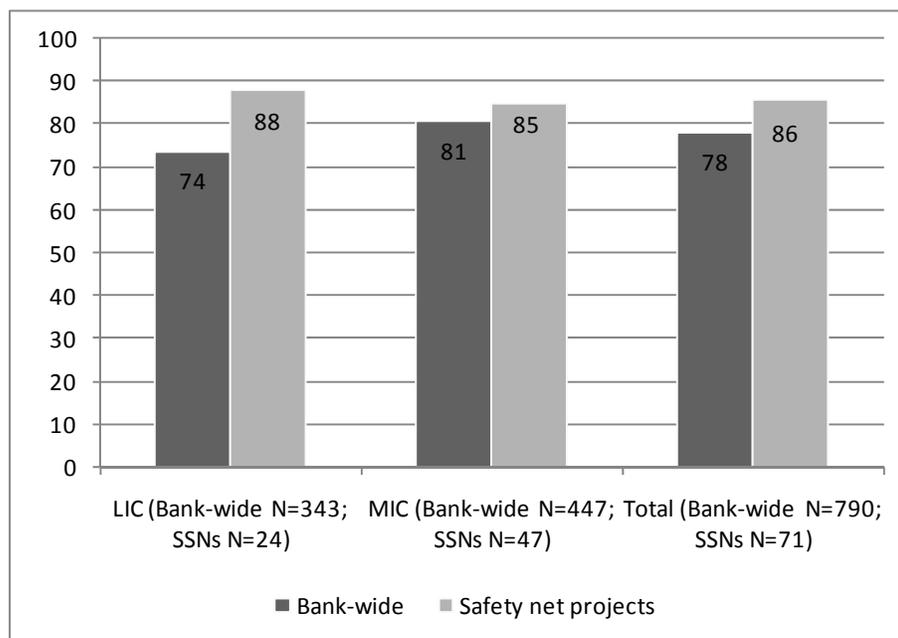
On average, operations with an SSN objective perform better than the rest of the Bank's portfolio. The World Bank's objectives-based evaluation methodology rates the performance of closed projects on three criteria: relevance (of objectives and design), efficacy (the extent to which the objectives were achieved), and efficiency in achieving objectives.

Throughout the decade, IEG rated performance of projects with an SSN objective significantly higher<sup>1</sup> than other Bank projects. Eighty-six percent of operations supporting SSNs were rated moderately satisfactory or higher, compared with 78 percent for all other Bank projects.<sup>2</sup> This higher performance is particularly striking for LICs, where 88 percent of projects with an SSN objective were rated moderately satisfactory or higher, compared with 74 percent of operations Bank-wide (figure 13). (See appendix B, § IV, for methodology.) It is important to note that this performance rating reflects the whole project performance rather than that of the specific SSN objective.

#### *Evaluation Essentials*

- ❖ Projects supporting SSNs perform better than Bank averages. Short-term impacts have been demonstrated through a large number of impact evaluations.
- ❖ Projects' results frameworks are weak, often not poverty focused, and aim at narrow, short-term results.
- ❖ Although results on short-term impacts are encouraging, there is little evidence on how SSN outcomes link to longer-term development impact.

Figure 13. Percentage of Projects with a Performance Rating of Moderately Satisfactory or Higher, by Country Income Level



Source: IEG portfolio review.

Note: LIC = low-income country; MIC = middle-income country.

To better understand the characteristics that are associated with strong performance, operations supporting SSN objectives were analyzed using regression analysis. IEG regressed the overall performance rating of projects with SSN objectives on project characteristics and country controls and found that strongly performing projects were generally of short duration (typical of most DPLs but also some investment loans) and had good-quality results frameworks (see appendix B, § V).<sup>3</sup> Again, these are characteristics of the project as a whole and cannot necessarily be attributed to the SSN.

Whereas the overall outcome rating indicates that operations with an SSN objective perform better than other operations at the Bank, to assess how different SSN instruments perform, it is helpful to examine the rating of the particular SSN objective. It is important to note that the overall performance (outcome) rating is based on a six-point scale (highly satisfactory, satisfactory, moderately satisfactory, moderately unsatisfactory, unsatisfactory, and highly unsatisfactory), and the rating of the achievement of the particular SSN objective(s) is based on a four-point scale (high, substantial, modest, and low/negligible). The two rating scales are not comparable.

The extent to which the 71 projects achieved their specific SSN objectives varied according to the SSN instrument that was supported (table 2). Projects that support CCTs achieve their SSN objectives more consistently than projects that support other SSN instruments.

Projects supporting energy, water, and housing subsidies are the lowest performing program type. (See appendix B for methodology.)

Table 2. Projects with Substantial or High Efficacy Ratings of SSN Objectives, by SSN Program Type

<i>Projects supporting SSN instruments</i>	<i>Substantial or higher (%)</i>
CCTs 77	
Education/health subsidies	76
PWP 70	
UCT 65	
In-kind transfers	54
Energy, water, housing subsidies	40

*Source:* IEG portfolio review.

*Note:* An SSN instrument cannot be compared with another SSN instrument—for example, CCTs against UCTs—because SSN instruments in the portfolio are not mutually exclusive. Therefore, the table compares each instrument type individually against the rest of the SSNs and does not compare instruments against each other. CCT = conditional cash transfer; PWP = public works program; UCT = unconditional cash transfer.

## Aligning Choice of SSN Instruments, Design, and Context

When the Bank supports an SSN program, extensive IEG evidence<sup>4</sup> indicates that at least as important as the choice of SSN instrument is a clear sense of objectives, country context, and program design.<sup>5</sup> However, these details are often not considered together. Moreover, adequate poverty data are critical for well-designed SSN programs, yet data in most countries are often inadequate to distinguish among the poor, which is particularly important when a large share of the population falls under the poverty line. More generally, Bank-supported SSN projects have objectives and monitoring indicators that often lack specificity with regard to target groups of poor and vulnerable (see Results Framework analysis section).

To explore these issues in greater depth, IEG examined two popular SSN instruments in more detail: PWPs and CCTs; this is followed by an analysis of project-level results frameworks.

### PUBLIC WORKS PROGRAMS

PWPs are defined as government programs that provide temporary employment at low wages, mainly to unskilled workers. The employment is mainly on labor-intensive projects such as road construction and maintenance, soil conservation, and waste disposal (Subbarao and others 2010). A PWP may or may not be a program that supports SSNs, depending on whether it is designed to ensure that

Public works programs are the second most popular type of SSN.

poor people participate in the works and that the wages serve as a cash transfer to them. Of the Bank's projects with public works components, 75 projects (for 52 PWP programs) were classified by the Bank as SSNs, so they are included in the portfolio IEG reviewed in this evaluation. PWPs have been the second most popular SSN instrument in LICs and the second most used by all Bank clients to respond to the food, fuel, and financial crises. The most common objective of the PWPs (90 percent of the projects) was short-term employment creation. The second most common objective of PWPs in the SSN portfolio was infrastructure creation (in 38 percent of projects).

Program design details matter in the performance of PWPs, yet project documents do not pay adequate attention to design issues. Grosh and others (2008) identifies four design aspects that are important for PWPs to serve as effective SSNs: defining how it is going to target benefits to the poor; setting the wage rate appropriately so that it provides adequate income support for participants while not discouraging other work or attracting non-poor to the worksite; ensuring timely receipt of the transfer, especially linked to food insecurity; and considering the relationship between cost implications for labor intensity and the need to provide adequate budget to ensure the quality of assets created. However, Grosh and others (2008) found that many project documents did not specify poverty targeting or wage setting criteria or provide data for determining labor and asset creation trade-offs.

IEG examined the employment generation objective of a random sample of half the Bank's SSN operations<sup>6</sup> supporting PWPs to assess target groups and how well key performance indicators were designed to measure the employment generation for these groups. The sample of PWP projects included a mix of investment-, emergency-, development policy- and learning and innovation operations (all of which comprise the SSN portfolio of PWPs). The extent to which PWP design details were elaborated varied greatly throughout the project documents.

Although PWPs have poverty-related objectives and use various targeting methods, few mention which groups are being targeted and even fewer track participation of these groups.

Even though most projects indicated what kind of targeting method would be used to allocate the works, less than half of the project documents stated which specific groups of the population were being targeted. Of the projects that did mention a specific target group, some of the groups were quite broad (for example, newly unemployed families with children). In only 14 percent of sampled projects (in loans to Argentina, Colombia, and Honduras) did the project documents (Project Appraisal Documents and Implementation Completion Reports) indicate that employment was targeted to poor people or vulnerable groups. Rather, indicators used for monitoring the performance of PWPs were focused on asset creation or number of em-

ployment opportunities or person-days generated. Key performance indicators (KPIs) did not require any verification of whether the poor or vulnerable were successfully targeted or what remuneration they were offered. They relied instead on crude data on the number of people who have participated in the program, an exclusively process-related indicator that offers no insight into whether the program has had the required SSN impact.

The Bank has placed more emphasis on targeting methods than it has on clearly identifying a specific group of target beneficiaries and assuring that the benefits (that is, work opportunity) reach them. Poverty targeting methods such as geographic poverty maps may be a good way of reaching the poor, but this will vary between settings, depending on such factors as distribution of poverty, broader labor market opportunities and public accountability of officials involved in targeting. If PWP are meant to serve as a SSN by providing work opportunities to poor people or vulnerable groups, they must identify those groups and ensure that the program reaches them. Assessing the characteristics of those employed through PWPs can be done, as appropriate for the country, through various means such as: administrative data, household surveys, and/or rapid social assessments of a sample of communities.

Assuring the benefits reach the intended groups is particularly important in situations of rationing (that is, greater demand than availability of jobs). In these situations, program administrators or politicians may distribute the jobs to enhance their own position. Transparent measurement of who actually receives the jobs is a strong incentive for officials to maintain strict targeting criteria.

PWPs can serve many purposes, given the country context and program design. If they are to serve as SSNs rather than as an infrastructure or general employment projects, issues such as target group, coverage, seasonality, wage rate, length of program, and beneficiary participation are all important. For PWP to address chronic poverty, for example, duration of employment needs to be sufficiently long or repeated opportunities for employment need to be assured. Yet, of the 29 projects reviewed, only three provided details in design documents on the duration of employment. Greater clarity is needed across the Bank about the objectives of PWPs, the form and design of PWP for each purpose, and how PWPs fit in the system of available social protection programs.

There is a gap between the quality of technical analysis (AAA) and project design. IEG's assessment of AAA related to PWPs indicates that the Bank has a great deal of technical, nuanced knowledge of PWP design issues and SSN objectives (Subbarao and others 2010; Del

Ninno and others 2009; Ravallion and Datt 1994; Ravallion, Datt, and Chaudhuri 1993; Jalan and Ravallion 1999). Despite this knowledge, lessons learned are not often applied in project design. Although political economy issues within countries affect the governments' choice on various design issues, interviews with government officials found that the weak link between knowledge and practice can also be explained by the timing of different stages of Bank-supported project development.

The Bank agrees on the SSN program and broad objectives before project approval, yet often many of the key design details are not determined until the operational manual is prepared sometimes only after negotiations with the Bank and after Board approval as a condition of effectiveness.<sup>7</sup> At this point, the Bank's intense focus and knowledge about design does not get translated into the project design. Nevertheless, these are critical issues that determine if a PWP can serve an SSN objective. If it cannot, the country would be better served by considering another SSN program.

#### CONDITIONAL CASH TRANSFERS

Conditional cash transfers are the best performing SSN instrument.

CCTs achieve their SSN objectives more consistently than other SSN instruments (table 2). CCTs have become increasingly popular with governments<sup>8</sup> because they transfer money to poor households under conditions usually related to investment in the human capital of their children. As in PWPs, the Bank's experience indicates that it is the alignment of objective, design, and country circumstances rather than the type of program that drives success.

Although experience with CCTs has been positive, their objectives and demonstrated impacts are short term.

The Bank's experience with CCTs generally has been positive as reflected in the portfolio review and in many impact evaluations, but the objectives and impacts are short term. The objectives of CCTs are oriented toward outputs or intermediate outcomes. Improving school enrollment or attendance is positive, and in this regard the CCT is accomplishing its limited objective. But the goal of developing the human capital of poor people is improved learning. Although this is a challenging objective because of the multiple factors required to achieve long-term objectives, moving further down the results chain is important for ultimate CCT success (IEG 2011a).

Objectives of CCTs tend to vary depending on country income levels, which has implications for program design. The IEG portfolio review found that some countries, mainly MICs (Brazil, Colombia, Jamaica, Mexico, and Turkey), use CCTs to reduce poverty and inequality. These programs have large coverage and emphasize both poverty reduction and human capitals goals.

Some of these countries have consolidated several smaller programs and rely on the CCT as the principal poverty alleviation program for the country. In contrast, other countries, mainly LICs, use CCTs principally to encourage human capital formation through promoting school enrollment, especially for girls or other specific groups. To achieve their human development objectives, these programs should place great emphasis on monitoring compliance with the conditions and ensuring quality of education or health services. These programs have been most common in South Asia (Pakistan and Bangladesh) and East Asia and Pacific (Lao People Democratic Republic [PDR]) but are increasingly also being piloted in Africa (Kenya and Nigeria).

CCTs often face significant challenges to fully achieve their human development and poverty alleviation objectives.<sup>9</sup> According to the publication *Achieving Social Protection for All in Latin America and the Caribbean* (World Bank 2010), the Latin America and the Caribbean Region's targeted income support systems (largely CCTs) need to be strengthened. Four major areas are identified to improve CCTs: coordinating between CCTs and the supply side in health and education and between CCTs and the social welfare system; refining procedures for enrolling and "graduating" beneficiaries in a timely fashion; adapting programs to urban settings; and strengthening the crisis response capacity of the programs.

The remaining challenges for CCTs in Latin America and the Caribbean highlight two important points: the remaining agenda for achieving longer-term development impacts and the need for caution in replicating CCTs in new countries. As CCTs are increasingly used in other contexts, where country circumstances differ more dramatically, aligning objectives and design features with the necessary country conditions needs to be a high priority to enhance the chances of continued and deeper effectiveness.

As country circumstances change, the objectives of a country's SSN can change as well, but this should be followed by appropriate changes in design. An SSN program designed for one purpose may or may not be amenable for use in other situations. This is a key point of a recent World Bank publication, "Conditional Cash Transfers: Reducing Present and Future Poverty" (Fiszbein and Schady 2009). It reviews a large body of empirical evidence regarding the performance of CCTs and identifies circumstances under which CCTs make sense and when additional SSN programs would be necessary to address other types of vulnerability.

As country circumstances change, SSN objectives can also change, but the design may also need to change.

#### SSN INSTRUMENTS IN THEORY AND PRACTICE: THE REALITY OF SECOND-BEST OPTIONS

Sometimes—and often during crisis—the Bank has taken a practical approach and supported existing programs that were less than ideal

for addressing transient poverty, including CCTs. As noted by Fiszbein and Schady, having a CCT in place, though not ideal, is better than not having any large-scale social assistance program at all when there is a crisis and an immediate need to protect the poor.

Many countries borrowed from the Bank in response to the food, fuel, and financial crises using instruments not designed to respond flexibly to shocks. Although this may have helped protect the poor during the crisis, there were drawbacks. Mexico, for example, increased the benefit level of its CCT program *Oportunidades* as a response to the food crisis. This helped protect the chronic poor, who are typically the most affected by these types of shocks, against rising food prices. However, what was meant to be a temporary increase in the benefit level has become a permanent increase.

In addition, Colombia, El Salvador, Mexico, and Panama all have used their existing CCT program structures (all supported by the Bank) as the basis for responding to crises between 2008 and 2010.<sup>10</sup> When the food crisis hit the Republic of Yemen, the Bank had to react by using an existing second-best program – a labor intensive public works program – because the preferred program – the cash transfer program managed through the Social Welfare Fund – was not operating well or effectively targeting those in need.

Identifying when an SSN is a second-best solution is difficult and has been handled with varying success.

Identifying when a particular SSN is a second-best solution is difficult. The Bank has handled this issue with varying degrees of success. In Niger, the Bank's emphasis over most the decade has been on agricultural and rural development and not on SSN development.<sup>11</sup> Thus, support to Niger in response to the food, fuel, and financial crises was channeled to the irrigated rice fertilizer subsidy program, although the poor neither consume rice as a staple food nor engage in irrigated rice production and therefore did not benefit. Also, social funds created in many countries throughout the decade may not have been the best choice for creating sustainable SSNs to assist the poor during stable times. Nevertheless, during times of crisis they were the only existing instrument able to channel additional funds to poor areas.

SSNs established during stable times provide the Bank and policy makers with options during times of crisis.

SSNs established during stable times provide options for policy makers and the Bank during times of crisis. This was confirmed in the IEG staff survey on SSN response to crises. (For a full report of the survey findings, see appendix B, § VII.) However, many countries found themselves without viable SSNs during the recent crises. The Bank provided support through second or third best instruments or nongovernmental organizations, but follow-up work was initiated to improve the institutions to enable programs to better respond to crisis (as in Mexico, Moldova, Tajikistan, and Yemen). Indeed, 80 percent of survey respondents said that governments in their countries were planning to modify the

design of SSN programs to serve the country better during times of crisis, and 75 percent reported that governments were planning to strengthen institutions to enable more effective SSNs.

The most common instruments to address the food, fuel, and financial crises were, in decreasing order of usage, UCTs, PWPs, in-kind transfers, and CCTs (see appendix D, figure D.5). Countries that had these instruments in place, as well as the ability to identify and deliver benefits to those in need, were better positioned to respond to the crisis than those lacking this capacity. Nevertheless, as countries develop SSNs to address shocks, they need to seek a mix of programs that will provide flexibility to adjust the selection of beneficiaries and expand the scale of coverage as necessary during crisis, and then contract the program after the crisis. Indeed, experience has shown that contracting programs after a crisis can be challenging for SSNs, particularly CCT programs.

Depending on the country context and the nature of the crisis, some instruments are more appropriate than others. For example, case study evidence (Indonesia and Sri Lanka) indicates that UCTs were the the most appropriate SSN instrument to use in a crisis situation. UCTs maybe the most appropriate instruments for three reasons: (1) UCTs can be expanded or contracted without the constraint of “eligibility” limitations (for example, health or education conditionalities, or the condition of unemployment as a qualifier); (2) UCTs are administratively simpler than other programs and can be implemented more quickly (PWPs have procurement issues, and CCTs require not only supervision of conditionality compliance but also that the necessary social services be in place); and (3) UCTs are often more politically acceptable during times of crisis, as people are aware of the need to protect the population affected by the crisis.

That said, UCTs are not a panacea: in an inflationary crisis, cash may not be the most effective tool. Ultimately, other social protection interventions, such as unemployment insurance, may be more adequate, depending on the crisis transmission channels and the degree of informality in the country.

## Results Frameworks

To assess the effectiveness of SSN operations and how well they are measuring the intended results, IEG examined the results frameworks of projects supporting SSNs.<sup>12</sup> For an SSN program to achieve its intended results, it should have a clear statement of objectives (project development outcome [PDO]) and intermediate outcomes to move toward the PDOs. Progress toward these objectives needs to be monitored with KPIs involving outputs, intermediate outcomes, and outcomes to ensure progress toward the intended results.<sup>13</sup> Given the short-term nature of

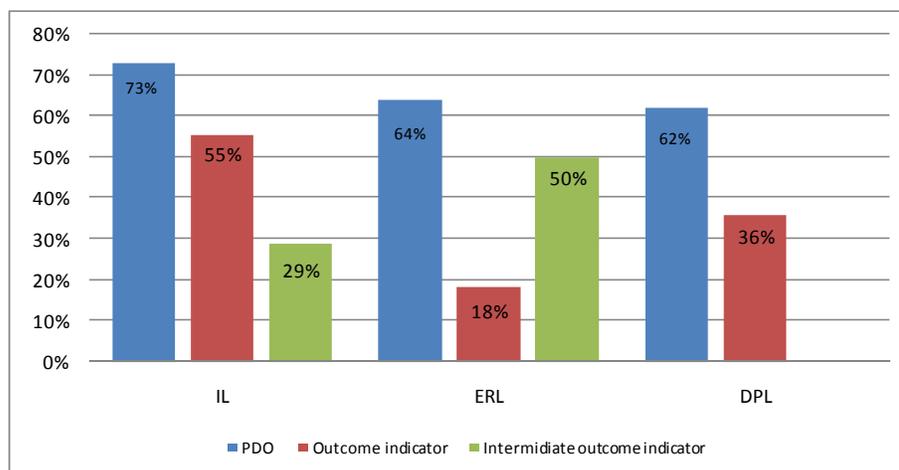
Bank-supported projects, often the project supports the achievement of only one stage of a longer-term effort (or “results chain”) that involves other complementary inputs, with the goal of achieving development outcomes.<sup>14</sup> A clear project results framework, therefore, increases the chances that the stated objectives will be achieved, and a longer-term results framework can enable realization of the longer-term SSN objectives.

Analysis reveals areas of concern despite recent progress toward better results frameworks (see figures D.6 and D.7 in appendix D). Given that SSNs are by definition programs targeted to the poor, it is surprising that only 59 percent of SSN operations had objectives that targeted the poor and vulnerable and that 47 percent of projects containing SSN components did not even have one indicator to monitor progress on reaching the poor. The project development objectives were actually outputs rather than outcomes in about a third of operations, and progress was measured more by achievement of outputs than of outcomes: only 46 percent of such projects contained outcome indicators. Further, given that the most common objectives of projects with SSN components are institutional development and service delivery, it is noteworthy that only 25 percent of these projects had intermediate indicators with which to measure progress toward these objectives.

Project monitoring frameworks lacked specificity.

Projects supporting SSNs also lacked specificity in their monitoring frameworks. Only about half the operations included target values for the outcome indicators; 48 percent mentioned the target population; 32 percent had time-bound indicators and 30 percent contained some baseline data before project effectiveness. This situation is improving gradually (see figure 14). More than half (54 percent) of all operations approved by the Board in FY09–10 included baseline data in the Project Appraisal Document.<sup>15</sup>

Figure 14. Project Objectives and Performance Indicators Coded as Outcome Driven by Loan Type



Source: IEG portfolio review.

Investment loans had stronger results frameworks than DPLs. Investment loans had a higher proportion of operations with outcome-driven development objectives (73 percent) than either emergency recovery loans (64 percent) or development policy loans (62 percent). DPLs are vaguer than investment loans with regard to target population and target value for the objective. There is no significant difference among the quality of results frameworks across sector boards.

Investment loans have stronger frameworks than DPLs.

## Development Impact

Impact evaluations from 24 Bank-supported programs provide evidence on the short-term impacts of SSN interventions. When assessing effectiveness of the Bank's support for SSNs, impact evaluations focus specifically and rigorously on the impact of a specific intervention and provide a useful complement to a broader evaluation of the Bank's effectiveness.

SSNs subject to impact evaluation consistently are found to protect and improve households' investments in human capital, immediate consumption, poverty status, productive investment strategies, and, to some extent, abilities to mitigate the negative impacts of shocks. This has the potential to enhance their level of human and physical capital and future earnings. Further, the findings from a few evaluations that examine medium-term impacts provide evidence of increased educational attainment and income growth. Table 3 summarizes the directions of impacts found in Bank-supported projects covering SSNs.<sup>16</sup>

Impact evaluations consistently show that SSNs have important effects.

The table shows that the Bank's support to SSNs has helped bring about positive impacts in a number of outcome areas. Nevertheless, these results, typical of impact evaluation results more generally, need to be handled carefully, because several other facts are essential for meaningful interpretation, such as size of impact, importance of the issue measured, how the issue fits in the results chain and what else needs to happen in the results chain, and the cost of obtaining this impact. This last issue is particularly important and remains a critical gap in the analysis of SSNs (as it does in many sectors).

Table 3. Average Impacts of Bank-Supported SSN Programs

<i>Outcome areas</i>	<i>Indicators</i>	<i>Number of projects</i>	<i>Positive impact</i>	<i>No impact</i>	<i>Negative impact</i>
Education	School enrollment—primary	12	11	1	
	School enrollment—secondary	9	8	1	
	Dropout rates	5	5		
	Secondary/high school graduation	3	3		
	School attainment	4	4		
Health and nutrition	Health care usage	6	6		
	Immunizations	6	3	2	
	Infant height growth, HAZ, and stunting	7	2	4	
	Infant weight gain, WAZ, and underweight	6	3	2	
	Infant WHZ and wasting	5	1	4	
Income, consumption, poverty, and employment	Income	4	3	1	
	Consumption	7	5	1	1
	Poverty (head-count ratio)	6	6		
Coping with shocks	Labor participation	9	3	4	
	Systemic shocks	5	5		
	Idiosyncratic risk	2	2		

*Source:* IEG 2011c.

*Notes:* Projects with mixed impact on the indicated outcome are not reported as positive, negative, or no impact. HAZ = height for age; WAZ = weight for age; WHZ = weight for height.

#### LONG-TERM IMPACTS

There is evidence that the immediate improvements in welfare created by SSN programs may be sustainable.

A key assumption in the results chain of several safety net interventions (for example, CCTs and fee waivers for use of education and health services) is that investing in the human capital of the poor will help them break out of the intergenerational poverty traps prevalent in those societies. Yet little is known about whether the longer-term development impacts can be achieved through these projects. Even though safety nets are typically justified on the basis of their immediate *and* sustained impacts on poverty, most impact evaluations investigate their effects within one or two years after the intervention. The majority of studies have found that programs increase school participation or health care use, but only a few have shown that these additional inputs actually translate into increased human capital.

Only a few studies examine the effects on long-term impacts, but there is some evidence that the immediate improvements in welfare created by SSN programs may be sustainable over time. A few evaluations of CCT programs indicate that they increase the rate of secondary school completion among beneficiaries. Consistent with this, the available studies have found that children covered by a particular SSN accrue more years of education.

But results on learning outcomes are mixed.<sup>17</sup> Another area in the literature with emerging longer-term evidence looks at the impacts over time on investment behavior and incomes. The evidence indicates that participation in some SSN programs is associated with more and better investments in productive capital. Moreover – and probably related to this – there are also SSN programs that led to gains in income and consumption in both the short and medium term (IEG 2011c).

In addition, the impact evaluation evidence has been able to record valuable indirect effects from some programs that can have long-term development impact. When CCTs in Pakistan succeed in keeping girls in school longer, which delays their marriage and reduces fertility, this is a positive long-term impact (see box 3).

### Box 3. Indirect Effects of SSNs

By giving cash and in-kind transfers, which are often tied to conditions that require households to comply with certain behaviors, SSNs help reduce budget constraints of beneficiaries and introduce changes in the relative prices they face. This is in line with the primary goals of SSNs that seek to reduce poverty, protect the poor and vulnerable, and induce changes in behaviors to promote more and better investments in the human capital of children.

However, in principle, the benefits and conditions of the programs may also lead to further changes with unintended effects. It is important for program design and operation to assess these effects, because they may undermine or contribute to the main objectives of SSNs.

The existing evidence about the indirect effects comes largely from impact evaluations; although it is not large yet. Some suggestive patterns emerge in the literature in a variety of aspects that range from remittances and other private transfers to marriage, sexual behavior, and fertility, to the reallocation of resources within the households and empowerment, to credit markets, and to spillover and general equilibrium effects:

- With some exceptions, most large cash benefits, such as conditional and unconditional cash transfers, do not appear to crowd out private transfers.
- CCTs and education fee waivers, by keeping adolescent girls in school longer, seem to encourage them to adopt safer sexual practices and delay early marriage and childbirth.
- There is little or no reallocation of calories within households whose children receive food transfers in a few school-feeding schemes.
- There are examples of cash conditional programs with positive, negative, and no effects on the school enrollment and work of ineligible siblings within participant households.
- Programs that increase women's control over the resources of the family seem to help them gain more decision-making power within the household when the benefits are given to them.
- CCTs provide additional liquidity to the communities with beneficiaries, leading to increased savings and credit available to nonparticipant households.
- There are both positive and negative spillover effects of safety nets on nonparticipants in terms of education and employment.

*Source:* IEG 2010c.

There is evidence that indirect effects can have long-term development impact.

In an effort to help fill gaps on long-term impacts, IEG conducted two impact evaluations to examine whether the immediate positive impacts of two Bank-supported CCT programs on school inputs remained over time. The first of these evaluations looked at the Punjab Female School Stipend Program in Pakistan, a targeted CCT program that was implemented in the context of a larger education sector reform and in response to gender gaps in education, mostly in middle school (IEG 2011b). Results from a previous impact evaluation undertaken two years after the program started found significant increases in female enrollment (Chaudhuri and Parajuli 2008). IEG's evaluation shows that after four years of implementation, the program continues to help adolescent girls complete middle school while having other positive indirect effects: eligible girls located in areas with the program reduce labor participation, delay marriage, and have fewer children.

The second IEG impact evaluation, in Colombia (IEG 2011a), examined the education outcomes of children from poor households who benefited from the CCT program *Familias en Acción*. A short-term evaluation had already found that the program leads to higher enrollment and more time devoted to studying (Attanasio and others 2006; Attanasio, Fitzsimons, and Gomez 2005). The new evaluation shows that the program also helps children, particularly girls and beneficiaries in rural municipalities, to accumulate more years of education. This effect is seen through increases in high school completion. Taken together, the positive impacts of both programs on close-to-final outcomes in education have the potential to improve opportunities for employment and earnings prospects of participants, though these outcomes still need to be monitored and confirmed.

The results of longer-term impacts of SSNs are encouraging in these two cases. However, external validity of impact evaluations is weak because the design details and country context differ for each SSN program (as described throughout this chapter). Thus, monitoring and evaluation within countries needs to extend over many years to ensure that programs can be modified to achieve their longer-term objectives. Mexico is a notable example of a country continuing to monitor and evaluate performance of its SSN program *Oportunidades* over time to assess if increased schooling has led to higher incomes.

Although the outcomes of SSN programs have been evaluated, little has been done to examine the cost of achieving those outcomes.

#### WEIGHING THE COSTS AND TRADE-OFFS OF DIFFERENT POLICY OPTIONS

Although much effort has been spent on rigorously evaluating the impact of various SSN programs on specific outcomes, very little has been done to examine the cost of achieving these outcomes. If a sizable impact is achieved at great cost, the program may not be desirable.

The goal for SSNs, as in all areas of public policy, is to have the biggest impact possible for the least cost. For this reason, cost-effectiveness

analysis can be undertaken to assess the cost per impact of a particular policy and compare that result to other options. Like all areas of public policy, SSN investments will have direct and indirect impacts. Direct objectives for the project should be clear and results measured against them. A program should not be justified by its direct or indirect effect without assessing alternatives for achieving them. For example, if the major development impact of a CCT program is reducing fertility (by keeping girls in school longer), it is important to assess whether this is the most cost-effective way of achieving that objective.

Doing this type of analysis will require precision in defining objectives and weighing alternatives for achieving the principal stated objective. This precision is often missing in SSN programs.<sup>18</sup>

The major technical challenge in doing cost-effectiveness analysis is being able to measure the impacts. A secondary challenge is obtaining the cost information. Impact evaluations measure impact but rarely use the data to assess costs relative to benefits, let alone compare the cost-benefit results of alternative choices. IEG's recent evaluation, *Cost-Benefit Analysis of World Bank Projects* (IEG 2010b), highlights the lack of cost-effectiveness analysis for social protection projects. Although the use of some form of cost-effectiveness analysis has been minimal with regard to SSNs (12 percent of projects supporting SSNs), cost-benefit analysis has been used in 23 percent of projects supporting SSNs throughout the decade. However, the analysis is usually applied to the infrastructure component of PWP's rather than to its SSN component (for example, enabling consumption smoothing for the poor).<sup>19</sup>

The lack of cost-effectiveness analysis for projects subjected to impact evaluations is only the most glaring situation. The failure to do this type of analysis to assess various types of SSN or other pro-poor interventions is an important issue for all countries.

## Risks to Sustainable Outcomes

SSN programs, in part because of their need to expand and contract, have a unique set of fiscal, political, and institutional risks. Of the 53 completed projects supporting SSNs rated by IEG,<sup>20</sup> for risk to development outcome, one-quarter were considered to have high or significant risks (compared with 39 percent for all other Bank projects) and 62 percent were considered to face moderate risks (compared with 45 percent for all other Bank projects).

### FISCAL RISKS

The importance of the Bank's financial contribution to programs that support SSNs ranges considerably. Programs in MICs are often largely supported by government resources; programs in LICs are usually heavily donor dependent. The level of Bank support as a share of the program ranges widely (for example, 100 percent of Macedonia's new CCT program<sup>21</sup> and 9 percent of the *Bolsa Familia* CCT program in Brazil). Because the programs and countries vary considerably, the risks to fiscal sustainability do as well.

The most important distinction is between LICs and MICs, with the former generally not having the redistributive capacity to support SSNs without donor support (Ravallion 2009b). In LICs, the major risk in the short term for many countries, generally, would be reduction in donor support. Over the longer term, countries would need to plan for SSN programs within the overall envelope of their poverty reduction expenditures and thus consider policy trade-offs of achieving objectives. In MICs, the major fiscal risk would be a change in government priority and budget support for SSNs.

Donor support for SSN in LICs has been fragmented.

Evidence from the country case studies highlights experiences of fragmented donor support for SSN in LICs, including that of the Bank.<sup>22</sup> LICs are generally dependent on donor funding for SSNs (given their very limited capacity for redistribution), and it is widely and reasonably believed that donor support will continue to be an important source of financing for them for the medium term. Unless donor support is carefully coordinated by the government, a series of donor-supported programs is unlikely to form an effective SSN for the country.

The Bank's experience with donor coordination (from the 30 case studies discussed further in chapter 4) appears much more favorable for preparation of strategic documents than for implementation of programs. Ethiopia is a notable exception, as donor coordination has enabled the transition of annual ad hoc emergency relief appeals into a government-owned, predictably funded and organized SSN supported by several donors. This is a missed opportunity for the Bank, as donor-dependent countries need a well-coordinated effort to harness the various sources of aid and advice and enhance the fiscal sustainability of the programs.

Fiscal risks in MICs are generally related to government commitment.

The fiscal risk issues in MICs are generally related to government commitment to SSN programs within country budgets rather than their ability to fund them. The programs that the Bank supports in MICs generally represent less than 0.5 percent of GDP (appendix C, table C.2). A program of this size can be continuously funded by a MIC. In the short term, governments and the Bank tend to focus on

expenditure priorities; however, over the medium term, it is possible for many countries (including LICs) to raise revenues by improving tax effort, thus providing the potential for additional resources to support SSNs.

For many Bank MIC clients, SSN programs save rather than cost countries (compared to alternative policies) and thus improve their fiscal sustainability. Removing broad food and fuel subsidies or reforming poorly targeted social assistance and implementing targeted programs represents significant fiscal savings.

For example, fuel subsidies in Jordan have been a large fiscal drain since 2003 (6 percent of GDP in 2006) but were fully removed in 2008. To compensate the poor, the Bank's technical assistance seeks to strengthen targeting of the poverty benefit. The overall SSN spending in Jordan (reduced at the end of the decade to about 1 percent of GDP) is considered adequate for protecting the poor and vulnerable (World Bank 2007).

In a few countries, Bank-supported SSN programs have grown throughout the decade as they have assumed a larger role as the principal national SSN. There is potential concern about pressure on national budgets and questions of fiscal sustainability, unless budget management is handled appropriately. For example, *Familias en Acción*, Colombia's CCT program, grew from 0.1 percent of GDP in 2005 to 0.27 percent in 2009 and around 0.5 percent in 2010, expanding coverage especially to urban areas. The costs for the *Oportunidades* program in Mexico grew from between 0.30 to 0.37 percent of GDP annually between 2004 and 2008, to an estimated 0.46 percent of GDP in 2011, as it was scaling up from 5.2 to 5.8 million households.<sup>23</sup>

In Jamaica, the Program for Advancement through Health and Education expanded throughout the decade, increasing benefits and expanding beneficiaries by 47 percent as projected from the program initiation. Even if the government is increasingly assuming the costs of the program, with high levels of external debt and poor tax administration, the fiscal sustainability of the program funding is dependent on continued external support to national budgets.

#### POLITICAL RISKS

Political risk is a relevant issue for SSNs, and the Bank needs to be particularly aware of the political context in which it is providing support. SSNs are relatively new in many countries and lack permanent budget sections or even home ministries (for example, health and education); thus, they are more susceptible to political influence. SSNs introduced by one politician or political party can become closely associated with that leader and jeopardize political support for the

For many MIC clients, SSN programs save money compared to alternative policies.

Fiscal pressure can arise from the difficulty of scaling back a program that has been expanded, unless the benefits or program are known to be temporary.

program from other politicians or parties. SSNs in more than a quarter of the 30 case study countries were affected by political shifts or political groups (among them, Argentina, Brazil, Bosnia and Herzegovina, Georgia, Nepal, Pakistan, Sri Lanka, and Uruguay).

One particular political issue that can create fiscal pressure involves the difficulty of scaling back a program that has been expanded, unless the benefits or program are known to be temporary. In recognition of this challenge, Sri Lanka designed its tsunami response program to be temporary, given its experience with another SSN program, Samurdhi, program and the entitlement nature of SSNs in that country. In Jamaica (in response to Hurricane Ivan), and in Chile and Ecuador, the increase of benefits was announced as temporary one-time payments. In Indonesia, to cushion the 2005–06 fuel subsidy removal, a temporary one-year cash transfer program was put in place.

If a crisis response program is put in place without plans to scale back benefits after the crisis, a country can face strong political pressure to maintain those benefits. Argentina faced such a difficult challenge with its emergency Heads of Households program throughout the decade. The Bank-supported program was initiated in response to the 2001–02 economic crisis. Although it was never intended as a general SSN, the program grew quickly because of enormous need and exceeded its planned cost. The country began a strong economic recovery in 2003, and the government closed beneficiary enrollment and froze nominal benefit levels to contain costs rather than terminate benefits to existing households. As a result, a well-targeted program (Galasso and Ravallion 2003) that effectively addressed transient poverty during an emergency became a less effective general SSN. Between 2005 and 2009, the Bank provided two additional loans to Argentina to support its transition away from this program, which it eventually achieved at the end of 2009.<sup>24</sup>

Anticipating the potential politicization of SSN reform in the initial design would enhance the Bank's technical advice.<sup>25</sup> The IEG case studies indicated that programs sometimes start off as reasonably efficient and effective but become less so over time. It is difficult to assess when the Bank should support flawed programs and when it should not, given the complexity of each country's political situation, as well as longer-term objectives of developing social protection systems. Nevertheless, the Bank must consider that SSNs are very political instruments (as they result in strong support or opposition for politicians), and it should support countries to provide more efficient and effective SSNs.

Given the difficulty of contracting benefits and the tendency to expand successful programs, the Bank's support to program expansion should be consistent with budget management strategies and should be monitored to ensure that the design can achieve stated objectives, as well as to avoid creating large, permanent entitlements.

#### INSTITUTIONAL RISKS

One institutional risk in many SSNs is finding an appropriate institutional home for the programs and a regular, predictable financing source. Projects with SSN components are sometimes introduced by a particular political leader and housed outside the normal bureaucratic structures. The program then enjoys advantages that enable it to be more efficient than a regular government program; however, it sometimes does so at the potential risk of political sustainability.

Social funds are a good example of this. Institutionalizing programs that support SSNs involves changing from a project to a program, creating the appropriate legal framework, having a long-term predictable budget and wide buy-in across different political parties so that changes in government do not jeopardize the existence of the programs.

Finding the right institutional home for a new SSN program has been difficult in many contexts. In Tanzania, the Tanzania Social Action Fund remains partly outside government structures, though there are attempts to mainstream it through new legislation. In Colombia, *Familias en Acción* is still under the president's office and therefore susceptible to political changes. In Pakistan and Argentina, new governments have installed new SSN programs rather than reform existing programs associated with previous governments.

Building the credibility of a program by showing that it is accountable, transparent, and fair and that it has a concrete development impact helps ensure the sustainability of SSN programs. This has been evident in Brazil, where the media has played a critical role in creating incentives for good governance of the program and disseminating the encouraging results of *Bolsa Familia* (Lindert and Vincensin 2008).

One institutional risk for SSNs is finding an appropriate home for the program and a predictable source of funding.

Building program credibility helps ensure sustainability.



# Chapter 4

## Beyond Project Support: The Bank's Assistance to Countries to Establish Sound SSNs

The Bank's engagement and impact in a country may be significantly different than indicated by the volume of its lending for SSNs or even by the success of those programs. Ultimately, what matters is not the success of Bank-supported projects, but how well the Bank has used its lending, knowledge, and dialogue to help countries develop SSNs to protect their poor and vulnerable, improve their welfare, and address the risks they face.

This chapter takes a broader approach to assessing the Bank's effectiveness in helping countries establish SSNs to serve their poor and vulnerable. It examines the full package of World Bank SSN support and assesses, from a country perspective, whether the Bank has focused on the right set of issues, given each country's needs, and if its support has been designed appropriately to achieve SSN objectives.<sup>1</sup> It also assesses the Bank's effectiveness in achieving results in these areas as well as in building the systems and institutions necessary to protect households from various sources of risk. Several sources were used to address this set of issues, most notably the 30 country case studies and the staff survey on the food, fuel, and financial crises and SSN response. (For a full report of the survey findings, see appendix B, § VII.)

### Focus and Effectiveness of Bank Support for Country SSNs

Country case studies and the portfolio review suggest that the Bank's support for SSN has focused most frequently on chronic poverty alleviation and inequality and less on developing SSNs to protect against shocks. Not all five SSN functions are equally important in every country or at all times. Therefore, IEG examined the relevance of the Bank's SSN efforts within the context of each country's SSN needs.<sup>2</sup> Although the Bank's support in case study countries is relatively closely aligned with country needs to address chronic poverty, inequality, and human capital investments, the gap between the need for SSNs to help address shocks and the Bank's support on these functions is much larger (figure 15). Since the recent crises, however, the

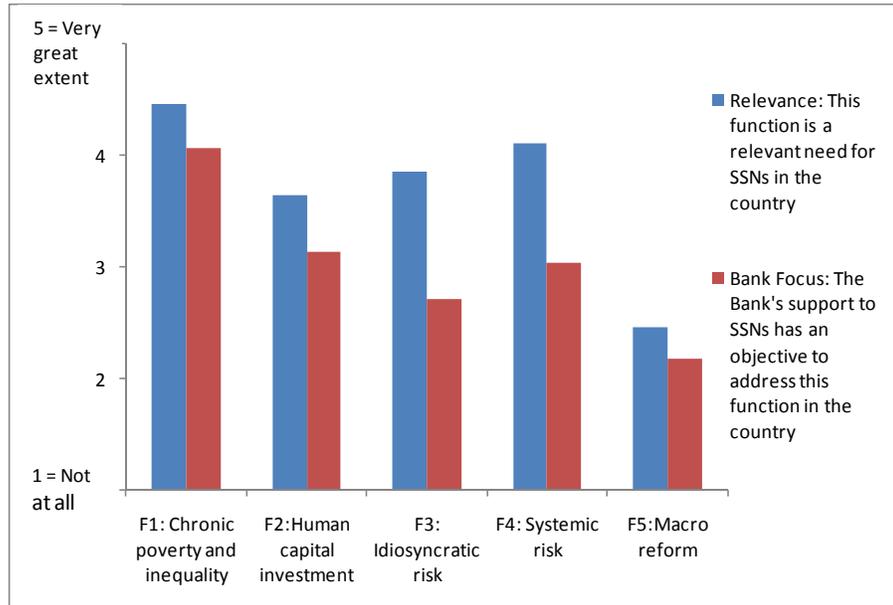
#### *Evaluation Essentials*

- ❖ In the past decade, operations supporting SSN focused most on reducing chronic poverty and inequality and on encouraging human capital investments among the poor.
- ❖ Since the food, fuel, and financial crises, the Bank's support for developing SSNs to address systemic shocks has increased significantly and is promising for both LICs and MICs, given its relevance and demonstrated effectiveness.
- ❖ Bank SSN support for addressing chronic poverty must be designed more selectively and used to reach particularly poor or vulnerable groups in society while weighing programs for general poverty reduction carefully against other pro-poor investments.
- ❖ The Bank is increasingly adopting a more systemic approach in its SSN support, which should be encouraged.
- ❖ Building sound, sustainable SSN systems requires furthering the Bank's recent gains in institution building in MICs, and stepping up efforts in LICs.

Support for SSNs has focused mostly on chronic poverty alleviation and inequality and less on developing SSNs to protect against shocks.

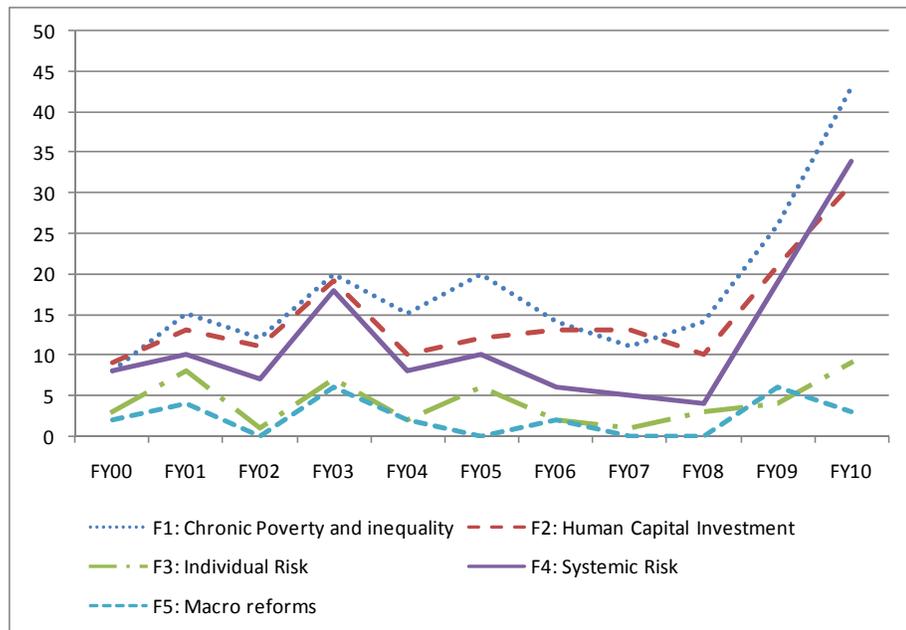
Bank's focus has shifted significantly toward addressing systemic shock using SSNs (figure 16).

Figure 15. Average Ratings of the Relevance and Bank Objectives of SSN Functions



Source: IEG case studies.

Figure 16. Trends in SSN Functions



Source: IEG portfolio review.

#### REDUCING CHRONIC POVERTY AND INEQUALITY

To effectively address chronic poverty and reduce inequality, SSN programs need to clearly identify target groups and distinguish among specific groups of the poor. This distinction is rarely made in project objectives or monitoring indicators (chapter 3). The problem stems from weak poverty data and lack of specificity in project objectives.<sup>3</sup> Evidence from the country case studies indicates that monitoring and evaluation (M&E) systems do not routinely collect data on depth of poverty or key characteristics of target groups. When such information is collected, it is rarely used in the design or monitoring of Bank-supported projects with SSN components. Across the portfolio, only 42 percent of operations supporting SSNs have performance indicators that mention specific groups of the poor, and just 52 percent mention “the poor.”

SSN programs are rarely weighed against other pro-poor investments (such as basic health care and clean water) to ensure they are the most effective way to achieve poverty alleviation objectives. As indicated in chapter 3, very few Bank-supported projects undertake cost-effectiveness analysis, and impact evaluation findings are rarely used to compare the results to alternative policy choices.

The Bank has made great strides in improving the evidence base for assessing results of different SSN interventions, but it has not focused analytical work on assessing the best policy options for achieving specific poverty-related objectives. To do this, SSN interventions would have to be compared to other possible means to achieve the same objectives. This is particularly important in LICs, where poverty is widespread and SSN investments must compete with many other development investments. Identifying where SSNs can best serve a country’s poverty strategy can enable project design to reflect the specific need it seeks to fill.

Relatively few countries have documented changes in chronic poverty due to SSNs. Yet there is evidence from impact evaluations that the Bank helped some countries develop SSNs that produced short-term impacts on income, consumption, and poverty and led to increased household spending on food, education, and health care. Existing evidence, mainly from MICs,<sup>4</sup> is from a large range of interventions, including CCTs, UCTs, workfare schemes, food aid, and pensions. Impacts are often directly linked to the value of the transfers, but they also reflect some behavioral changes by the households (IEG 2011c).<sup>5</sup>

Only a few countries have monitored changes in the depth of poverty (Brazil, Ecuador, Ethiopia, Jamaica, and Mexico). The evidence suggests that changes in the depth of poverty are not always reflected in a reduction of the poverty headcount index, pointing to the impor-

SSN programs are rarely weighed against other pro-poor investments to ensure they are the most effective way of achieving poverty-related objectives.

tance of going beyond monitoring the poverty rate in assessing the impacts of SSNs on poverty. Although SSNs increase short-term household spending, there is still little evidence about their longer-term impacts on poverty.

#### DEVELOPING HUMAN CAPITAL

The Bank has supported SSNs that develop the human capital of the poor more often in MICs than in LICs.

The Bank has supported SSNs that develop the human capital of the poor more often in MICs than in LICs. This is generally appropriate, given supply constraints for health and education in LICs. Whether SSNs are relevant for investment in human capital – rather than an intervention in the education or health sector – depends on the country context, such as the quality of health and education services, as well as the household constraints to accessing them. The portfolio review found that 20 percent of projects supporting CCTs are in LICs. MICs are more likely to have the appropriate infrastructure and resources to invest in SSNs that develop the human capital of poor children.

Given the tremendous needs of the health and education sectors in LICs, the Bank supported governments both through supply-side interventions in the health and education sectors and, to a lesser extent, through SSN programs, such as school feeding programs and other in-kind assistance. Efforts have been made to transplant the experience with CCTs in MICs to LICs with six new programs introduced since FY09.

But caution is warranted to ensure that the prerequisite supply-side conditions for CCT programs are adequate in LICs. Approaches that address both demand-side and supply-side factors of human capital investment (such as in Guatemala, Lao People's Democratic Republic, and Tanzania) may be promising. In Guatemala, the approach combines a CCT with strengthening supply of services and markets.

SSNs have produced positive impacts on human capital investment, but evidence of impacts on final outcomes is limited and mixed.

Bank-supported SSNs have produced positive impacts on human capital investment (intermediate outcomes), but evidence of impacts on final outcomes is limited and mixed (appendix C, table C.3). There are positive and significant effects on intermediary school and health outcomes, such as enrollment, attendance, progression, health service usage, and growth monitoring (IEG 2011c).<sup>6</sup> Bank-supported SSNs sought what might be realistic within the period of the project, that is, to improve indicators such as school enrollment or attendance, though usually not within a larger results chain seeking to improve final outcomes.

Although there is some evidence that SSNs also have an effect on longer-term outcomes (such as years of schooling, age at marriage, and childbirth), results are thin for others (Fiszbein and Schady

2009).<sup>7</sup> Complementing SSNs with other supply-side interventions is commonly called for to improve results (chapter 3).

The evidence does not point to any particular program type as most effective at promoting investment in the human capital of the poor. Impact evaluations, overwhelmingly on CCTs in the Latin America and the Caribbean Region, also show positive impact for programs such as school feeding, take-home rations, fee waivers, and UCTs on children's access to healthcare and schooling (IEG 2011c); case studies; see table 3). Bank-supported school feeding programs in Bangladesh, Burkina Faso, and the Philippines have shown improved enrollment rates, drop-out rates, and anthropometric measures.

#### PROTECTING AGAINST IDIOSYNCRATIC SHOCKS

Case studies and the portfolio review indicate that Bank support for SSNs seldom explicitly targets protection of the poor against individual risks (for example, illness, injury or death of a family member, fire, and so forth), but it has been assumed in many cases that this would occur as a result of other types of social protection interventions. Depending on design details, programs that support SSNs and other functions may also be able to help poor and vulnerable households absorb idiosyncratic shocks. For example, a PWP that seeks to address chronic poverty (box 4), or a CCT with objectives of poverty reduction and investment in human capital, may also help with consumption smoothing and insurance for the household when a shock occurs. However, this would also depend on design details, such as the level and length of benefit (for example, sufficiently high or regular benefits such that households can generate savings to help absorb shocks), flexibility to allow new beneficiaries to enter the program, and indicators to measure progress toward addressing shocks.

Bank support for SSNs seldom explicitly targets protection of the poor against individual risks.

The limited existing evidence shows that SSNs can help poor people respond to and recover from individual shocks. In the few cases where the effects of SSNs on absorbing individual shocks have been evaluated, evidence indicates that SSNs, even if not explicitly designed with this objective in mind, can protect the poor from individual shocks.<sup>8</sup> Evaluations of three CCT programs in the Latin America and the Caribbean Region (Honduras, Mexico, and Nicaragua), for example, show that CCTs helped households keep children in school and prevented them from engaging in child labor when the families were faced with individual shocks.

However, the majority of projects with SSN components have not identified protection against idiosyncratic shock as an explicit objective, nor have they designed performance indicators to monitor progress.

Hence, it is unknown (but unlikely) whether widespread progress toward this objective has been achieved.

**Box 4. Unemployment Insurance for Rural Areas: The Mahatma Gandhi National Rural Employment Scheme in India**

The Mahatma Gandhi National Rural Employment Act guarantees all rural households 100 days of work on demand. The public works program provides all rural households with general insurance. It is expected that households will turn to the program in times of crisis but also serves as a minimum income floor. Anyone who is unemployed or faces a family crisis (rising household expenses due to a sudden illness of a family member or wedding expenses for a child, for example) can participate in the program.

An early Bank assessment of its precursor program – the Maharashtra Employment Guarantee Scheme (Datt and Ravallion 1992) – demonstrated that having the possibility to participate in the program enabled families to take more risks in their income-generating activities. This analysis, one of the first rigorous program evaluations undertaken by the Bank, helped provide the first evidence of the benefits of this approach to policy makers in India as well as globally.

*Source:* IEG case studies.

**PROTECTING AGAINST SYSTEMIC RISKS**

The food, fuel, and financial crises highlighted the importance of being prepared against the adverse effects of shocks. Although the Bank's dialogue throughout the decade in many country case studies recommended working on crisis preparedness during normal times, only recently has it been able to engage clients on this agenda. IEG's SSN staff survey, which focused on the SSN response to the recent crises, found that only 16 percent of Bank clients were well positioned to respond with SSNs (see appendix B, § VII) to the food, fuel, and financial crises (that is, "able to identify and address those hit by crisis"). Another 40 percent were "somewhat" prepared.

In LICs in particular, the most common constraints were inadequacy of data and weak country institutions. But the food, fuel, and financial crises stimulated a large-scale response that led to many more countries developing SSNs appropriate for crisis response. For example, case studies of countries in Europe and Central Asia found that those countries did not have programs to address systemic shocks throughout much of the decade. However, since the crises, AAA and lending has spiked in the Region as countries seek to develop fiscally sustainable SSN programs that can be responsive to systemic shocks. Specifically, there have been efforts to strengthen targeting, identification, and payment systems, which were lacking in both MICs and LICs.

The portfolio review reveals that Bank support for SSNs to address shocks rose sharply after the food, fuel, and financial crises, and did so proportionately more than the other areas of SSN focus (see figure 16). IEG's SSN staff survey confirmed this finding, as 80 percent of countries now have plans to strengthen their SSNs to be better able to respond to crises. Increasing volatility in global markets and climate change indicates that the occurrence of shocks is likely to increase rather than diminish. Preparing countries for the future, the SSN agenda needs to be more strongly oriented toward shock mitigation.

The Bank actively supported countries during and after the recent crises, although its ability to do so varied depending largely on SSN "preparedness" in the country. According to results of the SSN staff survey, in more than two-thirds of countries, the Bank supported scaling up of an existing SSN (whether it was one being supported by the Bank) or the establishment of a new SSN program to cushion the impact of the crises on the poorest (see appendix B).

More broadly, the Bank was able to increase its engagement (lending or technical assistance) on SSNs after the crises in 86 percent of the responding countries. However, in 25 percent of countries, governments responded to the crises by introducing a generalized price subsidy, regardless of whether they had targeted SSN instruments available. General subsidies are costly and politically difficult to remove, as demonstrated by country case studies (for example, Indonesia, Iran, Yemen).

Case studies show that countries that have SSNs flexible enough to respond to shocks (Argentina, Ethiopia, Indonesia, Jamaica, Pakistan, and Sri Lanka) have faced repeated large natural disasters or economic shocks in the past 10–20 years and have established programs or systems enabling them to respond quickly. The evidence indicates that a very quick (and therefore relevant) response to a systemic shock is only possible where there is strong capacity to establish new programs quickly (as in Indonesia), where knowledge and systems exist (as in Argentina), or when programs – although not always perfectly suited to deal with crisis – and systems are in place already and can be scaled up (as in Ethiopia and Jamaica). In Pakistan, experience with shocks throughout the decade has led to the development not only of programs that support SSNs but of systems, so that the country can respond better to future shocks (box 5).

Although it is difficult to measure the impact of SSNs addressing systemic shocks (because of their unanticipated nature), there is some evidence, from impact evaluation (appendix C, table C.3), on the outcomes produced by SSNs that they protect the poor and vulnerable against systemic shocks. The two workfare programs in Argentina (Trabajar II

The Bank's ability to support countries during and after the recent crises varied, depending largely on country preparedness for SSNs.

Countries that have SSNs flexible enough to respond to shocks generally have faced repeated shocks and have established programs or systems that enable a quick response.

and Heads of Households) were found to help mitigate the effect of the economic crisis of the early 2000s on income, employment, and poverty (Galasso and Ravallion 2003; Galasso, Ravallion, and Salvia 2001). In Indonesia, a scholarship program appeared to mitigate the effects of the Asian crisis (late 1990s) on school enrollment, child labor, and consumption (Sparrow 2007).

#### **Box 5. Pakistan—Learning from Experience and Developing SSN Systems to Address Shocks**

In 2005, a massive earthquake hit two of the most remote and poorest areas of Pakistan. The Bank and other donors started a number of emergency relief operations, including several programs to deliver cash to affected needy households. These temporary safety nets proved very effective and showed that SSNs can be launched for short periods to address specific issues – they subsequently rolled back. This experience motivated the development of a national social protection strategy in 2007, which sets out a comprehensive approach to social protection for the country.

In 2007–08, the international food and fuel crisis hit Pakistan hard. In October 2008, the government launched a targeted cash benefit program, the Benazir Income Support Program (BISP) as the country’s main SSN program. Through BISP, the Bank has supported the development of a new system for beneficiary identification. The process is under way, but not yet operational. It is expected that the targeting tools and databases (in particular the poverty score database linked to the national identification numbers) can be used by both the federal and provincial governments to deliver relief to populations affected by future disasters on a much larger scale and more quickly than was possible in 2005.

With the disastrous floods of 2010, the government and provincial disaster management authorities were able to fall back on the experience of the earthquake. The strategies adopted are relatively straightforward: the government quickly initiated the Citizen’s Damage Compensation program, which provided more than 1.4 million flood affected families with a cash grant of about \$230 each by using the national identification database to identify the beneficiaries and provide cash grants through debit cards provided by the private banking sector. The government has now asked development partners to help finance additional cash grants to affected households. As the BISP poverty scorecard is being rolled out (to be completed in 2011), it will provide a basis for directing relief and recovery support in future disaster situations.

Although political support for SSNs has been strong in Pakistan, each political party has often felt the need to develop and launch its own program. Given BISP’s strong association with the ruling party, there is a danger that the program could be dismantled to give way to a new program, should the opposition take over in the next elections. The Bank’s efforts to update systems and build institutions are therefore wise, as these can be used even if a new program comes into place. There is a need to garner broad political and stakeholder support for the underlying systems so that progress can be maintained when the political winds shift.

*Sources:* IEG case studies.

The CCTs in Nicaragua (*Red de Proteccion Social*) protected the consumption of coffee-growing households when they were affected by a considerable fall in international coffee prices. In Ethiopia, an impact evaluation found that despite droughts and high food prices in the past few years, Productive Safety Net Program workfare beneficiaries were more likely to be food secure, borrow for productive purposes, use improved agricultural technologies, and operate non-farm business activities (Gilligan, Hoddinott, and Taffessee 2008). Moreover, the Productive Safety Net Program prevented beneficiary households from sliding deeper into poverty and selling household assets, thus protecting them from the worst effects of the shocks.

#### CUSHIONING EFFECTS OF ECONOMIC REFORMS

In contrast to other SSN functions, developing or strengthening SSNs to protect the poor during macroeconomic and structural reforms has not been relevant in all countries. About 10 percent of the Bank's 244 projects supporting SSNs in the past decade were undertaken to help cushion the effects of reforms. These projects were mainly in MICs (Europe and Central Asia and Latin America and the Caribbean), with a few each in the East Asia and Pacific, Africa, the Middle East and North Africa, and South Asia Regions.

Case studies indicated that these broader economic and structural reforms are often associated with larger development transitions, such as regime changes (such as independence of Europe and Central Asia countries after the collapse of the former Soviet Union, or the transition from monarchy to democracy in Nepal); economic transition (for example, from socialist toward market-oriented economies in Europe and Central Asia, the Middle East and North Africa, and Tanzania); changes in governance structures (such as "big-bang" decentralization in Indonesia); or economic policy change (such as removing subsidies in oil-producing countries, changing land policy in East Asia). In reality, several of these changes often occur jointly.

IEG's case studies indicate that the Bank has supported SSNs during reforms in certain countries such as Indonesia and Colombia and in some countries in Europe and Central Asia. In all cases, whereas the introduction of SSNs was likely motivated by political expediency, it was an important development for social policy programs that continued to be refined over subsequent years. This experience would highlight the potential for marrying the introduction of economic reforms and SSNs more often.

In the Middle East and North Africa Region, although the Bank has been involved in dialogue on subsidy reform for many years, it was not until the onset of the food, fuel, and financial crises that there was

Developing or strengthening SSNs to protect the poor during macroeconomic and structural reforms has not been relevant in all countries.

The Bank assesses the distributional implications of economic reform programs it supports and recommends measures to protect the poor when appropriate.

a stronger push for SSNs to help support the poor and vulnerable during subsidy reform. However, throughout the decade, this has been an extremely difficult agenda to advance, given the politics of reform. With the continuing rise in food prices and recent security concerns and volatility in the region, governments may be pressured to reintroduce general subsidies or other widely targeted compensation, putting targeted SSNs further on hold.

Although the Bank does not support a large number of SSNs to protect the poor during economic reforms, it assesses the distributional implications of economic reform programs that it supports and recommends measures to protect the poor when appropriate.<sup>9</sup> The Bank's efforts to protect the poor during economic reforms are usually part of economic reform DPLs (often focused on subsidy removal) rather than SSN operations.

A review of 46 economic reform DPLs (selected randomly from among sectors likely to have distributional implications for the poor) carried out for this evaluation found that the vast majority of Bank-supported DPLs were probably not having a significant negative impact on the poor. (See appendix B for methodology.) Fewer than half of the DPLs had measures that could negatively affect the poor, and of those, half did not get implemented, most often because of political sensitivities.

When they did get implemented, two thirds involved follow-up actions, although only one-third of those involved actually compensating the poor (whereas the rest involved only studies). In short, there is much more emphasis on assessing the situation than on addressing it, when necessary. (This is consistent with the findings of IEG's safeguards evaluation, which showed much less emphasis on country compliance and follow-up than on anticipating the problem areas [IEG 2010c].) Even Bank evaluations of Poverty and Social Impact Analysis (PSIA; World Bank 2009a, 2009b; IEG 2010a) do not assess the implementation of mitigating measures. Greater follow-up regarding implementation of recommended measures to protect the poor during Bank-supported macro reforms should be required.

IEG's assessment of a sample of 46 economic reform DPLs indicates that the Bank often conducts PSIA's or "PSIA-type" analyses to assess the distributional effects of reforms supported by DPLs. However, although the Bank has the potential to play a relevant role with regard to protecting the poor during economic reforms, the distributional analysis varies greatly in quality and style. Moreover, policy recommendations are often too general and challenging to operationalize.

These findings are consistent with the results of IEG's PSIA evaluation, which showed that implementation of PSIA had limitations and that it only had moderate effects on Bank operations and country policies. Improving the operationalization of the analytic work is important and can lead to more relevant loan design, as evidenced in IEG's evaluation of Bank ESW (IEG 2009c).

## The Bank's Support for Country SSNs Systems and Institutions: The Building Blocks of SSNs

An integral part of the Bank's assistance for SSNs (through lending, ESW, technical assistance, and global knowledge sharing) involves helping build systems and institutions for delivering social assistance. Beneficiary identification and targeting systems, payment systems, M&E systems, and data systems (to name a few) serve as the building blocks for SSNs; they enable identification of and response to different types of household risk and vulnerability.

These structures and institutions can be established to implement a particular program or to use across a range of programs. For example, the single-household registry developed for Brazil's *Bolsa Familia* can help the government target beneficiaries in a range of programs. Or, once a country has developed an efficient cash payment system, it can be used for emergency disbursements after a natural disaster, for regular social pension benefit disbursements, or for a new CCT program to encourage children's attendance in school.

Moreover, country SSN and social protection programs and institutions need to be well coordinated to serve the varying and evolving needs for protecting the poor and vulnerable in LICs and MICs. This section analyzes how relevant and effective the Bank's support has been in establishing the core SSN building blocks as well as the development of a coordinated set of programs and policies to protect against household risk.<sup>10</sup>

The focus on institution building has been stronger in MICs than in LICs. The portfolio review found that 45 percent of projects supporting SSNs had government institutional capacity building as an objective (57 percent in MICs and 24 percent in LICs). Only about one-quarter of the country cases involved systems adequate for managing SSN programs, another half of the countries had SSN systems considered "somewhat adequate." Not surprisingly, most of the adequate systems are found in MICs with long-term SSN programs.

The focus on institution building has been stronger in MICs than in LICs.

The country case studies indicate that Bank staff and country stakeholders see institution building as the strongest aspect of Bank support for SSNs. This is particularly true in MICs in Latin America and the Caribbean and in Europe and Central Asia, which place more emphasis on it. The Bank relies on a range of instruments to do this, including lending, AAA, training and global knowledge sharing, and dialogue. Brazil is an example where the Bank has played a big role in building institutions through a range of inputs throughout the decade (see box 8 in chapter 5).

The importance of institutional capacity for addressing different types of risk was highlighted during the recent food, fuel, and financial crises. According to IEG's staff survey, three key factors limiting Bank support after crisis included: weak country data (33 percent), weak country institutions (33 percent), and inadequate systems or instruments (24 percent).

Identifying different characteristics of the poor, including the chronic and transient poor remains a challenge in many countries. The difficulty of obtaining these data should not be underestimated. Nevertheless, the data are essential for effective design. Case studies indicate that to improve the effectiveness and relevance of the Bank's SSN support for chronic poverty, better data are needed in many countries to be clear about which problem the SSN is trying to address – chronic, transient, or seasonal poverty.

Where Bank-supported efforts have not distinguished between chronic and transient poverty and interventions have targeted “the poor” broadly, short-term or seasonal measures have been less relevant to address chronic poverty and have had limited impact in reducing poverty. For example, until the Bank started conducting detailed analysis of safety net transfers in Tanzania, the country's main SSN did not reach the most vulnerable, chronically poor groups, such as children and the elderly. Instead, the main safety net (the temporary public works programs administered by the Tanzania Social Action Fund) targeted able-bodied adults.

The Bank has supported the improvement of poverty data in 66 percent of the countries studied.

The Bank has supported the improvement of poverty data in two-thirds of the country cases studied. This has involved either improvements in the diagnostic level (usually through household surveys) or the operational level (that is, being able to identify the welfare and needs of applicants to a SSN program). The Bank has supported greater reliance on country systems for monitoring poverty and has emphasized cross sectoral capacity building in production and use of poverty data. The Bank participates in “PARIS21,” an international

partnership established to influence and facilitate statistical capacity development and the better use of data.<sup>11</sup>

IEG's staff survey on the food, fuel, and financial crises found that one-third of countries had inadequate data to inform crisis response, thus constraining the Bank's support. Client interviews indicated that improving poverty data was perceived as a very important contribution to country capacity to design effective and efficient SSNs, improve transparency in countries, and garner political support within countries for targeting.

Bank AAA and research are more nuanced in their appreciation for different types of poverty and the implications for program design, but Bank-supported M&E systems tend to track levels of poverty ("headcount" measures) rather than assess whether they are reaching the chronic or transient poor through their programs. This problem has been highlighted by the Human Development Network (Grosh and others 2008). There are signs of improvement, as the Bank has focused recent efforts on improving targeting and data collection not only in lending operations (for example, in Albania, Bosnia, Jordan, Moldova, and the Philippines) but also with analytical work and research. For example, the Development Economics department has recently developed software that can help countries analyze household welfare and thus help guide the collection of meaningful poverty data, and this has been adapted specifically for social protection with ADePT SP. Obtaining quality data with which to measure SSNs is improving but remains a challenge in many countries.

#### TARGETING

Identifying and reaching intended beneficiary groups ("targeting") is an important component of the institutional capacity needed to design and implement SSNs. Both the impact and cost-effectiveness of targeting have been richly debated inside and outside the Bank. In each country context, the poverty situation, political economy issues, and administrative capacity will vary, affecting the most appropriate choice of reaching the poor—from narrow targeting to universal (untargeted) programs. (In the latter case, these are not SSNs, as defined by the Bank, but other poverty alleviation instruments.)

The Bank was involved in the analysis and dialogue on targeting in 80 percent of the country case studies. Targeting is very politically sensitive, as it determines who will benefit from programs with SSN components. Success for the Bank, then, is not simply about providing the best technical advice on targeting; it includes finding a targeting mechanism that is politically acceptable to the government and the elec-

torate, and that can be implemented as efficiently as possible within the institutional context of that country.

In 75 percent of the country cases, interviews with Bank staff indicated that they were at least somewhat knowledgeable about the political factors around targeting and tried to take them into account. In 56 percent of the country cases, the Bank encouraged as fine-tuned targeting as possible to maximize program efficiency. Governments will make targeting decisions on their own, or in response to domestic political pressures, and the Bank's technical advice can help in that process if it takes into account the political dynamics involved (as it did in Argentina, Costa Rica, and Guatemala).

The Bank has been aware of political sensitivities with targeting, yet it has also realized that its technical role can serve to de-politicize the issue. For example, when the Bank encourages moving toward tighter and more objective poverty-based targeting, it introduces transparency that is publicly valued and useful for gaining support. This has generally been done by providing poverty and vulnerability assessments that clearly show which groups need to be targeted through SSN assistance, followed by technical work that helps the government assess the best way to identify these groups and individuals.

In Pakistan, for example, the Bank was instrumental in developing an identification system to make beneficiary selection more transparent. Before Bank involvement, the BISP program stipulated that Members of Parliament identify potential beneficiaries. When the Bank agreed to provide technical assistance for the program, however, a new, objective, and transparent targeting mechanism was agreed on. In Jamaica, the introduction of the proxy-means-tested formula and Beneficiary Identification System removed the possibility of special interest groups nominating people for benefits. These are instances where the Bank used technical skills and in-depth knowledge of the political and institutional environment to encourage reforms to improve the efficiency and effectiveness of the SSN program while encouraging public sector good governance more generally.

Establishing a sound system for delivering cash benefits is critical to ensure the effectiveness and credibility of many SSN programs.

#### PAYMENT SYSTEMS

Establishing a sound system for delivering cash benefits to recipients is critical for ensuring the effectiveness and credibility of many SSN programs (such as UCTs, CCTs, and PWP). The portfolio review reveals that 10 percent of the SSN operations supported the development of payment systems. In this area, countries have been eager to learn from each others' experiences, and the Bank has facilitated this south-south learning through various forums (including the Latin

America and the Caribbean CCT Learning Circle, Istanbul CCT conference, and study tours to Mexico and Colombia).

#### MONITORING AND EVALUATION

Building and improving M&E systems has been an important aspect of institution building, and systems have improved significantly throughout the decade. The Bank has supported partner governments in setting up M&E systems in half of the case study countries. At the start of the decade, Bank projects containing SSN components tended to have M&E frameworks, but there was less emphasis on helping governments monitor and evaluate their wider SSN interventions and impacts across the sector. By the end of the decade, almost half of the case study countries had adequate and measurable indicators for assessing outcomes.

Building and improving M&E systems has been an important aspect of institution building, and systems have improved.

Despite recent improvements in M&E, the information generated during the decade has often not been used for program management decisions, such as design modification or whether to scale up programs. Only 22 percent of case study countries were found to use M&E fully for program decisions; another quarter of countries used their M&E systems to some extent.

### Support to SSNs within Broader Social Protection Systems

Bank-supported SSN efforts have been examined for relevance and effectiveness. However, unless these programs are part of a larger context of improving SSN systems, a country may have a reasonably well-functioning program but many needy households that still lack protection. Because sound SSN systems require more than successful projects, the 2001 Social Protection Strategy (World Bank 2001) recommended a systemic approach to social protection based on a social risk management framework,<sup>12</sup> rather than reliance on individual instruments and programs. The strategy advocated looking at how programs overlapped and interacted and how social protection could contribute to poverty reduction beyond passive income redistribution.

The Bank's social risk management has been partially implemented, and improved throughout the decade.

IEG assessed the application of the social risk management framework by examining full country programs (beyond SSNs) and their contexts for the 30 country case studies.<sup>13</sup> Each country was assessed for three periods throughout the decade (2000–04, 2005–10, and 2000–10); then summary statistics were compiled.

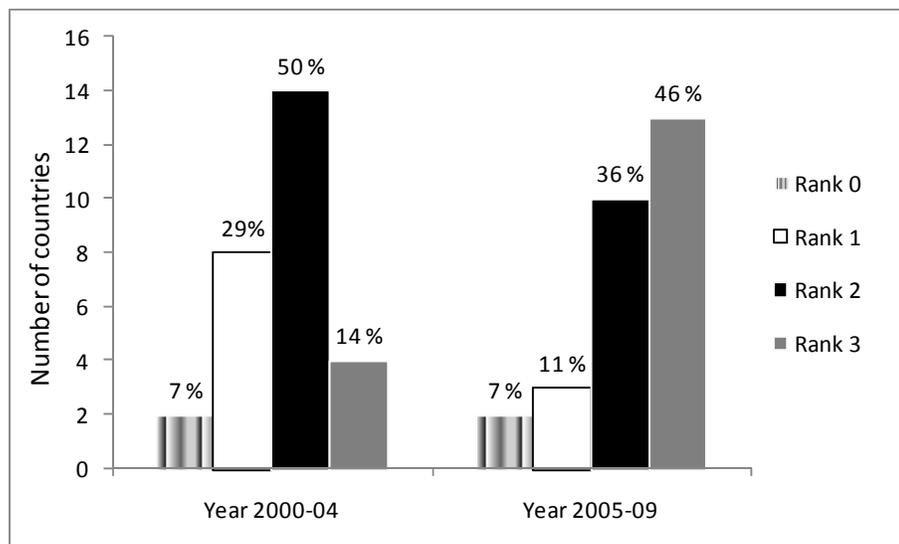
IEG's assessment indicates partial implementation of the social risk management framework, with low levels of implementation early in the decade but considerable improvement throughout the decade. Al-

though only 14 percent of the 30 Bank programs reviewed supported the social risk management approach between 2000 and 2004, this rose to 46 percent between 2005 and 2009 (figure 17). The in-depth reviews indicated that countries that have embraced a more systemic approach have engaged over a longer period and have relied on a series of loans (investment loans or DPLs), AAA, dialogue, and global knowledge sharing. These countries span MICs and LICs and all regions.

In about half the countries studied, the Bank has supported implementation of certain programs, but there may be large, unaddressed gaps in the social protection system.

In almost half of the country cases, the Bank has been supporting the implementation of certain programs, but there may be large, unaddressed gaps in the social protection system (the second-rank category in figure 17). Over the decade, about 20 percent of country cases fell into two other categories that reflect low engagement in social protection. These countries (Algeria, Cameroon, Iran, and Malaysia) have had inconsistent dialogue with the Bank during the decade because of broader political or governance issues affecting Bank relations.

Figure 17. Rankings of the Bank's Application of the Social Risk Management Framework, by Period



Source: Case studies, social risk management analysis.

Note: Benchmarking was determined (see methodology and results in appendix B) in consultation with new Country Policy and Institutional Assessment criteria for assessing country social protection systems as well as with World Bank experts working on these issues. Countries were placed in three categories for each time period. **Rank 3:** The Bank is implementing a strategy for social protection that is based on the social risk management framework and complements government efforts to introduce a comprehensive social protection system, including safety nets, social insurance mechanisms, and labor market policies. **Rank 2:** The Bank is supporting government efforts to implement social protection programs, but there is no comprehensive social risk management framework, and there are large gaps in or uneven development of the social protection system that are not being addressed. **Rank 1:** The Bank is offering advice on elements of social protection in the context of economic, financial, or sector AAA, but there is little or no follow-up through lending. **Rank 0:** There is no dialogue between the Bank and the government on social protection.

There is a discernable trend over the past five years as the Bank has moved away from simply supporting successful projects or individual programs with SSN components (a particular CCT or PWP) to looking more broadly at the SSN sector and SSN systems. Such an approach has made it clear that many countries have a plethora of small programs, often having the same objectives but run by different ministries, that are ineffective, drain resources, and would benefit from consolidation and strengthening.

Equity and fairness considerations also drive this agenda. Beneficiaries in different parts of the country want to know that there is a standard way of selecting eligible households and determining levels of benefits. The Bank's global knowledge products, such as conferences and study tours, have also helped expose countries to various approaches and options to address SSN needs.

With this new systemic perspective (rather than a project orientation), the Bank has started examining the streamlining and integration of SSN programs much earlier in the dialogue. In some cases, where the government has relied on a single program, the discussion focuses on the development of other complementary programs to address a range of household vulnerabilities. For example, Ethiopia has focused narrowly (and effectively) on food insecurity in rural areas; it is now engaged in the preparation of a broader social protection strategy that will address other sources of vulnerability as well. The Bank is encouraging countries to develop national social protection strategies, which will force governments to move away from a focus on individual programs to set out broader policy objectives in a more strategic and coordinated manner through a national social protection policy.

Some countries are also developing the capacity to assess their social protection systems to see how they respond to different types of shocks and which groups may or may not be covered. For example, a recent project in Latvia, through Bank simulation work, assessed the likely impact on the poor of potential SSN programs to be implemented after the food, fuel, and financial crises. Simulations showed that scaling up coverage of unemployment insurance would lower the poverty headcount but not reach those deeper in poverty, and the scaling up and increased benefit levels of the UCT and the new public works program would reduce the poverty gap but not the headcount. Thus, the government was able to know which households would be protected by which programs and plan accordingly. This type of technical analysis is a very promising use of Bank technical resources.

For some upper-middle-income countries, the Bank is supporting a broad social protection approach. The challenge of this lies in harmo-

Over the past five years the Bank has moved toward looking more broadly at the SSN sector and SSN systems.

nizing the SSN with broader social protection policies, so that a strong SSN does not create incentives for households to remain in the informal sector (Ribe, Robalino, and Walker 2010).

Developing SSNs within a coherent, broader social protection system has emerged as an important issue in Colombia and Mexico, for example, where social protection systems contain a range of SSN programs and benefits for the poor and a variety of programs for those in the formal sector. Yet in between lies a segment of society that is not covered by social protection. The rising concern is that this incomplete social protection system creates a dual system that is not equitable or efficient. Moreover, incentives for people to remain in the informal sector, to access benefits, and to not pay taxes and payroll contributions remain a drag on growth rather than a driver (IEG forthcoming; Ribe, Robalino, and Walker 2010; Levy 2008).

# Chapter 5

## Understanding How the Bank Works to Build SSNs

The Bank's ability to have a positive impact on SSN developments depends not only on the appropriate technical design of programs, as discussed in chapters 3 and 4, but also on the country context and how the Bank works within that context. The country case studies reveal the importance of political economy issues for SSNs, as well as factors related to the Bank's engagement in a country. This chapter explores those issues.<sup>1</sup>

### Political Economy Issues in the Design, Implementation, and Reform of Programs and Systems of SSNs

SSNs are among the most politically sensitive areas of development policy. This is because SSNs involve redistributing resources toward the poor. Views of this vary not only between countries but within countries. Therefore, understanding how politics affects the ability of a country to design and implement SSNs is important for the Bank's effectiveness. This chapter examines how politics has affected SSN reform in countries and how the Bank has used knowledge of political economy to guide its work.

Societal views and preferences on poverty and SSNs have shaped political discourse and the decisions governments have made. Views vary by region, as does the nature of the social contract between the state and its citizens. For example, in countries in Europe and Central Asia, citizens have much higher expectations of government benefits and support (all five case studies in this Region are about streamlining benefits rather than setting up new SSN systems, and SSN benefits are seen as an entitlement). In contrast, in the Africa and Latin America and the Caribbean Regions, the political discourse is mainly about avoiding "handouts" and instead focuses on the need for people to earn their benefits in some way (for example, by fulfilling social conditions of CCT programs).

Political factors have also driven changes in SSN programs. SSNs were used for various political objectives in the countries examined. Among those objectives were making difficult economic reforms more acceptable politically, helping win support in elections, demonstrating gov-

#### *Evaluation Essentials*

- ❖ Political economy drivers are crucial for SSN developments and have played important roles in shaping SSNs.
- ❖ The Bank has had sustained engagement in SSNs in some countries, especially MICs, enabling an integration of SSNs in the country dialogue as well as a better understanding of political economy realities.
- ❖ Sustained engagement has helped the Bank be more strategic in its efforts to provide the appropriate advice to the right people at opportune moments through a range of channels, as well as to support longer-term institution building.
- ❖ In many LICs, the Bank was unable to engage in a strategic manner until recently, and SSN support has not been grounded in wider country economic dialogue such as on growth.

**Politically, SSNs are highly sensitive, and social views on poverty and SSNs have shaped political discourse and government decisions.**

ernment legitimacy to gain social peace, and addressing high inequality to meet the demands of certain underprivileged groups.

New political leadership was responsible for SSN reform (positive or negative) in half of the case studies. In several cases, new political leaders wanted to distance themselves from previous parties' successful programs and cancelled those SSN programs to establish new ones under the brand of their own political party (this occurred in Argentina, Mexico,<sup>2</sup> and Pakistan). In some countries, closely contested elections have prevented SSN reform that was thought to be unpopular (especially when it involved removing beneficiaries from the program). For example, in Sri Lanka, no party has taken on reform of the Samurdhi cash transfer program, because it is seen as too costly politically (box 6). New leadership has also sometimes meant a new vision for SSNs, as was the case in Brazil.

#### Box 6. Difficult SSN Reforms in South Asia

The Samurdhi cash transfer program is **Sri Lanka's** largest SSN program. The program targeting system suffers from inclusion and exclusion errors. Although the program covered 40 percent of the population at one point, beneficiaries were not all from the poorest income quintile. There have been several attempts to reform program eligibility and exit criteria, to make it more objective and transparent. For example, the government has experimented with reforms such as using proxy means testing and community-based targeting. But reform is challenging because of various political economy considerations and potential political costs of removing non-poor beneficiaries from the program. The Bank has attempted to help the government improve Samurdhi targeting throughout the decade, but without much traction until 2009, when the government requested Bank technical assistance.

**India's** public food distribution system provides subsidized food across the country, but at great cost to the federal government. It has high levels of both targeting and leakage errors, causing little of the subsidized items to reach the beneficiaries. However, it has been running for decades and is seen as an entitlement. The political economy of reforming the program is highly complex also due to difficulties with public grain procurement and the ongoing debate on food versus cash-based support for food security. All political parties have shifted away from reforming the system, because it might involve removing millions of people from the program and, consequently, result in a loss of political support. The Bank has recognized the difficulties of reforming this system and has offered technical support and evidence on the flawed targeting methodology to help inform the debate.

*Source:* IEG case studies.

New political space for SSN reforms has often opened up during crises.

Evidence indicates that new political space for SSN reform has often opened up during crises. In 70 percent of countries, there was some forward movement to install/reform SSN programs after a crisis be-

cause of increased need and political appetite. When people experienced negative repercussions from a lack of SSNs, strong support arose to establish SSN systems even among the non-poor, and governments were empowered to set up new systems. In Argentina, not until the economic crisis in 2001, when a quarter of the workforce was unemployed, did SSN initiatives finally become politically feasible. Traditionally there had been strong opposition to any programs that handed out cash to the poor.

In fragile contexts, governments have found it important to establish or scale up SSNs to gain popular support and credibility, as well as to promote security during peace processes and political transition and adjustment. The Bank must tread a fine line within the state-building agenda: on one hand, state building is essential for the country's prospects for economic development and poverty reduction; on the other hand, the Bank does not support particular political groups. The country cases indicate that the Bank is generally sensitive to this tension and seeks to support fragile states with SSNs that incorporate pro-poor elements that can be developed further over time, albeit often more loosely than in more stable countries.

Decisions on targeting of SSN programs have been particularly sensitive to political influence. Whereas one government might be elected on a platform of improving efficiency and thus seek to tighten SSN targeting, another government might have a more populist appeal and move toward more universality of benefits. The evidence from the case studies, however, shows a distinct move toward tighter targeting of social programs, with only two countries (Nepal and Argentina) moving toward more universal benefits.<sup>3</sup>

Targeting decisions have been particularly sensitive to political influence.

It seems that transparent and tighter targeting is good politics in many countries, as was found in Nigeria, for example, where SSN credibility with the middle class required proper targeting to the poor. Otherwise the program would be seen as a cash handout for party supporters. Targeting (and retargeting) of SSN programs has been used in various ways to gain political support for politicians. Country case studies found cases of politicians using well-targeted programs to expand access (for example, expanding from rural to urban areas), particularly before elections in Colombia, India, Indonesia, and Pakistan. As discussed in chapter 4, whether narrowly targeted programs are the best way of reducing poverty in a particular situation, the reality is that policy deliberation usually involves both considerations of efficiency (minimizing leakages) and political acceptability.

Targeting has been particularly sensitive to political influence

#### THE BANK'S USE OF POLITICAL ECONOMY KNOWLEDGE

The case studies (including interviews with staff and other country stakeholders) indicate that the Bank is aware of political economy considerations at least to some extent in most countries. In about half of the cases, the Bank identified the key stakeholders in SSN reform, and in two-thirds of countries there was an SSN “policy champion” that the Bank identified to help move SSN reform forward.<sup>4</sup>

Bank support for SSNs responded quickly to political shifts in 40 percent of the countries studied.

The Bank used political economy knowledge most successfully in countries where it has supported large, successful programs (Brazil, Colombia, Ethiopia, and Indonesia). The common factors are willingness to provide AAA at a politically opportune moment, including core ministries (for example, finance and planning) in SSN dialogue and early recognition of what was politically feasible and what was not. In some cases, this has meant supporting the expansion of SSN programs and the weakening of targeting. This has involved case-by-case judgment based on the overall development of a country's social protection system.

Bank support for SSNs adapted quickly to political shifts in 40 percent of the countries studied.<sup>5</sup> According to the case studies and the SSN staff survey (also see appendix B, § VII), it is critical to have specialized social protection staff in a country who have both political economy knowledge and the ability to move dialogue on social protection forward by having good working relationships with members of government and other stakeholders.

In some countries, the Bank has been able to take advantage of political openings for SSN advancement when broader economic reforms are introduced. Evidence from the case studies suggests that when the SSN can be installed at the same time as economic reform, that is an excellent way to garner political support for both the reforms and the SSN agenda (for example, in Colombia, Indonesia, Mexico, Turkey, and Yemen). Where SSNs were introduced or scaled up to make reforms more politically acceptable, the evidence shows that countries placed little emphasis on tight targeting of the poor. Broad coverage of benefits is often politically important for the feasibility of reform implementation without jeopardizing security and stability. The Bank's support in these circumstances has sought to institute programs quickly with large coverage (as in Indonesia after 2005, Nepal, Tanzania, and Yemen). Yet once the SSNs were in place, there was potential to improve design and strengthening targeting (box 7).

Given the reality that SSNs can be very attractive forms of garnering support for politicians, the Bank's support for technical systems can insulate programs from political patronage. For example, the Bank's support often addresses issues such as the development of transparent systems of targeting, grievance mechanisms, and controlling fraud and error. In ad-

dition, innovations in payment systems, such as those that go directly through the banking systems are increasingly in use and help reduce occasions for politicians to associate themselves with SSN benefits.

**Box 7. Indonesia—SSNs from Supporting Macro Reforms to Permanent System**

The Asian Financial Crisis in the late 1990s caused a sudden and severe deterioration of Indonesia’s economy. Indonesia pursued a stabilization program with substantial external support, and within two years of the crisis’ onset, GDP growth was again positive. It returned to precrisis levels by 2003.

Before the crisis, there were no formal SSNs. The government introduced a series of subsidies (food, fuel, and electricity) as a response, as well as new safety net programs known collectively as the *Jaring Pengaman Sosial*. In 2005, because of the fluctuations in oil prices, an effort was undertaken to reduce the highly regressive fuel subsidies (which cost 5 percent of GDP). The government was able to secure political support for the economic reform in part by committing to a pro-poor agenda. The government used fiscal space freed up from the subsidy reduction to fund a UCT. The introduction of the UCT allowed the government to remove fuel subsidies without major public protests

Between 2005 and 2007, the SSN focus (by both the government and the World Bank) shifted from programs to protect people during emergencies toward building SSN systems that were able to respond to a range of household risks.

Although the food, fuel, and financial crises have not had a major impact on Indonesia, the government was well prepared to face the prospects of a significant economic downturn. Fiscal balance had been substantially improved, and over the decade the government invested in moving toward a permanent system of social protection.

*Sources:* IEG case studies; Grosh and others 2008.

Creating solid systems for SSN management can help insulate SSNs from politics, as these technical institutions can persist over time, even if politicians choose to recast (or rename) programs in their political favor. For example, Mexico’s *Progres*a CCT program evolved into *Oportunidades* after the 2000 elections, yet the design and institutions remained intact. In this regard, the Bank’s support for rigorous and credible impact evaluations with transparent dissemination of results can help strengthen popular support for programs and further insulate SSN programs from the winds of political change.

At the project level, the new Operational Risk Assessment Framework provides managers and project teams with a tool to potentially assess the risk to achievement of PDOs. The analysis includes a comprehensive analysis of stakeholders and country and institutional risks that has the

potential to help inform the political economy knowledge on a project-by-project basis.

## Nature of Bank Engagement

The nature of Bank engagement is a critical determinant of its ability to work with the right partners with the appropriate advice at the opportune time. Because of the many political economy issues surrounding SSNs, the manner in which the Bank and other donors engage with countries is important. This section examines evidence related to the Bank engagement, such as whether it has maintained a sustained dialogue on SSNs, engaged strategically, linked SSNs with the growth agenda and overall country strategy, and maintained internal and external coordination.

### SUSTAINED BANK ENGAGEMENT

In 57 percent of case study countries, the Bank's SSN dialogue was sustained throughout the decade.

In 57 percent of the case study countries, the Bank's SSN dialogue was sustained throughout the decade.<sup>6</sup> This was more evident in MICs (70 percent) than in LICs (30 percent). The reason for sustained engagement was demand for the Bank's expertise and comparative advantage in three areas of SSN development: helping consolidate and coordinate SSN and social protection programs, making programs more cost-effective and efficient, and providing technical guidance.

There are several cases of sustained and integrated engagement throughout the decade, notably Brazil and Colombia. In those countries the Bank supported governments that were actively implementing, evaluating, and refining SSN programs and institutions while expanding coverage as key instruments of human development and poverty reduction (box 8). Programs in both Brazil and Colombia featured multiyear AAA. Brazil's engagement featured a multiyear AAA that enabled the Bank to deliver many policy notes, technical papers, expert visits, and workshops to accompany the government along its path of developing *Bolsa Familia*. IEG's case study of Brazil found that the Bank's use of policy-based lending, investment lending, AAA, global knowledge sharing, and dialogue was considered very effective support for the country's SSN agenda.

Upper-middle-income countries found the Bank's AAA highly relevant and sought to borrow from the Bank to secure its support.

Whether large loans were necessary to support these programs, given the fungibility of budgetary resources, upper-middle-income countries found the Bank's analytical and technical services highly relevant and sought to borrow from the Bank to secure that support. The reality of the Bank's operations is that countries involved in some lending (regardless of volume) usually receive greater Bank resources to develop and supervise the projects and thus are offered a continuous level of technical support. The amount each country borrowed was related more to its need

for general budgetary resources than to what was required to develop the sector.

**Box 8. Brazil—Sustained Engagement and Building SSN Institutions through a Range of Inputs**

Brazil, which established several CCTs at the beginning of the decade, has pursued a strong social agenda. When the Lula government came into office in 2002 on a platform of social welfare, several highly visible safety net initiatives were undertaken. These included programs to eradicate hunger, promote youth employment, and unify numerous CCT-type programs under the flagship *Bolsa Familia*. A Ministry of Social Development was created, and a national family registry and program eligibility system, the *Cadastro Unico*, was put into place.

The Bank was closely involved in consolidating four CCT programs into *Bolsa Familia* and in helping the government develop the program. Important features included timely, technically advanced, and politically savvy interventions at the critical early stages of the reform, directed at key stakeholders and including a strong in-country specialist staff presence.

Support for the government’s social agenda was framed by a programmatic human development reform loan supported by an integrated package of analytical and technical work through AAA. For the CCT the Bank partnered with the *Bolsa Familia* program in two results-based adaptable program loans focusing specifically on that program, coupled with two pieces of AAA: Brazil Social Assistance Program and Brazil Evaluation AAA. The emphasis of the multiyear programs was gradually shifted from the “what” of policy making to the “how” of implementation.

The combination of approaches addressed key issues as they were identified, while also responding to government needs, including themes such as targeting mechanisms and tools; M&E; and more strategic, longer-term safety net development issues. It allowed for a long-term, ongoing partnership between the government and the Bank and permitted deepening of the technical aspects of the program. Through the flexible and innovative results-based lending mechanisms, programmatic AAA, and the strong performance of staff, the package of Bank support helped establish and strengthen a major government program.

Another key determinant of the sustained success of the program was the very strong government commitment and close alignment of the program objectives to the country’s and the Bank’s priorities of reducing extreme poverty and inequality. The client sought, listened to, and internalized the Bank’s assistance, especially technical assistance, and the program’s visibility in the media ensured transparency and credibility of the government’s and the Bank’s efforts. As a result, *Bolsa Familia* is a well-targeted program and has had a significant impact on reducing poverty and inequality and improving school attendance and demand for health services by the poor.

*Source:* IEG case studies.

Although the Latin America and the Caribbean countries exemplify simultaneous and sequential use of lending and AAA, Moldova is a case of sustained engagement in a different form. Throughout the decade, the Bank provided technical assistance and ESW to Moldova to help build capacity for reforming the SSN system (inherited from the former Soviet

Union) toward providing effective protection to legitimately poor and at-risk households (box 9). Based on this capacity, when the circumstances changed after the food, fuel, and financial crises, the government was able to move ahead with reforms. The Bank supported this financially.

**Box 9. Moldova—Combining Early-Period AAA and Technical Assistance with a Multidonor Lending Program in Preparation for Government Reform**

Although Moldova is the poorest country in Europe, poverty levels dropped from greater than 63 percent in 2001 to close to 12 percent in 2007.<sup>a</sup> The Moldovan social protection system, inherited from the former Soviet Union, includes 15 types of social assistance programs.

The government's main objective for its social assistance system was to improve the targeting system and de-institutionalize social care services. The Bank sustained its engagement in the process throughout the decade, mainly through AAA. Bank support included recommendations on reshaping safety nets to provide effective protection to legitimately poor and at-risk households. Recommendations also aimed at reforming social care services by emphasizing social integration and community and family care.

A series of sector pieces and technical papers built understanding and appreciation of targeted benefits and formed the basis for a number of reforms aimed at rationalizing and targeting the social assistance programs via two policy loans and a Bank-led multidonor program (Poverty Reduction Support Credit 1 and 2; Health Services and Social Assistance Project) in FY07 and FY10.

Overall, the Bank's approach of carefully considering the government's political concerns regarding the speed of reforms appears to have been effective. In practice, this entailed developing an understanding of important issues and building capacity during the first half of the decade. This later enabled the successful implementation of reforms with Bank financial assistance, when circumstances permitted.

*Source:* IEG case studies.

a. World Bank poverty headcount ratio at \$2 a day (PPP) (% of population).

In the latter part of the decade there were also cases of increasing Bank engagement in SSNs. The main reason was the heightened attention to SSNs because of the food, fuel, and financial crises, which led to greater country demand and greater Bank supply (with additional resources available through the RSR program, IDA crisis window, and other trust funds).

Demand was also stimulated by high-profile natural disasters such as the Asian tsunami (2004) and the Pakistan earthquake (2005), and supply increased through the formation of new social protection units in the South Asia and East Asia and Pacific Regions in the middle of the decade with new sector managers, additional staff, and budget. The Bank's regional knowledge events (co-organized with the World Bank Institute), such as in Africa, Europe and Central Asia, and South Asia, have also contributed to the increased country interest in developing and reforming SSN targeted to the poor.

Another reason the Bank was able to support SSNs more in the second part of the decade is that the popularity of community-driven development (CDD) operations declined. The case studies point to a strong presence of CDD-type operations (including social funds) in the first half of the decade. These CDD operations seemed to address government and Bank desire for pro-poor operations but without developing linkages to any overall social protection or SSN framework and without specifically designing or monitoring programs to reach the very poor and vulnerable. The Bank should have been proactive and flexible in exploring earlier whether the instruments and design chosen – for example, social funds with public works components – were effective as instruments for protecting the poor and vulnerable.

In LICs, country studies indicate that the Bank should have found ways to engage in SSNs earlier, rather than waiting until the food, fuel, and financial crises made SSNs a priority. For example, food insecurity is not a new problem in Niger, and although the Bank has focused on agricultural development, it could have started to engage earlier in providing flexible SSNs, as it has done in Ethiopia. All programs in Niger are highly dependent on donor financing, but it was only with the onset of the food, fuel, and financial crises that donors, including the Bank, saw programmatic SSN support as a means to address food insecurity. Also, in Nepal, despite the government's interest in strengthening safety nets for the poor and vulnerable, the Bank did not significantly engage in SSNs until recently.

LIC cases indicate that the Bank should have found ways to engage in SSNs earlier, rather than waiting until the food, fuel, and financial crises.

In addition to cases of high levels of sustained engagement, there are cases of very low and decreasing engagement. (The selection of case study countries for this evaluation was done randomly to ensure that a variety of situations was reviewed, not only the high-profile, flagship programs.) In some MICs, the level of Bank engagement has been low or decreasing. This lack of engagement is mainly due to international politics, which limits Bank-country cooperation, as well as lack of interest by the country.

In Algeria and Iran, higher-level cooperation between the Bank and the country determined the Bank's entry and exit points in the SSN sector and in the country. Today, the Bank does not engage with Iran and in Algeria does so through fee-based services. In Malaysia, the government has not been interested in working with the Bank during the past decade although the engagement is increasing as of recently. In Cameroon, SSNs were not viewed as relevant to the country's poverty reduction efforts during the decade. Therefore, the Bank did not engage with the country on building SSNs.

### STRATEGIC ENGAGEMENT AND LINKS TO BROADER COUNTRY DIALOGUE

Strategic engagement involves situating the SSN dialogue in wider country dialogue, having a vision of how to build an effective overall SSN system (for example, how various SSN programs complement each other in the country context), and using the right instruments at the right time with the right stakeholders. In almost two-thirds of countries studied, the Bank supported SSNs in the context of country economic dialogue, Country Assistance Strategies, or sector discussions. However, in less than one-third of the countries is there evidence of the Bank having an overall vision of how its support helps build an effective SSN system. The issues are different in MICs and LICs.

The Bank's engagement in case study MICs usually has been initiated opportunistically, often initiated with project lending and dialogue.

The Bank's engagement in case study MICs was initiated opportunistically in most cases, often with project-based lending and dialogue. However, in a growing number of countries, there was a shift toward a fairly strategic approach involving coordinated programs linking to a broader social protection strategy and economic policy. This happened mainly because many MICs had already developed programs before the start of the decade or during the first half of the decade and had used the second part of the decade to consolidate, expand, and otherwise coordinate the programs.

Additionally, MICs have "new" social protection needs and demands, arising from increased urbanization, which has weakened traditional, informal SSNs; increased integration with the global economy that has made them prone to covariate shocks; and rapid growth of senior populations. These new needs lead to increased demand for a more significant government role with respect to social protection.

Each region tends to have a different focus, depending on the SSN needs, country history, and the social contract between the government and the population. For example, in Latin America and the Caribbean, the Bank's strategic focus has been on strengthening SSN systems (building blocks) and investing in the human capital of the poor to break intergenerational poverty traps and to reduce inequality. Hence, strengthening SSN systems has become a political imperative in the Region.

In Europe and Central Asia, with the transition away from the large state role, there has been less interest in supporting poverty-focused SSNs. The Bank provided countries in the Region with AAA for several years until there was greater political opportunity to support a more efficient poverty-focused SSN system or programs. The dialogue has centered on both improving the efficiency of existing SSN programs and systems and strengthening institutions to provide SSNs for European Union accession.

In the Middle East and North Africa, country preferences and high-level political decisions have limited the strategic nature of Bank dialogue on SSNs. But the Bank has to some extent helped strengthen SSN systems in the context of subsidy (food and fuel) removal.

In East Asia and Pacific (both for MICs and LICs), because of popular attitudes of self-reliance, government places low priority on SSNs; thus, the Bank has not put social protection at the top of country dialogue. Despite strong support of pro-poor growth strategies, large-scale systemic shocks (Asian crisis and the recent crises) have made countries realize the benefits of SSNs for protecting people during situations beyond their control.

In many LICs, case studies indicated that issues related to SSNs were raised within the context of Poverty Reduction Strategy Papers and included in poverty assessments, yet did not have much traction for a number of reasons. With chronic poverty widespread and budgets tight, it was not evident to governments or sometimes to Bank country directors what role SSNs play in a poverty reduction and pro poor growth agenda.

In addition, the reality of aid dependency and donor response to shocks, such as drought and famine, led many LICs to rely on ad hoc responses rather than developing SSN systems to address this critical need. Also, as was evident in IEG's examination of the Bank's organization structure and SSNs, given that Bank dialogue is often enabled by budget provided through supervision and lending, Bank resources to support SSNs and institution building and to stimulate country demand were lacking in LICs. As additional funds were provided through the RSR trust funds, engagement in LICs increased, and the Bank and countries focused more on institutional strengthening.

#### LINKS TO THE GROWTH AGENDA

Including SSNs in broader country discussions, including with core ministries such as finance and planning, was usually a prerequisite for productive Bank support of SSNs. Although the case studies indicate that including SSN discussions in wider Bank dialogue on national economic, fiscal, and poverty issues does not necessarily lead to more fruitful collaborations on SSNs, not including SSNs in the wider Bank dialogue limits the Bank's effectiveness. It can make it more difficult to advocate for SSN programs and spread support to the core finance and planning ministries, or it can lead to a less strategic approach overall in how the Bank links SSN work with the rest of its engagement.

In most country case studies (80 percent), the government's SSN strategy was part of its wider poverty reduction agenda and was included in the poverty reduction strategy. In 60 percent of country cases, Bank dialogue

In many LICs the Bank has only recently been able to be strategic, and SSN support has not been firmly grounded in wider country economic dialogue.

In most country case studies, the government's SSN strategy is part of its wider poverty reduction agenda and is included in the poverty reduction strategy.

on SSNs was initiated within the context of broader economic, fiscal, and poverty issues. In other cases it was initiated sectorally (as in Cameroon, India, Jamaica, Nepal, Niger, Nigeria, Pakistan, Tanzania, and Yemen). In certain regions – Africa in particular – the SSN agenda generally was not part of the wider Bank economic and poverty dialogue with the government, reflecting the limited interest of governments and the Bank in this area.

Justifying SSNs by their contribution to the growth agenda can be a way for the Bank to help expand country support for them. In 40 percent of cases, no growth argument was used to encourage the adoption of SSNs; instead, it was justified in terms of poverty reduction and equity/social justice.

Various growth arguments (box 10) were made to different degrees in the country case studies. Investing in human development was used most frequently (probably reflecting the large number of CCTs supported by the Bank), followed by improving the efficiency of public expenditures. The risk insurance rationale for growth was used least often, reflecting the lack of focus on shocks in the Bank's support for SSNs. Also, this rationale is less well studied than the others, so there is less evidence. However, the risk insurance function has gained more importance and credibility (particularly within the Bank) with the food, fuel, and financial crises, as the need for consumption smoothing and avoiding negative coping mechanisms became clearer.

Although various growth arguments were made in the country case studies, investing in human development was used the most frequently, followed by improving the efficiency of public expenditures.

#### Box 10. Links between SSNs and Growth

The Bank has used a variety of links between SSNs and growth.

- Improving human capital strengthens the labor market.
- Creating productive infrastructure while paying people wages enables higher productivity (PWP).
- Improved efficiency of SSNs can free fiscal space (particularly with universal subsidies), which can be used to improve immediate consumption of poor and invest in pro-poor items that will help these people rise out of poverty.
- SSN can make difficult economic reforms more acceptable (not just through subsidy removal), and by preventing strong political opposition (even violent protests) can help with economic stability and growth.
- SSN can help populations graduate from poverty and help spur entrepreneurship and employment.
- SSNs can compensate for insurance market failures in developing countries (agricultural, health, or unemployment) and credit market failures (lack of credit for the poor) and help the poor smooth consumption during individual or systemic shocks. If people are aware that this SSN exists as a form of insurance, they are more likely to make more productive decisions about their livelihoods as well as their investment in the human capital of their families.

*Source:* IEG case studies.

## INTERNAL COORDINATION

SSNs are a challenge within the Bank, as they fall under the general responsibility of the Social Protection Sector, yet less than half of projects containing SSN support fall under that sector board. SSNs involve all networks and 13 sector boards. Most notably, the three main departments involved in SSN work include Social Protection (within the Human Development Network), Poverty Reduction and Economic Management (PREM) Poverty, and PREM Economic Policy. Analytical work is often undertaken by regional PREM Poverty units, investment projects and technical knowledge of SSNs are housed in the regional Social Protection department (which also produce considerable AAA), and multisectoral DPLs involving SSN components are supported by the regional economic policy unit within PREM.

SSNs are a challenge within the Bank because so many of the projects fall outside of the supervisory responsibility of the Social Protection Sector Board.

IEG research on the Bank's organizational structure and its affect on SSN work indicates that although the matrix system enables expertise to be drawn from various areas, it also risks making coordination challenging. It creates weak incentives for collaboration, and ultimately affects the quality of the work in countries.

Semistructured interviews with 45 Bank staff and managers across the Bank uncovered sources of tension in the Bank's current organizational structure with regard to SSN work. These sources of tension relate to current budgetary arrangements, task-management arrangements, and accountability mechanisms for staff.

Among the sources of tension are budgetary arrangements, task management arrangements, and accountability mechanisms.

Interviewees reported that in theory the matrix structure is meant to foster cooperation across sectors and between sectors and country management units. In practice, however, budgetary arrangements bring about the opposite response. Three-quarters of respondents pointed out that there is no formal mechanism for sharing credit or budget across the organization, because project budgets are allocated by default to the sector with which the team leader is affiliated.

The management of a project is usually granted to the staff member who initiated the dialogue with country authorities, preparing the way for the operation in question. Because PREM typically leads the dialogue on broader country strategic issues, this favors its position when managing DPLs. In practice, because of the "contestability" of SSN-related activities, country directors are forced to choose between competing units, which spurs a sense of uncertainty and "turf" among staff. IEG's SSN staff survey of the food, fuel, and financial crises and SSN response corroborates this finding, with only 52 percent of respondents reporting that the countries on which they work have very effective internal cooperation (that is, between networks). (For a full report of the survey findings, see appendix B, § VII.)

Without a sufficient budget, managers and directors from sectors and units that do not have opportunities to manage SSN projects face the prospect of having to cut down on their staff.

Without a sufficient budget, managers and directors from sectors and units that do not have opportunities to manage SSN components face the prospect of having to cut down on their staff. This exerts a powerful drag on staff in that it undermines incentives for cooperation while it pressures them to provide resources for the respective managers and directors as actively as possible. Moreover, because Bank units are under pressure to fund the work program of their staff, they chase the largest sources of demand, fuelling a sort of “reactive mode.”

For instance, the Latin America and the Caribbean Region, consisting mainly of MICs, is responsible for 52 percent of the SSN lending and thus has been allocated larger Bank budgets to support the development and supervision of these operations. This has provided opportunities for sustained engagement that has not been possible in countries lacking lending programs. This is also suggested by regression analysis, which finds that past SSN borrowing is a significant predictor of future SSN borrowing.

Recently, however, the strengthening of centrally funded initiatives has provided significant opportunities to step up work on SSN-related activities in LICs, particularly in Africa, as shown by the recent increase in the number of operations and the size of commitments in IDA countries. This has provided a counterweight to the intrinsic asymmetry of budget arrangements, had they been allowed to fully operate in the Bank’s matrix structure.

There is no clear mechanism of cooperation, recognition, or quality control procedures for cross-sectoral situations.

Another issue that emerged from IEG’s SSN interviews with Bank staff had to do with quality assurance mechanisms (or the lack of them) in the context of multisectoral work. SSN-related operations tend to be multisectoral and, as about half of the respondents noted, this means that the Social Protection Sector Board cannot manage all SSN-related operations. Yet accountability mechanisms are inconsistent with the multisectoral nature of the work involved, as there is no clear mechanism of cooperation, recognition, or quality control procedures for cross-sectoral situations. Given the multisectoral nature of SSNs, facilitating collaboration between networks is important. Budget practices should be reviewed to see if they constrain cooperation. The SSN Global Expert Team is comprised of Human Development and PREM SSN experts and could be used throughout the Bank as a source of quality control for projects containing an SSN component.

#### EXTERNAL COORDINATION

The Bank is an important actor in most of the countries where it has operations, although it is usually only one of several donors trying to help the country with its poverty reduction goals. In both MICs and

LICs, a government's ability to coordinate donors is important for best use of the financial and technical resources.

The case studies indicate that donors (including the Bank) have coordinated well in slightly over half the countries throughout the decade. The IEG staff survey data, however, reveal good collaboration during the food, fuel, and financial crises in only about a fifth of cases. In 41 percent of countries, survey respondents said there was little or no donor coordination in their countries following these crises; in 37 percent of countries, respondents said donors coordinated only somewhat. Again, the responses varied by Region and were most evident in South Asia, where 60 percent of countries had no or little donor coordination in response to the crises. (For a full report of the survey findings, see appendix B.) Donor coordination may be particularly challenging during crisis, when rapid response is required. However, given the huge increase in donor involvement during a crisis, the need for donor coordination is particularly heightened.

The Bank can be particularly useful in providing financial resources to LICs that have not benefitted greatly from bilateral donors. Some LICs have drawn very successfully on donor funds to finance SSNs, but most have not. The most notable positive example is Ethiopia, which receives a large amount of aid and has a highly coordinated mechanism for channeling donor funds and technical assistance to support the country's principal SSN.

In contrast, in many LICs, donor-supported projects with SSN components are small scale, fragmented, and scattered throughout the country; they address various pockets of need, yet lack the coverage and cohesiveness necessary to build SSN institutions over the longer run or to serve as a potential mechanism for addressing other shocks that might arise. Moreover, the reality of international geopolitics is that some countries receive a great deal more donor support, regardless of their economic need. These politically important LICs have greater potential for improving their SSNs; those LICs that receive less donor interest face tremendous challenges for developing SSNs. Finally, in practice, the Bank's analytical work often plays an important coordinating role by providing intellectual leadership on poverty issues, and this helps other donors form their strategies.

Donors have coordinated well in slightly over half of the countries, but there was good collaboration during the recent crises in only about 20 percent of cases.

The Bank can be particularly useful in providing financial resources to LICs that have not benefitted as greatly from bilateral donors.



# Chapter 6

## Major Findings and Recommendations

This evaluation covers a wide range of issues related to the effectiveness and relevance of the Bank's lending support to specific SSN programs, as well as its broader analytical and advisory support to countries for developing SSN systems.

Events of the past decade have underscored the critical need for SSN programs in all countries, especially in times of crisis. Over fiscal years 2000–10, the World Bank supported programs to protect poor and vulnerable people through noncontributory transfers targeted to the poor and vulnerable. This amounted to \$11.5 billion in lending and an active program of analytical and advisory services.

Given the growing importance of SSNs, IEG has evaluated the relevance and effectiveness of the Bank's support in this area. Because this evaluation assesses the World Bank's support for SSNs, the recommendations are for the World Bank but with the broader objective of improving SSNs in countries.

Substantial progress has been made over the decade, yet the evaluation found areas of Bank support that need strengthening to improve their effectiveness and relevance. Continued effort is needed to develop SSNs that are flexible and able to respond to shocks; to build country institutional capacity to address various sources of poverty, risk, and vulnerability; to engage more on SSNs in LICs; and to increase the precision and poverty focus in Bank-supported SSN programs by improving the quality of objectives, design, and monitoring.

Following are the major findings and recommendations of this evaluation:

1. **SSNs for shocks:** Throughout the decade, countries and the Bank focused SSN support on addressing chronic poverty and human development and focused less on SSNs to address shocks. During the last few years of the decade, the focus of countries and the Bank expanded as addressing systemic shocks took on greater importance. The urgency of preparing for systemic shocks became particularly clear after the food, fuel, and financial crises, during which lessons from previous crises were underscored: those countries that had prepared during “good times” by developing permanent SSN programs or institutions were better positioned to

scale up, as needed – and the Bank was better able to help them – than those that had not. The Bank was most effective in helping countries in which it had been steadily engaged through lending, AAA, or dialogue over the decade. Such engagement enabled the country to develop SSNs and the Bank to develop a deeper understanding of country dynamics.

**Recommendation: Engage during stable times to build SSNs that can help countries respond effectively to shocks.** This requires steady country dialogue and support for developing SSNs, whether by lending, country-specific AAA, or engagement in global knowledge and learning. As such shocks are transitory in nature, an important characteristic of an SSN is its ability to expand and contract to reach different population groups as needed. Access to reliable poverty data, crisis monitoring systems, and flexible targeting systems are elements to develop appropriate SSNs.<sup>1</sup>

2. **Systems approach:** During the review period, the Bank began to make an important shift from an approach based mainly on projects that emphasize delivery of social assistance benefits to helping countries build SSN systems and institutions that can respond better to various types of poverty, risk, and vulnerability within a particular country context. The institutional development approach was driven mainly by MICs, for which this was the most common objective of Bank-supported SSN programs.

**Recommendation: Support the development of SSN institutions and systems.** The Bank can further accelerate institution building, particularly in LICs, where capacity constraints are often severe and the building blocks for SSN administrative systems may need to be built from scratch. In MICs, the approach will require continuing the effort to harmonize programs within the broader social protection framework.

3. **SSN engagement in LICs:** The Bank focused its lending, analytical, and capacity-building support for SSNs significantly more on MICs than in LICs throughout the decade. Despite a recent increase in LICs engagement, SSNs remain a much less significant part of the development agenda in LICs than MICs. Country demand for SSNs may be higher in MICs, but SSNs are also important in LICs, as they help protect against systemic shocks as well as help the poorest and most vulnerable people. The Bank's low level of engagement may have perpetuated countries' low level of attention to SSNs. The Bank needs to be engaged (at least through analytical and advisory services) to help countries understand the

value of SSNs and improve their capacity to design and implement the programs, as appropriate in each country's context.

**Recommendation: Increase SSN engagement in LICs.** The Bank needs to maintain special efforts (financing and internal incentives) for LICs that permit countries to develop SSNs that will protect their poorest and prepare for shocks. Depending on the country context, these may include improving country capacity, adapting SSN programs to the institutional environment, improving poverty data and analysis to identify the particularly vulnerable groups, and assuring donor coordination for SSNs (for financing and technical assistance) to increase efficiency of government programs.

4. **Project performance and quality of results frameworks:** The Bank's support for SSNs has been effective in helping countries reach short-term objectives and achieve short-term impacts, such as increased school attendance or immediate consumption. However, short-term SSN project objectives have not been adequately anchored in longer-term results frameworks. Anticipating and planning for complementary inputs from other sectors (including inputs on monitoring poverty and vulnerability) needs more attention. There is also a need to mobilize resources from outside the project cycle to track progress toward the longer-term objectives, including selective longer-term impact evaluations.

Results frameworks for projects with SSN components have focused insufficiently on clearly identifying the poor and vulnerable target groups. (By the Bank's definition, SSNs support programs targeted to the poor or vulnerable in some way.) Yet IEG found that objectives and performance indicators were often not specific enough to ensure effective monitoring of the effects of the project on the poor or vulnerable. Project objectives need to be defined more precisely, monitorable key performance indicators need to be better aligned with those objectives, and accompanying M&E arrangements need to track their performance.

**Recommendation: Improve the results frameworks of Bank-supported SSN projects** to (1) more clearly identify and address the needs of specific groups of poor or vulnerable, and (2) identify how project objectives fit within longer-term objectives for development of country SSNs. This involves improvements in the quality of objectives, design, and monitoring within projects, as well as development of a longer-term results framework for building effective SSN programs and systems (see Box 11).

**Box 11. Improving Results Frameworks for SSNs: Key Questions to Ask of Each Program**

The results frameworks and design of Bank-supported SSN programs can be improved by answering the following questions about each operation:

- Why were these particular objectives selected, and how will they help the country move toward the longer-term goal of establishing effective and efficient SSNs and development objectives (such as the poverty, health, and education Millennium Development Goals)?
- Which particularly poor or vulnerable groups does this SSN seek to help?
- How will the SSN program and components selected help achieve the shorter-term objectives and contribute to longer-term objectives?
- What complementary or subsequent measures would be necessary for achievement of the short- or longer-term objectives?
- How will the design details selected help the program achieve the shorter-term objectives?
- How will the KPIs help track progress toward the shorter-term program objectives as well as the longer-term SSN objectives?

**5. Weighing policy options and using cost-effectiveness analysis:**

The goal for SSNs, as in all areas of public policy, is to have the biggest impact possible for the least cost. For this reason, cost-effectiveness analysis can be useful in assessing the cost per unit of impact of a particular policy and compare that result to other options. SSN operations have usually been undertaken without explicitly considering alternatives for achieving specific objectives (for example, by using cost-effectiveness analysis). This may be because of the lack of specific project objectives and indicators, the presences of indirect effects, or the difficulty in obtaining data on benefits and cost. However, even where impact evaluations have been conducted and provide precise evidence of benefits, this information has rarely been used to weigh various options or assess where the largest impact can be achieved for the least cost.

**Recommendation: Clearly define objectives and assess benefits, costs, and feasibility of policy alternatives to ensure the most appropriate use of SSNs.** Comparing alternative options for reaching the specific objective(s) is particularly important in contexts of high poverty and tight budgets and encourages specific SSN objectives.

- 6. World Bank internal coordination:** SSNs are a challenge within the Bank, as they fall within the supervisory responsibility of the Social Protection Sector family, yet less than half of projects containing SSN components are managed by staff in that sector family. Sources of tension exist with regard to budget arrangements,

task management, and accountability, although the extent varies by Region.

**Recommendation: Improve internal coordination of SSNs.** It will help to review budget systems to see if the incentives they create for managers and task team leaders constrain cooperation between Bank units. Expertise across sectors and networks needs to be shared to enhance Bank support.



# Appendix A

## History of Social Safety Nets at the World Bank

Social safety nets (SSNs) have a long history as a protective mechanism for the poor that can be traced back as far as Ancient Egypt and the Roman Empire. However, in the context of the Independent Evaluation Group (IEG) evaluation, the history of SSNs at the World Bank began in the 1980s following global and Bank events that influenced the SSN agenda.<sup>1</sup>

In the 1980s Latin America suffered the most severe crisis in its history. The crisis led to a considerable drop in incomes, economic growth stagnated, unemployment soared, and inflation reduced the buying power of the middle class. To help address the crisis, the International Monetary Fund (IMF) and the World Bank proposed and financed structural adjustment and stabilization programs throughout the region. Under these programs, countries implemented market-based reforms in exchange for financial assistance. The stabilization programs and the crisis itself had a high social cost. In 1987, to cushion the adverse effects of the stabilization and structural adjustment programs on the poor, Bolivia, with the support of the Bank, put in place the first Emergency Social Fund (ESF) aimed at providing emergency relief by creating temporary employment and improving income. After the ESF, a wave of social funds spread to more than 60 countries.

In the 1990s, the dissolution of the Soviet Union and the East Asia financial crisis highlighted the importance of sound SSN systems. After the break-up of the Soviet Union, Eastern and Central Europe suffered economic and political instability, with high social cost. The World Bank stepped in to provide assistance to eastern European countries to build SSN programs. In 1993, the 47th Development Committee meeting of the joint World Bank-IMF recognized the importance of SSNs for mitigating major transitory adverse effects of economic reform on vulnerable groups and to enhance the political viability of reforms.

In 1994, two events helped shape the thinking on SSNs, the Mexican crisis (Tequila Crisis) and the transition of South Africa into a democratic nation. The Tequila Crisis set the stage for the first cash transfer program to the poor, and the new South African government extended social pensions and child support to all its citizens, without regard to race. The same year, the World Bank published *Averting the Old-Age Crisis: Policies to Protect the Old and Promote Growth*, which recommended a three-pillar approach to pension reform: a mandated, publicly managed, unfunded, defined-benefit pension; a mandated, funded, privately managed, defined-contribution scheme, and voluntary retirement savings.

In 1995, the first conditional cash transfer (CCT) programs were launched in Brazil: the *Bolsa Escola* program in the Distrito Federal on January 3, 1995, and the Guaranteed Minimum Family Income Program (PGRFM) was launched by the mayor in the Campinas Municipality on January 6, 1995. These programs became a model that multiplied in many municipalities and states in Brazil and led to the current program *Bolsa Família*.

In 1996, the Bank created the Social Protection and Labor Sector as a part of the Human Development Network, recognizing the importance of social protection in development. The

## APPENDIX A SOCIAL SAFETY NETS' HISTORY

same year there was a major shift in Bank policies toward financing food expenditures. Food expenditures were allowed to be financed, on an exceptional basis, in poverty alleviation, health and nutrition, and SSN programs that provided temporary compensatory measures during fiscal and economic reform programs.

In 1997, Mexico launched its CCT program *Progresa*, now known as *Oportunidades*. The program used conditional cash transfers to help reduce short-term poverty, while giving households incentives to invest in the human capital of their children. *Oportunidades* had a series of impact evaluations that showed intermediate outcomes in human development and consumption smoothing. CCTs now have been expanded in more than 30 countries.

In 1998, the global financial crisis hit East Asia and then the Russian Federation and Brazil. SSNs were created, scaled up, and used as a mitigation measures. Indonesia, for example, started SSN programs that now cover a large portion of the poor population.

In 2000, the World Development Report (WDR), *Attacking Poverty: Opportunity, Empowerment, and Security*, highlighted the need to develop national programs to prevent, prepare for, and respond to macro shocks—financial and natural. In particular, it stressed the need for permanent safety nets that could serve a counter cyclical role when countries are hit by a shock. The same year the Bank launched its first social safety net core course. That course has been fundamental to the learning and knowledge exchange agenda on SSNs.

In 2001, Argentina entered an economic crisis causing the destitution of the De La Rúa Administration leading to high social costs. The same year, the Bank published its strategy paper “From Safety Net to Springboard,” setting the conceptual foundations of the Social Protection and Labor sector strategy. The SP&L strategy placed particular emphasis on risk and risk management. It also articulated the efficiency motive for SSN to help households manage risk, help households invest, and help governments reform other sectors. 2001 was also the first time the Bank provided financing for a CCT program (Colombia, Jamaica, and Turkey). An interpretation of the Bank bylaws was necessary as it was not clear if the Bank could finance cash transfers. The human development argument was crucial for the legal department to consider cash transfers a development investment.

In 2002, Ethiopia suffered a major drought that left 13 million people in need of food aid. The crisis shifted the country emergency response from a system dominated by humanitarian aid to a donor-coordinated, predictably financed, productive and development-oriented safety net to address the urgent needs of chronically food insecure households. Currently, the Ethiopia Productive Social Safety Net Program is one of the largest in Sub-Saharan Africa (covering 5 million people).

In 2003, the Bank’s SSN portfolio increased considerably, when the *Jefes del Hogar* (Heads of Household) Project received \$600 million (total cost \$1.9) billion as a response to the Argentinean crises.

In 2004, the Bank’s OP 8.60 operational policy for development policy operations (DPLs) recognized that DPL operations can have distributional effects. Consequently, it required an evaluation of poverty and social impacts, as well as mitigation measures when needed.

In 2005, a new Bank publication on pensions, *Old Age Income Support in the 21st Century: An International Perspective on Pension Systems and Reform* recognized the central role of social pensions in countries' social protection systems.

In 2008, the food and fuel crises hit developing countries, 36 countries were in crisis as a result of higher food prices. The Bank established the Food Crisis Response Program with an initial line of credit of \$1.2 billion, giving priority to the most fragile states. The available funds were increased to \$2 billion. The same year, the first ministerial conference on social development in Africa was held in Namibia. Ministers and senior officials from the African Union's 53 member states participated. African Union members agreed to develop social protection schemes for disadvantaged groups such as children, elderly, and people with disabilities, by, among other things, introducing and extending public-financed non-contributory cash transfer schemes.

In 2009, the financial crisis reached emerging economies. Sixty-four million more people dropped below the \$1.25 day poverty line (extreme poverty) and 40 million more people went hungry as a consequence of the food, fuel, and financial crises. The Bank established the Rapid Social Response Program (RSR) to respond to the crises, leveraging the Bank's own resources through IBRD and IDA (\$12 billion for SSNs and other social protection programs in health and education), and donor resources (\$65.22 million). The Bank's SSN lending portfolio hit a record \$3.4 billion, with a single operation (Mexico's *Oportunidades* program) of \$1.5 billion.

As of October 2010, \$71 billion (IBRD/IDA) has been disbursed to countries in need of financial assistance as a consequence of the crises – including \$21 billion to the world's 79 poorest countries. SSNs represented 9 percent of the total Bank disbursements post-crises (\$6.3 billion).

Twenty years ago, SSNs were put in place to cushion against the adverse effects that stabilization and structural adjustment programs have on the poor. Now, SSNs fill a greater role: reducing inequality and extreme poverty; helping households prevent, prepare, and respond to shocks – macro or idiosyncratic – so they can better manage risk; and helping households invest improve their livelihoods.

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SOCIAL SAFETY NETS' HISTOR

Table A 1. Timeline

<i>Year</i>	<i>World Events</i>	<i>SSN's Country Events</i>	<i>Bank-Wide Events</i>	<i>Bank-SSN Events</i>
1971		<p><b>Employment Guarantee Scheme (EGS) India</b></p> <ul style="list-style-type: none"> <li>• The EGS pilot launched in 1965. It was subsequently expanded, precipitated by an extended drought in 1971. This culminated in the EGS Act and its 1979 implementation in Maharashtra.<sup>a</sup></li> <li>• With the implementation of EGS, India was one of the few countries in the developing world to implement a public works program (PWP)</li> <li>• 31 percent of the FY00-10 SSN portfolio had a PWP component.<sup>b</sup></li> </ul>		
1980		<p><b>Chile invents the Proxy Means Test (PMT)</b></p> <ul style="list-style-type: none"> <li>• PMT is an alternative method to Verified Means Testing in developing countries that have a high degree of informality in the labor market.<sup>c</sup></li> <li>• If designed and executed correctly, PMT can have a high degree of accuracy, while also being cost efficient and transparent.</li> <li>• 53 percent of the countries with a conditional cash transfer (CCT) program use PMT as a target method.<sup>d</sup></li> </ul>		
1982	<p><b>Latin America Debt Crisis</b></p> <ul style="list-style-type: none"> <li>• The 1982 debt crisis was one of the most severe in Latin America's history: incomes dropped, economic growth stagnated, unemployment rose to high levels, and inflation reduced the buying power of the middle class.<sup>e</sup></li> </ul>		<p><b>World Bank support to Latin America and the Caribbean (LCR)</b></p> <ul style="list-style-type: none"> <li>• WBG provided support for structural adjustment and stabilization programs in LCR</li> </ul>	

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SOCIAL SAFETY NETS' HISTORY

<i>Year</i>	<i>World Events</i>	<i>SSN's Country Events</i>	<i>Bank-Wide Events</i>	<i>Bank-SSN Events</i>
	<ul style="list-style-type: none"> <li>The crisis made social assistance and targeting priorities on the agendas of the World Bank and state governments.</li> </ul>			
1987				<p><b>First Bank loan for social costs of adjustment</b></p> <ul style="list-style-type: none"> <li>Bolivia's Emergency Social Fund (ESF) was established to cushion the adverse effects on the poor of the economic crisis and the subsequent stabilization program of the 1980s, as well as to facilitate transition through the phases of structural adjustment.<sup>f</sup></li> <li>After ESF, a wave of social funds (SF) began, quickly spreading to 50+ countries. SFs have been used, in the context of SSNs, primarily to fund PWPs.</li> </ul>
1991	<p><b>Dissolution of the Soviet Union</b></p> <ul style="list-style-type: none"> <li>Eastern and Central Europe started a transition period, introducing market liberalization policies.<sup>g</sup></li> </ul>			
1992				<p><b>First Bank SSN operation in ECA</b></p> <ul style="list-style-type: none"> <li>Post-dissolution of the Soviet Union, the Bank provided assistance building SSN systems for the first time to Albania.<sup>h</sup></li> </ul>
1993			<b>Social Security Reforms and Social Safety Nets Report</b>	

APPENDIX A  
SOCIAL SAFETY NETS' HISTORY

Year	World Events	SSN's Country Events	Bank-Wide Events	Bank-SSN Events
			<p>presented at the 47th meeting of the joint World Bank-International Monetary Fund Development Committee meetings. Helped shape thinking and work program on safety net programs. Recognized the importance of SSNs for mitigating major transitory adverse effects of economic reform on vulnerable groups to assist the poor and enhance the political viability of economic reforms.</p> <p>Analytical work on SSN increased considerably because of the support of the development community to SSNs.<sup>i</sup></p>	
1994		<p><b>Tequila Crisis (Mexico)</b></p> <ul style="list-style-type: none"> <li>December 1994, one of the worst economic crises in Mexican history began with the sudden devaluation of the Mexican peso. The crisis had ramifications for the Southern Cone.<sup>j</sup></li> <li>50 percent of the Mexican population fell into poverty.</li> </ul> <p><b>South Africa democratic elections</b></p> <p>South Africa transitioned from apartheid to constitutional democracy. The new government modified the social pensions and child support systems, raising benefit levels of blacks to the level of whites. The social grant system, which primarily</p>	<p><b>Averting the Old-Age Crisis: Policies to Protect the Old and Promote Growth (Report)</b></p> <ul style="list-style-type: none"> <li>The report recommended a three-pillar approach to pension reform: a mandated, publicly managed, unfunded, defined-benefit pension; a mandated, funded, privately managed, defined-contribution scheme, and voluntary retirement savings.</li> </ul> <p>l</p>	

Year	World Events	SSN's Country Events	Bank-Wide Events	Bank-SSN Events
		supports children, has expanded coverage from 2.5 million beneficiaries in 1999 to over 13 million in 2009 and it has influenced thinking in the region. <sup>k</sup>		
1995		<b>CCT programs started</b> Two CCTs were launched in two Brazilian municipalities (representing two different political parties): the "Bolsa Escola" program was launched in the Distrito Federal (Brasilia) and the "Guaranteed Minimum Family Income Program (PGRFM) in the Campinas Municipality. These programs were the originis of the current program Bolsa Familia. <sup>m</sup>		
1996			<b>Creation of the Social Protection and Labor Sector</b> • The Social Protection and Labor Sector was created as a part of the Human Development Network.  Bank financing of food expenditures was permitted for poverty alleviation, health and nutrition, and to improve targeting and effectiveness of projects with SSN components that provided temporary compensatory measures during fiscal and economic reform programs. <sup>n</sup>	
1997		<b>Mexico's CCT program started</b> • Mexico initiated its incentive-based poverty reduction program, called <i>Progresa</i> in response to the 1995 crisis. <i>Progresa</i> , now known as <i>Oportunidades</i> , uses conditional		

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<i>Year</i>	<i>World Events</i>	<i>SSN's Country Events</i>	<i>Bank-Wide Events</i>	<i>Bank-SSN Events</i>
		cash transfers to help reduce short-term poverty through transfers, while giving households incentives to invest in the human capital of their children and thereby reduce poverty over the long run. <sup>o</sup>		
1998	<b>Global financial crisis hit East Asia then Russia and Brazil</b> • The global financial crisis resulted in the implementation of large-scale social protection measures with World Bank assistance (for example, Indonesia). <sup>p</sup>			
2000			<b>WDR 2001 Attacking Poverty: Opportunity, Empowerment, and Security</b> • The report highlighted the need to develop national programs to prevent, prepare for, and respond to macro shocks – financial and natural. In particular, the need for counter-cyclical safety nets to be permanent and ready to be deployed when countries are hit by a shock. <sup>q</sup>	<b>First Social Safety Nets Core Course: The Design and Implementation of Effective Safety Nets</b> • The SSN core course has been delivered for 10 years now, and has been fundamental to the learning and knowledge exchange agenda on SSNs.
2001		<b>Argentina Crisis</b> • The Argentine crisis hit its worst point when massive numbers of people began withdrawing money from the Bank, causing a run on the banks. The government then enacted a set of measures that effectively froze all bank accounts for twelve months, allowing for only minor sums of cash to be withdrawn. <sup>r</sup>	<b>World Bank Social Protection Strategy Paper: From Safety Net to Springboard.</b> • This paper set the conceptual foundations of the SP&L sector strategy • It put particular emphasis on risk and risk management:	<b>First time Bank lends for CCT</b> • The WBG starts lending programs to support CCTs in Colombia, Jamaica, and Turkey. <sup>t</sup> • The Human Development argument was key to getting legal clearance for CCTs.

Year	World Events	SSN's Country Events	Bank-Wide Events	Bank-SSN Events
			<p>the Social Risk Management (SRM) framework complemented social protection's more traditional emphasis on equity and basic needs, and recognized the demands and consequences of the rapidly changing global economy.</p> <ul style="list-style-type: none"> <li>• Articulates efficiency motive for SSN to: <ul style="list-style-type: none"> <li>- help households manage risk</li> <li>- help households invest</li> <li>- help governments reform other sectors.<sup>s</sup></li> </ul> </li> </ul>	
2002		<p><b>Ethiopia drought crisis</b> 13 million people required emergency food aid due to a severe drought. The government of Ethiopia shifted from a system dominated by emergency humanitarian aid to a productive and development-oriented safety net to address the urgent needs of chronically food insecure households.<sup>u</sup></p>		<p><b>1st International Conference on CCT Programs ( Mexico)</b></p> <ul style="list-style-type: none"> <li>• The conference, first in its kind, provided a forum for government officials and other main stakeholders to share experiences – both successes and challenges – on CCT programs.</li> </ul>
2003				<p><b>First time that the Bank lends more than half a billion dollars for a project containing SSN components</b></p> <ul style="list-style-type: none"> <li>• As a response to the Argentina crisis, the <i>Jefes del Hogar</i> (Heads of Household Project) received \$600 million. The total cost of the project was \$1.9 billion.<sup>v</sup></li> </ul>
2004			<p><b>World Development Report 2004: Making Services Work For Poor People</b></p> <ul style="list-style-type: none"> <li>• The WDR 2004 dealt with</li> </ul>	<p><b>Ethiopia Productive Safety Net Program.</b></p> <ul style="list-style-type: none"> <li>• First Bank investment financing an unconditional cash transfer in low-</li> </ul>

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Year	World Events	SSN's Country Events	Bank-Wide Events	Bank-SSN Events
			<p>the crucial role of transfers and social services.<sup>w</sup></p> <ul style="list-style-type: none"> <li>• OP 8.60, operational policy for development policy operations (DPLs) recognized that DPLS operations can have distributional effects. Consequently, it requires an evaluation of poverty and social impacts.</li> </ul>	<p>income Africa.<sup>x</sup></p>
2005		<p><b>Indian National Rural Employment Guarantee Act (NREGA)</b></p> <ul style="list-style-type: none"> <li>• The scheme provides a legal guarantee for 100 days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage of Rs.100 per day.<sup>y</sup></li> <li>• Rights-based approach to social protection.</li> </ul>	<p><b>Old Age Income Support in the 21st Century: An International Perspective on Pension Systems and Reform (Report)</b></p> <p>Modified the conceptual framework for the Bank's pension work, adding the following pillars:</p> <ul style="list-style-type: none"> <li>• "zero pillar" – (social pension, or general social assistance typically financed by the local, regional or national government), fiscal conditions permitting, to deal explicitly with poverty-alleviation objectives in order to provide the elderly with a minimal level of protection.</li> <li>• "first pillar" – contributory pension, linked to (and intended to replace) part-time earnings;</li> <li>• mandatory "second pillar" – individual savings accounts;</li> <li>• voluntary "third pillar" –</li> </ul>	

Year	World Events	SSN's Country Events	Bank-Wide Events	Bank-SSN Events
			<p>could be individual or employer-sponsored;</p> <ul style="list-style-type: none"> <li>• A non-financial “fourth pillar,” which includes access to informal support (such as family support), other formal social programs (such as health care and/or housing), and other individual financial and non-financial assets (such as home ownership and reverse mortgages where available).<sup>z</sup></li> </ul>	
2006	<p><b>Livingstone Call for Action-- A Transformative Agenda for the 21st Century: Examining the case for basic social protection in Africa</b></p> <p>Ministers and senior representatives from 13 African countries (Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mozambique, Namibia, Rwanda, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe) together with Brazil, development partners, UN agencies, and NGOs participated</p> <ul style="list-style-type: none"> <li>• Called for more “social transfer” programs, more capacity building, and long-term funding commitments;</li> <li>• Sets schedule for developing local plans and bi-annual south-south conference.</li> </ul>		<p><b>World Bank WDR: Equity and Development</b></p> <ul style="list-style-type: none"> <li>• Re-establishes within the World Bank the equity motive for safety nets</li> <li>• Safety nets now seen as having both protection and promotion as goals.<sup>aa</sup></li> </ul>	<p><b>Third International Conference on Conditional Cash Transfer Programs (Turkey)</b></p> <ul style="list-style-type: none"> <li>• Formation of the LCR learning circle.</li> </ul>

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<i>Year</i>	<i>World Events</i>	<i>SSN's Country Events</i>	<i>Bank-Wide Events</i>	<i>Bank-SSN Events</i>
2008	<p><b>Food and Fuel Crises hit</b></p> <ul style="list-style-type: none"> <li>• High volatility in food prices threatened to further increase food insecurity and exacerbate the hardships faced by the poor.</li> <li>• 36 countries in crisis as a result of higher food prices.<sup>bb</sup></li> </ul> <p><b>First ministerial conference on social development in Africa (Namibia): "Towards a Sustainable Development Agenda for Africa."</b></p> <p>Ministers and senior officials from the African Union's 53 member states participated Commitment at the ministerial level to develop social protection schemes for disadvantaged groups such as children, elderly, and people with disabilities. Measures included:</p> <ul style="list-style-type: none"> <li>• Extending existing social insurance schemes (providing subsidies for those that cannot contribute)</li> <li>• Setting up community-based or occupation-based insurance schemes on a voluntary basis</li> <li>• Providing social welfare services and employment guarantee schemes</li> <li>• Introducing and extending public-financed non-contributory cash transfer schemes.<sup>cc</sup></li> </ul>		<p><b>Food Crisis Response Program (FCRP)</b></p> <ul style="list-style-type: none"> <li>• On May 29, 2008, the Board of Executive Directors approved a \$1.2 billion rapid financing facility to address immediate needs arising from the food crisis, including \$200 million in grants from IBRD surplus targeted at the vulnerable in IDA countries. This program had the mandate to give priority to the most fragile states.</li> </ul>	

Year	World Events	SSN's Country Events	Bank-Wide Events	Bank-SSN Events
2009	<p><b>Food and Fuel Crises</b></p> <ul style="list-style-type: none"> <li>Although food grain prices declined from their peaks in 2008, major food grain prices are still above average.<sup>1</sup></li> </ul> <p><b>Financial Crisis hits</b></p> <ul style="list-style-type: none"> <li>Crisis spreads rapidly through the United States and European financial sectors. Major banks draw back on financing for trade and foreign investment.</li> <li>Crisis begins to hit emerging economies.<sup>2</sup></li> </ul>	<p><b>Countries borrowing for the first time for a project of SSNs</b></p> <ul style="list-style-type: none"> <li>As a result of the food, fuel and financial crises, increased attention was given to SSNs: 17 new countries borrowed from the Bank for SSNs.<sup>3</sup></li> </ul>	<p><b>FCRP</b></p> <ul style="list-style-type: none"> <li>On April 2009, in response to high demand, the Bank increased the GFRP ceiling to \$2 billion.</li> </ul> <p><b>Rapid Social Response Program (RSR)</b></p> <ul style="list-style-type: none"> <li>The RSR was established in response to the triple wave of food, fuel, and financial crises. The RSR Program leverages the Bank's own resources through IBRD and IDA, and donor resources (Norway, the Russian Federation, and the United Kingdom for a total of \$65.22 million).<sup>4</sup></li> <li>72 percent of the funds were used in SSN activities.</li> </ul>	<p><b>Bank SSN commitments dramatically increased</b></p> <ul style="list-style-type: none"> <li>The Bank announced that its investments in SSNs and other social protection programs in health and education are projected to triple to \$12 billion over the next two years in order to protect the most vulnerable people from the worst effects of the global economic crisis.</li> </ul> <p><b>First time the Bank lent more than a billion dollars for a single project focusing on SSNs (Oportunidades-Mexico)</b></p> <ul style="list-style-type: none"> <li>As a response to the crises, the Bank lent \$1.5 billion to support the <i>Oportunidades</i> program. The total cost of the project was \$6.3 billion.</li> <li>The Bank's SSN portfolio hits lending record of \$3.4 billion</li> </ul>
2010	<p><b>Impact of the food, fuel, and financial crises on the poor</b></p> <ul style="list-style-type: none"> <li>The Bank estimates that 64 million more people are living in extreme poverty (below \$1.25/day) in 2010 and 40 million more people went hungry in 2009 due to the crises.<sup>5</sup></li> </ul>			<p><b>Bank commitments</b></p> <ul style="list-style-type: none"> <li>The Bank has committed \$138 billion to its members since the crises began. As of October 2010, \$71 billion (IBRD/IDA) has been disbursed, including \$21 billion to the world's 79 poorest countries.</li> <li>SSN represented 9 percent of the total Bank disbursements post- crises (\$6.3 billion).</li> <li><i>Oportunidades</i> received \$1.2 billion in additional financing, hitting a record of \$2.7 billion project.</li> </ul>

a. Gaiha Raghav (2006), The Maharastra Employment Guarantee Schem, ODI.

b. SSNs Portfolio Review.

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- v. SSNs Portfolio Review.
- w. World Bank (2004), *World Development Report: Making Services Work For Poor People*, World Bank.
- x. SSNs Portfolio Review.
- y. Gaiha Raghav (2006), *The Maharastra Employment Guarantee Schem*, ODI.
- z. World Bank (2005) *Old Age Income Support in the 21st Century: An International Perspective on Pension Systems and Reform*, World Bank.
- aa. World Bank (2006), *World Development Report: Equity and Development*, World Bank.
- bb. <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21665883~menuPK:34460~pagePK:34370~piPK:34424~theSitePK:4607,00.html>
- cc. <http://www.helpage.org/es/Site/News/Latestnews/2008/@72903>.

# Appendix B

## Methodology

### I. Portfolio Reviews

The World Bank’s SSN portfolio was used throughout the evaluation to determine many kinds of trends in lending and performance. Project variables were taken from the Bank’s operational database, and many other variables were coded based on project documents and IEG reviews of Implementation Completion Report. This enabled a deeper analysis of project portfolio performance as well as an assessment of project results frameworks and design details.

#### LENDING PROJECTS

To identify projects supporting SSN, IEG followed the selection criteria used by the Human Development Network (HDN) for its publication *Social Safety Nets in World Bank Lending and Analytical Work: FY2002–2007*. HDN included all projects thematically coded as 54 (Social Safety Nets).<sup>1</sup> To avoid errors of exclusion, HDN also identified all projects approved by the Social Protection Sector Board *not* assigned theme code 54, as well as all projects approved by other Sector Boards assigned theme code 56 (Other social protection and risk management). HDN reviewed the design documents of these additional projects and selected all those with at least one safety net component. HDN later updated the portfolio with another 45 safety net projects approved between FY08 and FY09.<sup>2</sup>

Using the same selection criteria, IEG identified 30 IBRD/IDA safety net projects approved during FY00–01, and another 45 approved in FY10 (including food crisis response projects). IEG also included projects that were assigned the new theme code 91 (Global Food Crisis Response) and have a social safety net component. In addition, IEG added projects that included components to address health care for the poor, which were not included in the HNP portfolio but were considered to be strong SSNs. Three projects were added to the SSN database.

Table B.1. Number of Approved Projects with SSN Components

<i>Summary Table</i>	<i>Total</i>
IEG (FY00–01)	30
Anchor (FY02–07)	121
Anchor (FY08–09)	45
IEG (FY10)	45
IEG other <sup>a</sup>	3
<b>Total</b>	<b>244</b>

*Source:* World Bank internal database.

a. “Other” includes projects that provide health insurance for the poor, which are not typically assigned a safety net theme code.

IEG reviewed project design documents and, when available, ICRs to code variables not available in an internal Bank database. IEG coded whether projects had various safety net programs;<sup>3</sup> targeting method employed (means testing, geographic targeting, community-based targeting, and so forth); monitoring and evaluation, including whether baseline data were collected, whether an impact evaluation was planned or implemented, and key performance indicators. Other variables coded included number of responsible ministries, pro-

curement arrangements, financial management arrangements, safeguard policies triggered, targeting method used, and Results Framework variables.

## SSN Functions and Other Variables

IEG coded five functions of social safety nets:

- **Function 1:** reduce chronic poverty and inequality
- **Function 2:** encourage more and better human capital investments among the poor to provide the opportunity to exit poverty
- **Function 3:** enable the poor to manage risk due to individual shocks
- **Function 4:** enable the poor to manage risk due to systemic shocks
- **Function 5:** protect the poor if hurt during broader economic reforms.

Most interventions have more than one function. (For example, a CCT for education aims to both mitigate chronic poverty and invest in the human capital of the poor.) In most cases, the safety net function is not stated, so it was inferred from the project objectives, the justification for the project, the country context, and the specific safety net program. In addition, by definition, IEG considered all CCTs to serve functions 1 and 2. All projects with training activities were also coded function 2. Finally, workfare projects were coded function 1 and function 3. All projects with health insurance for the poor were coded function 4. Finally, all emergency recovery loans (ERLs) were coded function 3. All DPLs were reviewed specifically to determine if they were implemented to support some type of macro reforms, and if so, were coded function 5.<sup>4</sup>

## Commitments

IEG used the following criteria to calculate the commitments:

- For projects theme code 54, the SSN amount corresponds to the share of the theme code multiply by the full dollar value of the project.
- For projects where the task team did not assign code 54, IEG reviewed the design documents. When SSN was a component in the project and the project stated the dollar value per component, IEG considered the SSN amount the total amount of the SSN component. When SSN was a subcomponent of the project or the dollar amount was not stated in the project design documents, the share assigned to the other social protection codes (51, 56, and 87) was considered the SSN share.
- For additional financing, IEG counted the amounts committed to safety nets by these projects. Only projects for which the project development objective changed counted as free-standing projects for the purpose of project counts.

Table B.2. Approved Projects with SSN Components

<i>Approval year</i>	<i>Project ID</i>	<i>Projectname</i>	<i>Country</i>
2000	P070337	EC-SAL	Ecuador
2000	P057952	SIF 2	Armenia
2000	P042039	MZ-Railway & Port Restr (FY00)	Mozambique
2000	P056393	2nd Social Action Fund (FAS II)	Angola
2000	P068830	RY-Second Social Fund for Dev	Yemen
2000	P064510	BI-Social Action II (BURSAP)	Burundi
2000	P040649	COMMUNITY REINTEGRATION & REHABILITATION	Sierra leone
2000	P050613	NI SECOND BASIC EDUCATION PROJECT	Nicaragua
2000	P068394	EMG EARTHQUAKE RECOV - EERL	Turkey
2000	P068762	CO- COMMUNITY WORKS (MANOS A LA OBRA)	Colombia
2000	P062932	PE-HEALTH REFORM PROGRAM	Peru
2001	P070920	KE-HIV/AIDS Disaster Resp (FY01)	Kenya
2001	P069964	CO- Human Capital Prot.- Cash Transfers	Colombia
2001	P070650	SOTAC	Bosnia-Herzegovina
2001	P044674	ER-Emerg Reconstr ERL (FY01)	Eritrea
2001	P050772	BR LAND-BASED POVRTY ALLEVIATION I (SIM)	Brazil
2001	P052021	PA BASIC EDUCATION II	Panama
2001	P071243	PE-Programmatic Social Reform Loan I	Peru
2001	P073196	ET-Demob & Reinteg ERL (FY01)	Ethiopia
2001	P004850	VIETNAM - POVERTY REDUC.SUPPORT CREDIT	Vietnam
2001	P068463	ER-Integ Early Childhood SIL (FY01)	Eritrea
2001	P050342	ET-Women Dev Initiatives LIL (FY01)	Ethiopia
2001	P064895	HN FIFTH SOCIAL INVESTMENT FUND PROJECT	Honduras
2001	P064906	NI Poverty Red.&Local Dev. FISE	Nicaragua
2001	P069894	PRIV SOC SUPPRT	Turkey
2001	P071113	LB - Community Development Project	Lebanon
2001	P065372	TZ-Soc Action Fund SIL (FY01)	Tanzania
2001	P070995	COMM DEVT	Bosnia-Herzegovina
2001	P064536	CHILD WELFARE REF	Bulgaria
2001	P008783	SOC SECT DEV (SSD)	Romania
2002	P076712	COMM DEVT	Macedonia, FYR
2002	P073531	MA-Social Development Agency	Morocco
2002	P073604	ER-Emerg Demob & Reint ERL (FY02)	Eritrea

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2002	P067774	JM- Social Safety Net Project	Jamaica
2002	P069858	SIF	Ukraine
2002	P068808	SDF 2 (APL .2)	Romania
2002	P073591	AR SAL 1 (Federal Prov Fiscal Relations)	Argentina
2002	P074408	SRMP	Turkey
2002	P044876	Female Secondary School Assis. II	Bangladesh
2002	P069935	PRSC	Albania
2002	P069923	VC Disaster Management	St Vincent and the Grenadines
2002	P071371	BI-MultiSec HIV/AIDS & Orph APL (FY02)	Burundi
2002	P008860	POV ALLV 2	Tajikistan
2003	P069861	CO- Social Sector Adjustment	Colombia
2003	P080345	MG-Emerg Econ Recovery Crdt (FY03)	Madagascar
2003	P077172	UY Structural Adjustment Loan	Uruguay
2003	P073671	UG-PRSC II	Uganda
2003	P079156	ID-KECAMATAN DEV. 3	Indonesia
2003	P073817	PE-Programmatic Social Reform Loan II	Peru
2003	P069532	SIEP	Bulgaria
2003	P071374	RW-MultiSec HIV/AIDS (FY03)	Rwanda
2003	P083074	AR Economic & Social Transition	Argentina
2003	P079335	SL-Natl Soc Action (FY03)	Sierra Leone
2003	P080263	UY SSAL	Uruguay
2003	P076837	JM National Community Devt. Project	Jamaica
2003	P074361	SIF 2	Georgia
2003	P075911	MW-MASAF APL 3 (FY03)	Malawi
2003	P074762	GY Public Sector Tech. Assistance Credit	Guyana
2003	P069374	EMPLYMT PROMO LIL	Serbia
2003	P082700	BO Social Safety Net SAC	Bolivia
2003	P082472	Natn'l Emergency Emp. Prog for Rural	Afghanistan
2003	P078053	MZ-HIV/AIDS Response SIL (FY03)	Mozambique
2003	P002952	UG-N Uganda Soc Action Fund (FY03)	Uganda
2003	P082395	EC-FIRST PROGRAMMATIC HUMAN DEV. REFORM	Ecuador
2003	P080612	ZM-Emergency Drought Recovery ERL (FY03)	Zambia
2003	P067575	PSAL 2	Romania
2003	P073578	AR Social Protect VI (Jefes de Hogar)	Argentina

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2003	P081773	ET-Emerg Drought Recovery ERL (FY03)	Ethiopia
2003	P078288	AO-Emerg Demob & Reinteg ERL (FY03)	Angola
2003	P074602	BI-ERC (FY03)	Burundi
2003	P078390	SOSAC (SERBIA)	Serbia
2004	P078951	PE-Programmatic Social Reform III	Peru
2004	P087841	BO-Social Sector Programmatic Credit	Bolivia
2004	P072637	AR-Prov. Maternal-Child Hlth Adj PMCHSAL	Argentina
2004	P087661	BO Emergency Economic Recovery Credit	Bolivia
2004	P049892	PENSION & SOC ASST	Azerbaijan
2004	P084596	EMPLYMT 2	Bosnia-Herzegovina
2004	P087713	BR Bolsa Familia 1st APL	Brazil
2004	P082976	RY-THIRD PUBLIC WORKS	Yemen
2004	P081964	BI-Demobilization & Reint Prj (FY04)	Burundi
2004	P078658	DRC-Emerg Demob Reintegr ERL (FY04)	Congo, Dem. Rep.
2004	P082037	CL-Social Protection TA Loan	Chile
2004	P079060	CO 1st PSAL Labor & Soc Ref	Colombia
2004	P087620	SOC PROT ADMIN	Armenia
2004	P078088	CL-Social Protection Adjustment Loan DDO	Chile
2004	P074358	SOC PROT	Macedonia, FYR
2004	P085433	DO Social Crisis Response Adjustment Loa	Dominican Republic
2004	P082498	RY-SOCIAL FUND FOR DEVELOPMENT III	Yemen
2005	P070668	KH-Cambodia Education Sector Support	Cambodia
2005	P084583	ID-UPP3	Indonesia
2005	P092019	ID Kecamatan Development Project 3B	Indonesia
2005	P092473	3A-Afr Emergency Locust Prj (FY05)	Africa
2005	P085786	TZ-Soc Action Fund 2 SIL (FY05)	Tanzania
2005	P082328	BR-Integ.Munic.Proj.-Betim Municipality	Brazil
2005	P087707	ET-Productive Safety Nets I (FY05)	Ethiopia
2005	P077749	ET-PRSC 2 DPL (FY05)	Ethiopia
2005	P078457	SAC 2 (SERBIA)	Serbia
2005	P094513	India Tsunami ERC	India
2005	P083932	North East Housing Reconstruction Progra	Sri Lanka
2005	P069207	SN-Casamance Emerg Reconstr Supt (FY05)	Senegal
2005	P081484	BJ-Natl CDD SIL (FY05)	Benin
2005	P074065	SN-PRSC 1 DPL (FY05)	Senegal

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2005	P095028	Uruguay Social Program Support Loan DPL	Uruguay
2005	P087807	MINE CLOSURE, ENV & SOCIO-ECO REG (CRL)	Romania
2005	P079628	PH-2ND WOMEN'S HEALTH & SAFE MOTHERHOOD	Philippines
2005	P078716	BR(CRL1)Prog Growth for Housing	Brazil
2005	P088857	CO (CRL2) TAL to support the 2nd PSAL	Colombia
2005	P091365	BO-Social Sector Programmatic Credit II	Bolivia
2005	P069937	SOC WELF DEVT	Croatia
2005	P082018	KAZAN MUNICIPAL DEVT	Russia
2005	P083968	PE-Programmatic Social Reform Loan IV	Peru
2005	P078523	Integrated Human Development Project	Maldives
2005	P083746	MA-Housing Sector DPL	Morocco
2005	P094193	Post Tsunami Emergency Project	Maldives
2006	P099110	Pakistan Earthquake ERC	Pakistan
2006	P096594	ID Second Development Policy Loan	Indonesia
2006	P057880	URBAN HEAT	Armenia
2006	P095523	HT Transport and Territorial Devopment	Haiti
2006	P093096	SOC INCL PROG (CRL)	Romania
2006	P096411	NE-Rural & Social Policy Reform I (FY06)	Niger
2006	P082242	HN Nutrition and Social Protection	Honduras
2006	P084567	Education Sector Dev. Support Credit II	Bangladesh
2006	P090832	Bangladesh Development Support Cr. III	Bangladesh
2006	P050761	BR-Housing Sector TAL	Brazil
2006	P079316	DPL	Ukraine
2006	P098167	EC (APL1) Bono de Desarrollo Humano	Ecuador
2006	P089443	CO Social Safety Net Project	Colombia
2006	P075231	SOC ASST SYS MOD	Ukraine
2006	P055483	AR-Heads of Household Transition Project	Argentina
2006	P086775	HN (CRL1) Rural Infrastructure Project	Honduras
2006	P088732	MX Access to Land for Young Farmers	Mexico
2006	P096605	DO Youth Development Project	Dominican Republic
2006	P099453	AVIAN FLU (AICHPPCP)	Kyrgyz Republic
2006	P075464	PH-NP Support for HNP	Philippines
2007	P094869	DM GSPTAC	Dominica

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2007	P090967	Second Higher Education Project	Nepal
2007	P095250	HEALTH SERVICES AND SOCIAL ASSISTANCE	Moldova
2007	P099882	PRSO 3	Georgia
2007	P098963	NE-Rural & Social Policy DPL 2 (FY07)	Niger
2007	P102541	Education Sector Dev.Support Credit III	Bangladesh
2007	P094097	CO- 3rd Prog.Labor and Social Sector	Colombia
2007	P104097	VN - Program 135 Phase 2 Support Credit	Vietnam
2007	P100026	MA-National Initiative for Human Dev.	Morocco
2007	P100390	Sri Lanka: Puttalam Housing Project	Sri lanka
2007	P089898	GT (CRL1) Education Quality and Sec. Edu	Guatemala
2007	P090690	PK PRSC II	Pakistan
2007	P096861	PUBLIC SECTOR REFORM TA	Tajikistan
2007	P086294	DRC-Education Sector Project (FY07)	Congo, Dem. Rep.
2007	P098093	ET-Productive Safety Nets II (FY07)	Ethiopia
2007	P103606	MG-Sust. Health System Dev. (FY07)	Madagascar
2007	P100846	Sindh DPC	Pakistan
2007	P083927	UY First Prog. Reform Implement. DPL	Uruguay
2007	P099918	HT (APL1) Education For All	Haiti
2008	P087925	BO Land for Agricultural Dev	Bolivia
2008	P096823	Delivery of Improved Local Services	Serbia
2008	P101084	BO Investing in Children and Youth	Bolivia
2008	P110762	Peace Support Project	Nepal
2008	P105116	SOCIAL PROTECTION DEVELOPMENT	Azerbaijan
2008	P100546	JO - Social Protection Enhancement	Jordan
2008	P105024	JM Social Protection	Jamaica
2008	P109964	BI-Second HIV/AIDS MAP (FY08)	Burundi
2008	P094288	LB—Reform Implementation DPL	Lebanon
2008	P098328	PA Social Protection project	Panama
2008	P107254	ER-Integrated ECD II SIL (FY08)	Eritrea
2008	P090010	DO Social Sectors Investment Program	Dominican Republic
2008	P088837	PPDPL 2	Turkey
2008	P110446	MW-3rd Social Action Fund APL II (FY08)	Malawi
2008	P105002	National Program for Community Empower	Indonesia
2008	P052608	CO—Antioquia Secondary Education Projec	Colombia
2009	P110191	Fifth Development Policy Loan	Indonesia

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2009	P116125	Empl. Entrepreneurship & HCDP DPL	Poland
2009	P105075	PPAF III	Pakistan
2009	P115737	MN-Development Policy Credit	Mongolia
2009	P101171	AR SOC&FISC NTL ID SYS II	Argentina
2009	P102119	NG-HIV/AIDS Prog. Dev. II (FY09)	Nigeria
2009	P112312	GT Fiscal and Institutional DPL I	Guatemala
2009	P111633	UG-SEC N-Uganda SAF (NUSAF2) (FY09)	Uganda
2009	P113002	NP Social Safety Net - Food Crisis Respo	Nepal
2009	P115177	PA Protect Poor Under Glob Uncert DPL	Panama
2009	P112761	Bangladesh Food Crisis DSC	Bangladesh
2009	P113492	Philippines GFRP DPO	Philippines
2009	P113301	GH-EGPRC (fast-track)	Ghana
2009	P100657	SOCIAL INCLUSION PROJECT	Bulgaria
2009	P115938	SN-Nutrition/Cash Transfer Proj (FY09)	Senegal
2009	P106834	RW-1st Comm Living Standards (FY09)	Rwanda
2009	P095681	OECS (Grenada) Skill for Inclusive Growt	Grenada
2009	P101211	CO Second Social Safety Net Project	Colombia
2009	P115183	AR Basic Protection Project	Argentina
2009	P103974	Conditional Cash Transfers Project	Macedonia, FYR
2009	P115067	MX Support to Oportunidades Project	Mexico
2009	P113134	MG-Emerg. Food Sec. & Reconstr. (FY09)	Madagascar
2009	P111545	KE-Cash Transfer for OVC (FY09)	Kenya
2009	P114910	SV Public Finance and Social Sector DPL	El Salvador
2009	P113372	Poverty Reduction & Econ. Support Oper.	Pakistan
2009	P103160	Social Safety Net Technical Assistance	Pakistan
2009	P106332	Disability and Children at Risk	Bangladesh
2009	P106445	PA Hlth Equity & Performance Improvement	Panama
2009	P106502	CV - PRSC 4 -DPL	Cape Verde
2009	P111164	VN - PRSC 8	Vietnam
2010	P117758	RW-Second Community Living Standards Gra	Rwanda
2010	P102018	DPL 1	Romania
2010	P114236	BF:Agricultural Productivity & Food Sec.	Burkina Faso
2010	P117238	Malawi: PRSC-3	Malawi
2010	P117016	LC Economic and Social DPL	St Lucia
2010	P119214	IQ - Fiscal Sustainability DPL	Iraq

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2010	P116226	MX Social Protection in Health	Mexico
2010	P112700	Georgia: DPO -1	Georgia
2010	P117608	RY SWF Institutional Support Project	Yemen, Rep. of
2010	P115638	Social Safety Nets DPC	Pakistan
2010	P113421	Afghanistan Pension Admin and Safety Net	Afghanistan
2010	P117023	JO-Recovery Under Global Uncertainty DPL	Jordan
2010	P117000	GD Economic and Social DPL	Grenada
2010	P117665	Fiscal, Social and Financial Sector DPL	Croatia
2010	P115732	Safety Net & Soc. Sector Reform Program	Latvia
2010	P113220	ET Productive Safety Nets (APL III)	Ethiopia
2010	P117949	RY:Social Fund for Development IV	Yemen
2010	P115592	HN- Social Protection	Honduras
2010	P115700	Belarus Development Policy Loan	Belarus
2010	P115626	AM DPO-1	Armenia
2010	P111546	KE-Youth Empowerment Project (FY10)	Kenya
2010	P116774	Social Safety Nets & Employment Support	Bosnia-Herzegovina
2010	P112625	Economic Recovery DPO	Moldova
2010	P116972	DO-1st Perform.&Accbilty SocSctrs DPL	Dominican Republic
2010	P106063	3A-West Africa Fisheries - Phase 1	Africa
2010	P107416	GT Expanding Opport. Vulnerable Groups	Guatemala
2010	P114987	SB - Rapid Employment Project	Solomon Islands
2010	P121686	LR - Youth, Employment, Skills Project	Liberia
2010	P108759	Public Expenditure DPL	Serbia
2010	P115052	ID PNPM-Rural III	Indonesia
2010	P082144	PH-Social Welfare and Development Reform	Philippines
2010	P118036	SV Sustaining Social Gains	El Salvador
2010	P116951	Public Expenditure Crisis DPL	Bosnia-Herzegovina
2010	P115247	GH-Social Opportunities Project (FY10)	Ghana
2010	P119825	Mongolia Multi-Sector TA	Mongolia
2010	P115145	DO Prog.PubFinance & Social Sector DPL	Dominican Republic
2010	P117440	SV-Income Support and Employability	El Salvador
2010	P112495	REGE DPL	Turkey
2010	P106708	CO Social DPL	Colombia
2010	P117203	KHSmallholder Ag & Social Protection Sup	Cambodia
2010	P121052	SL-Youth Employment Support (FY10)	Sierra Leone

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2010	P120631	KM-Emergency Crises Response Project	Comoros
2010	P116984	Macedonia DPL 1	Macedonia, FYR
2010	P115318	DRC-Street Children Project (FY10)	Congo, Dem. Rep.
2010	P114822	SC DPL	Seychelles

### ANALYTICAL AND ADVISORY ACTIVITIES (AAA)

For the AAA portfolio review, IEG downloaded from an internal Bank database all the economic and sector work (ESW) and technical assistance nonlending projects approved between FY00 and FY10 that had been assigned codes 54 and 91.<sup>5</sup>

A total of 297 activities were identified, 70 percent of them were ESW and the other 30 percent of activities were nonlending technical assistance.

For both ESW and nonlending technical assistance activities, the dollar amounts downloaded correspond to expenditures and not commitments. The database only registers expenditures. As of August 10, 2010, 10 percent of the ESW projects were active.<sup>6</sup> Likewise, as of that date, 34 percent of the nonlending technical assistance projects were active.<sup>7</sup>

### TRUST FUNDS

The exercise started with the objective of mapping all trust funds that contributed to SSNs operations and AAA. None of the Bank systems<sup>8</sup> permit the downloading of aggregate data on trust funds by thematic code.<sup>9</sup> IEG also consulted with the regions and the networks and the information (coded 54) was not available.

IEG used the database to obtain partial data on trust funds. By this means it was possible to obtain information on Recipient-Executed Trust Funds stand-alone grants (N = 56) and Bank-Executed trust fund AAA activities (included in the AAA analysis). IEG was not able to obtain data on trust funds used for project preparation and supervision.

For Recipient-Executed Trust Funds, IEG downloaded from the database projects under codes 54 (SSNs) and 91 (Global Food Crisis Response Program). In terms of donors, the Food Price Crisis Response trust fund financed 50 percent of the activities, followed by IDF<sup>10</sup> (30 percent) and other donors<sup>11</sup> (20 percent). Eighty percent of the Food Price Crisis Response activities had IBRD as a donor.

## II. Incidence Analysis of Bank SSN Lending

Bank lending was taken from an internal database. The top 10 borrowers over the decade were determined by aggregating Bank lending to each country. Poverty statistics were drawn from the World Development Indicators. Three poverty lines were considered in the analysis: Poverty Headcount under \$1.25 a day (PPP), Poverty Headcount under \$2 day (PPP), and, the national poverty line. The years considered in the analysis were 2000–07.

IEG used the Poverty Headcount under \$2 a day because the series for the national poverty line were incomplete and the Poverty Headcount under \$1.25 measures extreme poverty. SSNs are targeted to the poor, not only the extreme poor.

Two methods were used to derive the number of poor people:

- Method 1: The number of poor people corresponds to the average number of poor people during the corresponding period (2000–07).
- Method 2: The number of poor people corresponds to the number of poor in the most recent available year during the corresponding period (2000–07).

The final analysis includes numbers of poor people from the average of the poor population at \$2 a day (PPP) in the corresponding period 2000–07.

#### ANALYSIS OF COUNTRY TAKE-UP OF BANK SSN LENDING

Of the 130 Bank client countries during the period 2000–10, 82 countries received Bank lending for SSN while 48 countries did not. We did a probit regression to determine which of the following country characteristics are strongly correlated with Bank support for SSN between 2000 and 2010:

- *Income*, proxied by log of GDP per capita in 2000. Alternatively, we also used country income categories (upper middle income, lower middle income, and lower income) to define country income
- *Location*, represented by six regional dummies for East Asia and Pacific, South Asia, Latin America and the Caribbean, the Middle East and North Africa, Europe and Central Asia, and Africa
- *SSN borrowing in 1990–99*. Alternatively, we also used a binary variable for SSN take up in 1990–99 (1 = Yes, 0 = No) as well as share of SSN in total country borrowing
- *Scale of Bank borrowing in 1990–99*. Based on share of country borrowing in total bank lending during 1990–99, countries were divided into four categories: (a) smallest borrower, corresponding to the first quartile (b) second smallest borrower, corresponding to the second quartile (c) second largest borrower, corresponding to the third quartile, and (d) largest borrower, corresponding to the fourth quartile. Alternatively, we also used share of country borrowing in total Bank lending.
- *Crisis*. To measure if the country has had a crisis in 2000–10, we first demeaned the real GDP growth series for 1990–2010. Countries whose GDP growth was more than 2 standard deviations below the mean were defined as having a “crisis” or economic shock. This is however an imperfect and noisy measure of crisis.
- *Overall CPIA score* during the period 2000–10.

The results of the probit regression are given below (Table B.4). From the correlation analysis, it can be inferred that:

- Countries with high income are less likely to have a Bank-supported SSN program. Compared to low income countries, upper-middle and lower-middle-income countries are less likely to have a Bank-supported SSN program.

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- Africa, East Asia and Pacific, Europe and Central Asia, and the Middle East and North Africa are less likely than Latin America and the Caribbean to have a Bank-supported SSN operation.
- Small borrowers are less likely to have Bank-supported SSN operations.<sup>12</sup>
- Crisis, prior SSN borrowing and country political and institutional capacity is not correlated with country take-up of Bank-supported SSN lending.

Other very important factors correlated with SSN take-up, for example, poverty headcount or level of inequality in the country, or non-Bank funded SSN program, cannot be included because of lack of data availability for many countries in the sample.

After looking at some of the correlates of country take-up of Bank-supported SSN lending, our next step was to estimate which of the above factors are most strongly associated with the volume of SSN lending. We define SSN lending several ways, in terms of value and share of SSN borrowing in total Bank lending to the country. However, we observe the dependent variable for a restricted, nonrandom sample (as the analysis above shows, there are statistically differences between countries that borrow for SSN programs from the Bank versus those that do not). In an attempt to address this selection bias, we perform a Heckman selection correction, which uses information from non-takers, to adjust the estimates of the parameters in the volume of SSN lending regression. The results of this analysis are presented in table B.2. This analysis suggests that:

- Countries that have had a crisis in 2000–10 are more likely to get a higher volume of SSN lending.<sup>13</sup>
- Big borrowers are more likely to have a higher volume of SSN lending than smaller borrowers.
- Past volume of SSN lending is correlated with current volumes of SSN lending. So higher SSN lending in 1990–99 means that a country is more likely to have higher SSN lending in 2000-2010.<sup>14</sup>
- There are no regional and income effects.

As in the case of SSN take-up, several important determinants of the volume of SSN lending, for example, number of poor people or the level of inequality, cannot be included because of data limitations.

Table B.2. SSN Take-Up Analysis

Table 1: Heckman Selection Model - Results

	Participation Equation (Heckman Selection Model)					Outcome Equation (Heckman Selection Model)				
	SSN Take Up (1=Yes, 0=No)	SSN Take Up (1=Yes, 0=No)	SSN Take Up (1=Yes, 0=No)	SSN Take Up (1=Yes, 0=No)	SSN Take Up (1=Yes, 0=No)	Volume of SSN Lending	Volume of SSN Lending	Volume of SSN Lending (Log)	Share of SSN in Total Bank Lending to Country	Share of SSN in Total Bank Lending to Country (Log)
	Model (1)	Model (2)	Model (3)	Model (4)	Model (5)	Model (1)	Model (2)	Model (3)	Model (4)	Model (5)
Real GDP per Capita (Log)	-0.617*** (0.1577)	-0.560*** (0.1699)	No	-0.614*** (0.1578)	-0.532*** (0.1693)	-20.20 (62.3643)	24.99 (58.5445)	No	0.00186 (0.0132)	0.000114 (0.0456)
Region: Africa	-1.437*** (0.4610)	-1.422*** (0.4822)	-1.174*** (0.4501)	-1.442*** (0.4615)	-1.449*** (0.4840)	-126.2 (165.8229)	-70.82 (167.9614)	-0.162 (0.8369)	-0.0301 (0.0360)	-0.0705 (0.1365)
Region: East Asia & Pacific	-1.742*** (0.5430)	-1.516*** (0.5319)	-1.728*** (0.5580)	-1.750*** (0.5443)	-1.537*** (0.5369)	-167.0 (203.0946)	-30.80 (188.3932)	-0.602 (1.0886)	-0.0149 (0.0417)	-0.0534 (0.1503)
Region: Europe & Central Asia	-0.768* (0.4403)	-0.770* (0.4531)	-0.482 (0.4221)	-0.766* (0.4398)	-0.767* (0.4492)	-132.0 (94.0403)	-111.0 (95.9380)	0.237 (0.4472)	-0.0199 (0.0212)	-0.00332 (0.0770)
Region: Middle East & North Africa	-1.315** (0.5491)	-1.487** (0.5825)	-1.341** (0.5594)	-1.334** (0.5466)	-1.602*** (0.5748)	-222.5 (180.9607)	-114.8 (188.7567)	0.131 (1.0428)	-0.0606 (0.0378)	-0.0693 (0.1568)
Region: South Asia	-0.608 (0.7582)	-0.403 (0.7844)	-0.587 (0.7448)	-0.614 (0.7601)	-0.399 (0.7905)	-218.7 (150.0517)	-116.9 (130.7198)	-0.190 (0.7809)	-0.0170 (0.0327)	0.0463 (0.1061)
Crisis	0.471 (0.4501)	0.233 (0.4723)	0.479 (0.4480)	0.477 (0.4480)	0.326 (0.4565)	188.1** (94.6157)	158.5* (82.3041)	0.187 (0.4874)	0.0237 (0.0200)	0.00134 (0.0651)
Share of Country Borrowing in Total Bank Lending	79.88** (33.5457)	No	82.21*** (29.5820)	83.64*** (30.1553)	No	27908.3*** (9845.4150)	No	197.7*** (47.8290)	3.568* (1.8598)	No
Share of Country Borrowing in Total Bank Lending Squared	-805.6** (361.3896)	No	-788.3** (338.1567)	-830.2** (347.6431)	No	-261836.7** (1.10e+05)	No	-2117.0*** (574.5575)	-43.76* (22.7761)	No
SSN Lending (1997-1999)	0.00179 (0.0083)	0.00493 (0.0062)	No	No	No	0.879 (0.5456)	1.738*** (0.4298)	No	No	No
Borrower: Smallest	No	-0.635 (0.4127)	No	No	-0.826** (0.3844)	No	-323.8*** (120.8094)	No	No	-0.452*** (0.1007)
Borrower: Second Smallest	No	-0.553 (0.3866)	No	No	-0.709* (0.3626)	No	-259.3** (102.9457)	No	No	-0.189** (0.0853)
Borrower: Second Largest	No	0.396 (0.4284)	No	No	0.263 (0.4123)	No	-282.1*** (73.9691)	No	No	-0.100* (0.0535)
Lower Middle Income Country	No	No	-0.708* (0.3670)	No	No	No	No	0.0378 (0.5686)	No	No
Upper Middle Income Country	No	No	-1.407*** (0.4484)	No	No	No	No	-0.312 (0.9067)	No	No
Share of SSN in Total Bank Lending to Country (1990-1999)	No	No	0.0232 (6.9225)	0.119 (6.8290)	2.519 (6.8635)	No	No	-13.26 (10.9995)	0.109 (0.4172)	-0.225 (1.4651)
CPIA	0.394 (0.2575)	0.334 (0.2650)	0.317 (0.2522)	0.389 (0.2561)	0.310 (0.2621)	No	No	No	No	No
Constant	3.833*** (1.2924)	4.158*** (1.4074)	0.302 (0.9070)	3.828*** (1.3039)	4.217*** (1.4180)	119.9 (402.5506)	166.8 (430.6981)	2.860*** (0.5533)	0.00770 (0.0881)	0.606* (0.3453)
Mills- Lambda	118.7 (169.1128)	15.44 (185.7133)	-0.556 (1.0385)	0.0574* (0.0341)	0.0662 (0.1492)					
N	130	130	130	130	130					

\*\*\*1% significance level \*\*5% significance level \*10% significance level  
Number of obs: 130, Censored obs: 48, Uncensored obs: 82

### III. Countercyclical Analysis of SSN Lending

To assess how responsive Bank lending was to changes in country growth rates, IEG examined annual growth rates over the past decade for each of the top 10 borrowers as well as annual Bank SSN lending to that country. The lending commitments were used for the IEG portfolio review. Commitments were counted in the year disbursement started and not along the project life. Annual GDP growth rates were taken from the World Development Indicators for countries that have had SSN operations in 2000–10.

### IV. Explaining the Performance of SSN in the Portfolio Review: Statistical Analysis

The purpose of the regression analysis is not to claim attribution, but to determine which factors are consistently associated very strongly with project performance as measured by project Outcome ratings. The analysis is limited by issues such as small sample size ( $n = 71$ ) and some potential sources of bias that include the lack of data on several aspects of performance (for example, quality of implementation) and possible two-way associations between dependent and independent variables, omission of relevant variables and measurement error.

The sample of analysis consists of closed SSN operations,<sup>15</sup> which were approved between FY00 and FY09, and which are closed and have a completed ICR Review. Of the 92 SSN operations that meet these criteria, only 71 operations had an SSN objective. Because IEG ratings are objectives based, the analysis was restricted to the 71 projects with a stated SSN objective.<sup>16</sup> Of the 71 operations in our sample, 29 are DPLs, 8 are ERLs, and 34 are other investment loans. In terms of regional distribution, LCR has the highest concentration (27 operations), followed by Africa (18), Eastern Europe and Central Asia (15), South Asia (6), Middle East and North Africa (5).<sup>17</sup> The projects in the sample do not always consist of only one SSN intervention:<sup>18</sup> 43 operations are host to between two to six instrument types; of these 22 operations implemented two instruments while 14 operations implemented three different instruments.

SSN operations tend to involve multiple sectors (49 percent of projects are hosted by the Social Protection Board) and have multiple objectives (SSN objectives and non-SSN objectives). The overall IEG Outcome rating is an average rating of all the project development objectives (SSN and non-SSN), and considers three different aspects: achievement of objectives (efficacy), efficiency, and relevance of objectives and design. IEG then analyzed the efficacy (which measure achievement of objectives) rating of the specific SSN objectives.

IEG separated the objectives into two categories: SSN objectives and “other objectives” (non-SSN objectives). Of the 92 closed projects evaluated a total of 71 projects had separate objective and separate IEG ratings for efficacy (see tables B.3 and B.4).

Table B.3. Projects of SSNs with Efficacy Ratings

<i>Efficacy rating</i>	<i>Number</i>	<i>Total</i>	<i>Rating</i>
High-substantial SSN objective	46	71	64%
High-substantial average “other” objectives	43	71	60%

Source: IEG ICR review database.FY00–10.

Table B.4. Intersection of Efficacy and Overall Outcome Rating (percent)

<i>Efficacy rating</i>	<i>Overall outcome rating- moderately satisfactory and higher</i>	
	<i>SSN objective</i>	<i>Other objectives</i>
High-substantial	69	67

Source: IEG ICR review database.FY00–10.

The efficacy of SSN objectives was rated substantial or higher<sup>19</sup> in 64 percent of the cases. “Other” non-SSN objectives were rated substantial or higher in 60 percent of the cases. When doing a cross check between the efficacy rating and the overall Outcome rating SSN objectives were rated substantial or higher<sup>20</sup> on efficacy and Moderately Satisfactory and higher on Outcome in 69 percent of the cases. “Other” non-SSN objectives were rated substantial or higher and Moderately Satisfactory and higher in 67 percent of the cases. The difference between these two ratings averages was not statistically significant in both methods. Hence, it can be assumed that the achievement of the overall outcome rating is not principally driven by other non-SSN objectives.

The dependent variable in the regression analysis explaining performance on projects supporting SSNs is the project outcome rating, as assigned in the ICR Review, by IEG. This dependent variable is defined in two ways: First, on an ordinal scale as originally assigned by IEG.<sup>21</sup> None of the 71 SSN operations in the sample was rated Highly Unsatisfactory, and 34 operations were rated Satisfactory, followed by 25 operations with a Moderately Satisfactory rating. Because only 3 operations were rated Unsatisfactory and 7 that were rated Moderately Unsatisfactory, outcome ratings 2–3 were combined to form one category, outcome rating 4 remained a distinct category, while outcome ratings 5–6 were combined to form the third category.<sup>22</sup> Alternatively, the dependent variable was also defined as a binary variable, that is, a rating of 5–6<sup>23</sup> (that is, Satisfactory or Highly Satisfactory) was assigned a 1 while all others were assigned a 0. The 36 projects that got a 1 were defined as Highly Performing.<sup>24</sup>

The correlates used in the analysis include type of lending instrument, number and type of SSN interventions, quality of results framework, regional effects, SSN focus, duration, and technical assistance. Because the sample size is relatively small and as there is insufficient data available, a full set of covariates cannot be included in the regressions. However, the inclusion of explanatory variables in the regression analysis is informed by the portfolio review and the latent underlying relationship with project performance. A summary of some key cross-tabulations between these variables and project performance is presented below in table B.5.

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Table B.5. Data Description and Summary

<i>Variables and definitions</i>	<i>No. of high performing operations (outcome rating &gt;4)</i>	<i>No. of non-high performing operations (outcome rating &lt;=4)</i>
<b>DEPENDENT VARIABLE</b>		
Project Performance Rating (Outcome)	36	35
<b>INDEPENDENT VARIABLES</b>		
Fast Disbursing Instrument Definition: DPL and ERL	24	13
Cash Transfer Definition: Project at least has a conditional or unconditional cash transfer component	19	11
Outcome Type Measurement Definition: The outcome indicators actually measure outcomes not outputs	13	16
<b>Region</b>		
South Asia	5	1
East Asia and Pacific	0	0
Eastern Europe and Central Asia	7	8
Latin America and the Caribbean	16	11
Middle East and North Africa	1	4
Africa	7	11
Quality of Results Framework Definition: The proportion of "good" attributes that the results framework has adopted. Good attributes are defined as: Baseline, Impact Evaluation, Linkage of output and outcomes to Development Objectives, Outcome and output targets are clearly articulated, are time-bound and specify target group	14*	7
Technical Assistance Definition: Project has a technical assistance component or technical assistance activities	33	29
SSN Focus Definition: The project has a primary focus on SSN	8	10
Number of SSN Interventions Definition: Number of functions supported by a project	2.2**	2.0**
Function Definition: Project is geared towards human capital accumulation	25	25
Loan Size Definition: Commitment Amount in \$million	\$53 million***	\$40 million***
Duration Definition: Duration is less than or equal to 3 years	12****	27*****

\* Number of projects that had more than 50 percent of "good" attributes incorporated in their results framework.

\*\*Average number of instruments per project.

\*\*\*Refers to average loan size.

\*\*\*\*Number of projects whose SSN share was greater than one-third.

Regression analysis suggests conditional correlation between the performance rating (Outcome) and the following project attributes: quality of results framework and project duration:

- On average, projects with SSN components that are of shorter duration performed better than programs with a longer duration. This is true for short investment loans compared with longer ones within their own cohort.<sup>25</sup>
- On average, projects measuring outcomes are less likely to have higher performance compared to projects that measure outputs. Specifically, there is no statistically significant difference between the performance rating of fast disbursing loans and investment loans if both measure outputs. Although investment loans measuring outcomes are correlated with lower performance rating compared to investment loans measuring outputs, fast disbursing instruments measuring outcomes do not have ratings that are statistically different from fast disbursing instruments measuring outcomes. These findings were robust to inclusion of different controls (see tables B.6a and b, Model 2).<sup>26</sup>
- In some specifications regional dummy variables showed up with statistical significance. However, no regional effect was consistently significant across different specifications. Also, the relationship between outcome ratings and size of loan, number of SSN instruments, type of SSN instrument, technical assistance, SSN functions in the project and Country Policy and Institutional Assessment were not statistically significant.

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Table B.6a. Regression Results

Table 3A: Regression Results(coefficients expressed in z-scores)

	Model 1		Model 2		Model 3	
	Ordered Probit	Probit	Ordered Probit	Probit	Ordered Probit	Probit
	Outcome Rating	Outcome Rating				
Cash Transfer	0.405 (0.3758)	0.206 (0.3946)	0.499 (0.3701)	0.290 (0.3876)	0.496 (0.3763)	0.299 (0.3885)
Fast Disbursing Loan (FDL)	0.741** (0.3232)	0.869** (0.3771)	0.317 (0.4064)	0.455 (0.4623)	No	No
Outcome Indicators Measures Outcomes (not Outputs) (OM)	-0.481* (0.2682)	-0.259 (0.3000)	-0.899** (0.3875)	-0.694 (0.4752)	-0.623** (0.2733)	-0.343 (0.3174)
Quality of Results Framework	1.940** (0.9024)	1.635* (0.9692)	1.762* (0.9780)	1.396 (1.0322)	2.404** (0.9998)	2.284** (1.0533)
Region: South Asia	1.414*** (0.3678)	1.266*** (0.3563)	1.444*** (0.3910)	1.296*** (0.3649)	1.338*** (0.4829)	1.141** (0.4817)
Region: East Asia & Pacific						
Region: Eastern Europe & Central Asia	0.523* (0.3045)	0.433 (0.3958)	0.511* (0.3038)	0.392 (0.3968)	0.378 (0.3421)	0.277 (0.4327)
Region: Latin America & the Caribbean	0.426 (0.3436)	0.382 (0.4040)	0.477 (0.3381)	0.404 (0.3949)	0.215 (0.3661)	0.187 (0.4310)
Region: Middle East & North Africa	-0.980 (0.7380)	-0.595 (0.8234)	-0.882 (0.6877)	-0.527 (0.7881)	-1.040 (0.7998)	-0.591 (0.9220)
Primary SSN Focus	-0.373 (0.4050)	-0.225 (0.4832)	-0.316 (0.4056)	-0.167 (0.4817)	-0.386 (0.3924)	-0.170 (0.4659)
No. of SSN Instruments	0.0412 (0.1626)	0.0637 (0.1686)	0.0403 (0.1634)	0.0563 (0.1665)	0.0743 (0.1783)	0.0983 (0.1871)
Technical Assistance	-0.159 (0.3077)	0.527 (0.4146)	-0.268 (0.3142)	0.444 (0.4169)	-0.287 (0.2887)	0.359 (0.4097)
FDL*OM	No	No	1.011 (0.6993)	0.999 (0.7610)	No	No
Duration	No	No	No	No	-0.207*** (0.0639)	-0.276*** (0.0846)
Cutpoint 1	-0.0782 (0.5999)	-	-0.4198 (0.7033)	-	-1.2113 (0.5868)	-
Cutpoint 2	1.2942 (0.6386)	-	0.9799 (0.7195)	-	0.2209 (0.6219)	-
N	71	71	71	71	71	71
Mc Fadden's R-sq	0.1741	0.1702	0.1916	0.1899	0.201	0.225

NOTES:

Coefficients are expressed in z-scores. Standard errors in parentheses. \*10% significance level \*\*5% significance \*\*\*1% significance level. Standard errors clustered at the country level

Threshold parameters & pseudo R squared for bivariate regressions available upon request

We tested for the equality of cut-off points and for all three ordered probit models, we rejected the null hypothesis that the two cut-points are equal process, and are not calculated to minimize variance. However, to evaluate the goodness-of-fit of probit models, several pseudo R-squareds have been developed. These cannot be interpreted as one would interpret an OLS R-squared and different pseudo R-squareds can arrive at very different values. Here, we report default Stata pseudo R-squared measures. For an overview of different pseudo R-squared measures, see [http://www.ats.ucla.edu/stat/mult\\_pkg/faq/general/Pseudo\\_RSquareds.htm](http://www.ats.ucla.edu/stat/mult_pkg/faq/general/Pseudo_RSquareds.htm), and <http://www.stata.com/support/faqs/stat/wbl.html>

Region: Africa is in the constant term

Table 3B: Marginal Effects

	Model 1			Model 2			Model 3		
	Ordered Probit	High Performance (outcome rating of satisfactory or higher)	P Probit	Ordered Probit	High Performance (outcome rating of satisfactory or higher)	P Probit	Ordered Probit	High Performance (outcome rating of satisfactory or higher)	P Probit
Cash Transfer	Outcome Rating is Moderately Unsatisfactory or lower -0.0527 (0.0551)	Outcome Rating is Moderately Satisfactory or Higher 0.161 (0.1468)	0.0519 (0.1555)	Outcome Rating is Moderately Unsatisfactory or lower -0.0729 (0.0544)	Outcome Rating is Moderately Satisfactory or Higher 0.197 (0.1429)	0.115 (0.1527)	Outcome Rating is Moderately Unsatisfactory or lower -0.0703 (0.0559)	Outcome Rating is Moderately Satisfactory or Higher 0.196 (0.1455)	0.119 (0.1532)
Fast Disbursing Loan (FDL)	-0.123** (0.0610)	0.289** (0.1201)	0.336** (0.1367)	-0.0491 (0.0657)	0.126 (0.1600)	0.180 (0.1798)	No	No	No
Outcome Indicators Measures Outcomes (not Outputs)(OM)	0.0523 (0.0521)	-0.190* (0.1039)	-0.103 (0.187)	0.157* (0.0807)	-0.345** (0.1390)	-0.271 (0.1781)	0.101* (0.0537)	-0.244** (0.1037)	-0.136 (0.1246)
Quality of Results Framework	-0.311* (0.1698)	0.774** (0.3599)	0.652* (0.3867)	-0.259 (0.1806)	0.703* (0.3901)	0.557 (0.4118)	-0.356** (0.1686)	0.959** (0.3991)	0.911** (0.4203)
Region: South Asia	-0.105*** (0.0344)	0.455*** (0.0648)	0.419*** (0.0888)	-0.0996*** (0.0350)	0.459*** (0.0870)	0.423*** (0.0891)	-0.0933*** (0.0335)	0.439*** (0.1098)	0.391*** (0.1237)
Region: East Asia & Pacific									
Region: Eastern Europe & Central Asia	-0.0687* (0.0386)	0.208* (0.1143)	0.170 (0.1504)	-0.0638* (0.0368)	0.200* (0.1144)	0.154 (0.1518)	-0.0481 (0.0406)	0.149 (0.1324)	0.110 (0.1694)
Region: Latin America & the Caribbean	-0.0642 (0.0479)	0.169 (0.1336)	0.151 (0.1576)	-0.0678 (0.0450)	0.188 (0.1306)	0.160 (0.1536)	-0.0307 (0.0499)	0.0855 (0.1452)	0.0744 (0.1711)
Region: Middle East & North Africa	0.252 (0.2630)	-0.343* (0.1935)	-0.227 (0.2843)	0.212 (0.2304)	-0.317 (0.1967)	-0.203 (0.2823)	0.260 (0.2850)	-0.359* (0.2000)	-0.225 (0.3175)
Primary SSN Focus	0.0677 (0.0636)	-0.147 (0.1870)	-0.0596 (0.1910)	0.0537 (0.0771)	-0.125 (0.1886)	-0.0665 (0.1913)	0.0652 (0.0781)	-0.152 (0.1516)	-0.0678 (0.1847)
No. of SSN Instruments	-0.00662 (0.0257)	0.0164 (0.0648)	0.0254 (0.0673)	-0.00615 (0.0245)	0.0161 (0.0652)	0.0225 (0.0664)	-0.0110 (0.0258)	0.0296 (0.0711)	0.0392 (0.0746)
Technical Assistance	0.0235 (0.0427)	-0.0632 (0.1220)	0.204 (0.1495)	0.0356 (0.0376)	-0.106 (0.1225)	0.174 (0.1556)	0.0364 (0.0348)	-0.114 (0.1125)	0.141 (0.1655)
FDL*OM	No	No	No	-0.0991** (0.0465)	0.369* (0.2102)	0.362 (0.2253)	No	No	No
Duration	No	No	No	No	No	No	0.0306** (0.0124)	0.0519*** (0.0189)	-0.110*** (0.0337)
N	71	71	71	71	71	71	71	71	71

NOTES:  
Marginal effects reported. Standard errors in parentheses. \*10% significance level \*\*5% significance level \*\*\*1% significance level. Standard errors are clustered at the country level  
Region: Africa is in the constant term. No observations for REP  
1/ The coefficient on OM and FDL\*OM in the probit model is sensitive to what controls we include. The coefficient on Quality of Results Framework is between 0.15 and 0.20 in different specifications

## V. Results Framework Analysis

This analysis was carried out as a background exercise to help explain the performance of SSN operations. Specifically, it attempted to answer the following questions. First, what are SSN operations measuring, and second, how well are they measuring their expected results? The analysis was carried out on 50 percent of the SSN portfolio, randomly selected from the 244 SSN operations and stratified by fiscal year of approval.

### ASSESSMENT OF PROJECT DEVELOPMENT OBJECTIVES

The analysis classified development objectives by type into: access to public services and infrastructure (schools, health centers, roads, and so forth) – local public goods; access to economic opportunities (microcredit, active labor market programs, skills development, etc.); temporary income support (unconditional transfers, public works and temporary employment, CCTs, wage subsidies, and so forth); human development outcomes (improved education, health, and nutrition, HIV status, and so on); community empowerment and capacity building (nongovernment) government institutional capacity building; quality of services/ service delivery; Fiscal objectives/efficiency; Address effects of food, fuel, and financial crises; and Other. IEG followed the same classification used by the Bank's Human Development Network assessment of projects with SSN components, "Results Readiness in Social Protection and Labor Operations."<sup>27</sup> In most cases, operations addressed more than one area of focus, and the analysis classified them according to all of the areas they addressed. As a result, the classification is not mutually exclusive, so the sum of the classification by focus area is greater than the number of operations.

Development objectives were also examined to determine if they were outcome driven (by clearly describing the specific development change that was expected as a result of the operation); whether the objectives mentioned the poor and vulnerable and whether, in addition, they mentioned a specific target group within the broader classification of "poor and vulnerable," such as poor-at-risk youth, poor rural communities, chronically food-insecure households, or poor uninsured mothers and children.

### ASSESSMENT OF KEY PERFORMANCE INDICATORS

Key performance indicators (KPIs) were assessed to determine whether SSN operations had KPIs that were outcome-driven, measurable by having a target to achieve, mentioned the target population, were time-bound, and had baseline data at the time of project appraisal. For purposes of classification, outcome and intermediate outcome indicators were classified as indicators that reflect changes in the behavior or condition of the target population as a result of the project in the short and long run (for example, outcome indicator: percent increase in an average individual beneficiary's net annual earnings; intermediate outcome indicator: number of low income workers employed as a result of the project). Output indicators were classified as project activities or outputs that would lead to the achievement of the outcomes (for example, number of employment subprojects approved under the project).

In addition, IEG assessed whether project KPIs measured what could be considered SSN objectives. An operation was considered to have met this condition if it contained at least one KPI designed to measure an SSN objective, that is, to measure progress toward:

- *Government institutional capacity building*: In social protection, human development, poverty measurement, and addressing risk through social protection interventions.
- *Access to public services*: Within the social protection system (SSNs, pensions, labor market interventions) and also related to human development.
- *Quality of services/service delivery*: Quality of health services, educational services, and social services in general.
- *Human development outcomes*: School attendance, achievement, and health outcomes.
- *Temporary income support*: Increase in income and/or consumption.
- *Addressing crisis*: Improve the ability to mitigate the negative effects of shocks.
- *Fiscal/efficiency*: Fiscal support or fiscal efficiency of SSN programs.

#### ENSURING QUALITY AND CONSISTENCY IN CODING

Since classification of development objectives and KPIs involve some degree of judgment, a team of two people judged each project. One evaluator was a team member thoroughly familiar with the SSN portfolio, the other was a retired human development Lead Operations Specialist thoroughly familiar with results frameworks. Any doubts about classification were raised with the evaluation task manager and determination was made.

## VI. SSN Case Studies

The evaluation undertook 30 in-depth country case studies to understand the nature of the Bank's overall work (not just lending projects) on SSNs over the past 10 years and the results in terms of SSN development in client countries. The large number of case studies and the random selection enabled an examination of a wide range of countries with different SSN systems and levels of Bank engagement.

#### COUNTRY SELECTION

To obtain a wide range of countries, some in which the Bank had been heavily engaged over the decade and some in which it had very little engagement, the sampling universe was all client countries of the Bank. Countries with a population of less than 1 million were excluded. IEG randomly sampled 25 countries stratified by region. Additionally, five countries (Colombia, Ethiopia, Georgia, Indonesia, and Jamaica) were purposefully selected for in-depth case studies for two reasons: (1) the Bank has had long-standing engagement on SSNs in these countries and IEG wanted to learn from these experiences, and (2) the Bank supported projects of SSNs that recently closed and could be subjected to an in-depth ex post project evaluation (Project Performance Assessment Review, PPAR). The regional distribution of the final sample included seven countries in Latin America and the Caribbean; five in Africa,<sup>28</sup> East Asia and Pacific, and Europe and Central Asia; and four in the Middle East and North Africa and South Asia (table B.7).

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Table B.7. List of 30 Country Case Studies, by Region

<i>AFR</i>	<i>EAP</i>	<i>ECA</i>	<i>LCR</i>	<i>MNA</i>	<i>SAR</i>
Cameroon	Cambodia	Albania	Argentina	Algeria	India
Ethiopia <sup>ab</sup>	Indonesia	<sup>a</sup> Bosnia-Herzegovina	Brazil	Iran	Nepal
Niger	Lao	Bulgaria	Colombia <sup>ab</sup>	Jordan	Pakistan
Nigeria	Malaysia	Georgia <sup>a</sup>	Costa Rica	Yemen	Sri Lanka
Tanzania	Philippines	Moldova	Guatemala		
			Jamaica <sup>ab</sup>		
			Uruguay		

*Note:* AFR = Africa Region; EAP = East Asia and Pacific Region; ECA = Europe and Central Asia Region; LCR = Latin America and the Caribbean Region; MNA = Middle East and North Africa Region; SAR = South Asia Region.

<sup>a</sup> Purposely selected and included field work.

<sup>b</sup> Included PPAR.

### APPROACH AND SOURCES

The data produced by the case studies were based on substantial and in-depth reviews of Bank and non-Bank project and program documents (including Project Appraisal Documents, program documents, ICRs, ICR reviews, implementation status reports, PPARs, and country strategies), research documents, AAA documents, evaluations, and other formal and informal communication notes. The analytical material consulted included, among others, poverty assessments, public expenditures reviews, country economic memoranda, poverty and social impact analyses, beneficiary assessments, impact evaluations, country social assistance reviews, and country social protection strategies. In addition, IEG conducted a number of interviews with key Bank staff and managers who have been involved in the SSN support to the countries (2-4 interviews per country). Each desk-based case study took approximately two weeks to complete while field-based case studies including PPARs took six to eight weeks and those without PPARs took an additional two weeks. The five countries that were purposefully selected also involved country visits and extensive interviews with client, other key stakeholders, and development partners and visits to SSN programs sites and local offices.

### METHODOLOGY

The case studies used a detailed 24-page structured questionnaire laying out (a) the country context, (b) the SSN programs in the country, (c) government and Bank objectives for SSNs, and (d) the nature of Bank's engagement in SSNs. Country-specific questions were posed that helped answer questions raised in the evaluation approach paper related to the relevance and effectiveness of Bank support and the nature of engagement. Thus, the questionnaire also included sections that linked information to assessment of relevance and effectiveness of Bank support. The final section of the questionnaire included ratings of the relevance and effectiveness of Bank assistance to SSNs and the nature of the Bank's engagement.

The questionnaire included structured qualitative questions and a number of discrete quantitative questions enabling assessment of both trends and contextual details. Some questions were factual while others required an assessment using data and evidence to support the assessment. The quantitative questions asked information that could be answered "yes," "no," "somewhat," or "not applicable." For example, "Is the government's strategy on SSNs part of a poverty reduc-

tion agenda?” or “Did the Bank introduce/pilot any programs?” or “Were benefit levels large enough to make an impact on poverty (such as on poverty gap or severity of poverty etc.)” The answers had to be justified and explained using evidence and data. The quantitative information was used to determine trends among the countries. This information was assembled into a detailed timeline for each country including country events and Bank engagement through various instruments, including lending, AAA, high-level dialogue, and major workshops. This enabled a broader assessment of whether the Bank’s engagement had been sustained (continuous) throughout the decade, and contributed to determining if Bank’s efforts were strategic (selected and sequenced to have as large impact possible). For example, it allowed the report to conclude that “In 57 percent of the countries assessed via case studies the Bank engaged in a sustained fashion on SSNs throughout the decade whereas for the rest it did not” (from chapter 5).

The case study template also included a set of questions that rate the performance of the Bank-supported SSN programs and the nature of Bank’s support on a scale from 1 to 5 where 5 indicated the most desirable outcome. For example: “To what extent was Function 2 (encourage human capital investment for the poor and vulnerable) a relevant issue for SSNs in the country?” (1 = Not at all, 2 = Very little, 3 = To some extent, 4 = A great extent, 5 = A very great extent). Again, ratings were justified and explained using evidence and data. Thus, for each country, each rating question at the end of the template referred back to sets of relevant factual/descriptive information throughout the questionnaire (sections a-d described above). This information was drawn upon in determining the ratings (as relevant for each country context). To ensure consistency across the countries and provide benchmarks for the case study ratings, the ratings were underpinned by information obtained through a number of factual questions. Table B.8 lists the benchmarks used to determine ratings for relevance of SSNs reported in chapter 4.

Table B.8. Benchmarks Used for Relevance Ratings in Chapter 4

Function	Benchmarks
Function 1	<ul style="list-style-type: none"> <li>Chronic poverty or chronic food insecurity exists among specific, identifiable population groups for whom special efforts are needed as they are not being reached by other programs</li> <li>Using SSNs to address specific groups among the chronically poor is cost effective compared to other pro-poor options</li> <li>Mechanisms/systems/institutions for implementing SSNs to address chronic poverty or chronic food insecurity exist or could be put in place (feasibility).</li> </ul>
Function 2	<ul style="list-style-type: none"> <li>The poor underinvest in human capital,</li> <li>There are demand constraint to human capital investment,</li> <li>The poor have access to human development quality infrastructure,</li> <li>There is sufficient administrative capacity and intersectoral coordination in order to monitor and enforce conditionalities, where applicable.</li> </ul>
Function 3	<ul style="list-style-type: none"> <li>The country and the poor are vulnerable to systemic shocks (for example, climatic, economic)</li> <li>There is large transient poverty or seasonal food insecurity</li> <li>Existing SSN mechanisms do not protect well against shocks (for example, they cannot can scaled up as necessary to identify newly vulnerable and/or expand benefits when a shock happens).</li> </ul>
Function 4	<ul style="list-style-type: none"> <li>The poor are vulnerable to idiosyncratic shocks (for example, health, losing jobs and income)</li> <li>There is large informality and social insurance systems do not adequately protect the poor, losing investments)</li> <li>Existing SSN mechanisms do not well protect against shocks (e.g. they cannot absorb people in a timely manner when a shock happens, or existing benefits are too low to allow people to save and withdraw from these when a shock happens).</li> </ul>
Function 5	<ul style="list-style-type: none"> <li>The country is undertaking broader economic reforms that will have distributional implications and hurt the poor (even if only temporary)</li> <li>Existing SSNs do not adequately mitigate the consequences of reform</li> <li>There are weak legal mandates to protect poor workers that are laid off (for example, if informality is high)</li> <li>Mitigation programs are politically necessary in order for reforms to be feasible without causing riots, and so forth.</li> </ul>

## QUALITY CONTROL AND CONSISTENCY ACROSS CASE STUDIES

Five IEG staff and consultants undertook the 30 case studies. At the start of the work, IEG organized a two-day workshop for the team to review the case study questionnaire and get common understanding of what information was needed to answer the questions and come to a conclusion on the quantitative and rating questions. Each draft case study write-up was vetted by the evaluation task manager as well as two of the other case study authors for consistency and evidence base. Where questions arose about relative rankings, discussions were held to compare different country experiences (much like how Poverty and Social Impact Analysis ratings are determined within the Bank's operational regions).

## USE OF DATA

At the end of the process the team had gathered a broad set of very detailed information about SSNs in the 30 countries. The case study information fed into the evaluation through detailed analysis by themes (such as technical design, risk and sustainability, links to the growth agenda, and political economy factors of SSNs). IEG compiled the analytical pieces and triangulated evidence from quantitative and qualitative case study answers as well as information from background papers, the portfolio review, and findings from IEG's parallel impact evaluation work.

## VII. Food, Fuel, and Financial Crises Survey

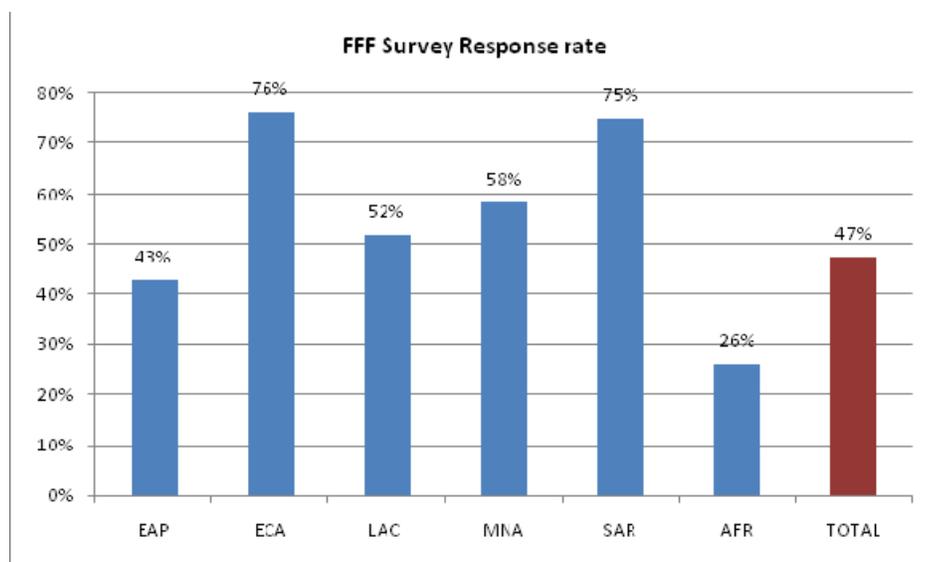
### PURPOSE OF THE SURVEY

The recent food, fuel, and financial crises underscored the urgency of appropriate crisis responses from governments and the World Bank to avert major escalations of global poverty. The aim of the survey was to obtain feedback from Bank staff working in different regions regarding not only countries' experiences with SSNs in the context of the crises, but also Bank SSN assistance to countries in response to the crises

An electronic survey was sent to each Social Protection sector manager, who then assigned the survey to a staff member responsible for each country in their region. Responses came directly to IEG and thus the responses remained confidential. Results are available by region, but confidentiality is maintained by not releasing country-specific data. The sector manager followed up several times with staff to ensure survey completion; this process led to a high response rate.

### SURVEY RESPONSE

The survey response rate is defined as the number of actual survey responses divided by the total number of countries as determined by lending classification in each region. The World Bank data group classifies countries by lending category into IBRD, IDA, and blend. IDA countries are those that have a per capita income in 2009 of less than \$1,165, and lack the creditworthiness necessary to borrow from IBRD. Blend countries are eligible for IDA loans because of their low per capita incomes but are also eligible for IBRD loans because they are financially creditworthy.



The response rate for the survey was 47 percent (Bank staff in 65 countries responded to the survey). Europe and Central Asia and South Asia had the highest response rates and the Africa Region the lowest. In order to assess if the response for the survey was representative of all Bank clients, we compared the characteristics of those countries that responded with those that did not. IEG regressed the response rates (1 = responded, 0 = did not respond) for countries against regional dummies and precrisis variables such as the log of GDP per capita in 2007 and SSN take-up in 2000-07 (1=the country had an SSN program supported by a Bank project).

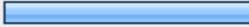
IEG found that countries that did not respond were more likely to be in Africa and were also less likely to have a Bank-supported SSN operation. There were no significant differences between response rates of other Regions (South Asia, East Asia and Pacific, Europe and Central Asia, and the Middle East and North Africa) compared to Latin America and the Caribbean; nor were there any statistically significant differences between the income level of respondents and non-respondents. Within Africa, countries that responded were more likely to have an SSN program supported by the Bank but they were not different in income level from countries that did not respond. In conclusion, we found that the survey responses under represent African countries that do not have Bank supported SSNs.

To correct for this response bias, IEG reweighted the survey responses with the inverse of the predicted values from the probit regression and found that survey responses were not sensitive to the use of weights to balance the sample due to differences in response rates. Therefore, all numbers presented for the survey are based on the original unweighted responses.

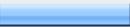
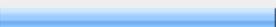
## SURVEY ANALYSIS

Survey data were analyzed in aggregate and by region and LIC-MIC. Aggregate results are presented below.

**2. To what extent was this country affected by either the food, fuel and/or financial crisis?**

	Response Percent	Response Count
To a great extent 	46.2%	30
Somewhat 	35.4%	23
A little 	15.4%	10
Not at all 	1.5%	1
Don't know 	1.5%	1
<i>answered question</i>		65
<i>skipped question</i>		0

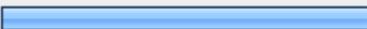
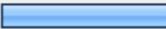
**3. As a result of any (or all) of the FFF crisis, did this country introduce or increase generalized price subsidies or subsidies targeted to the poor? You can choose more than one option.**

	Response Percent	Response Count
Generalized price subsidy 	24.6%	16
Subsidies targeted to the poor 	36.9%	24
Neither 	52.3%	34
<i>answered question</i>		65
<i>skipped question</i>		0

**4. Please specify for which products there was an introduction or increase of a generalized subsidy and/or price subsidy targeted to the poor? You can choose more than one option.**

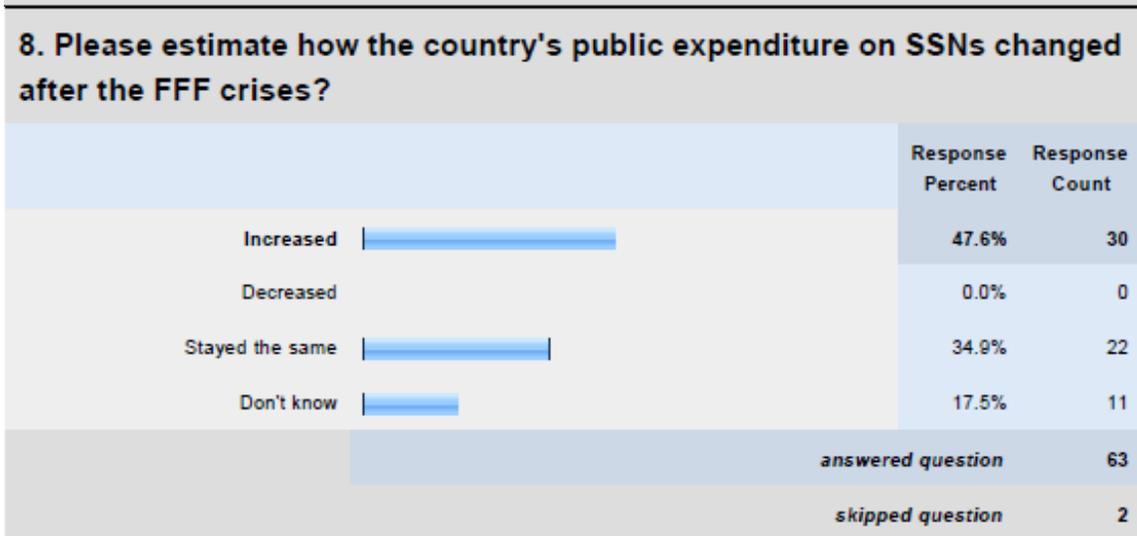
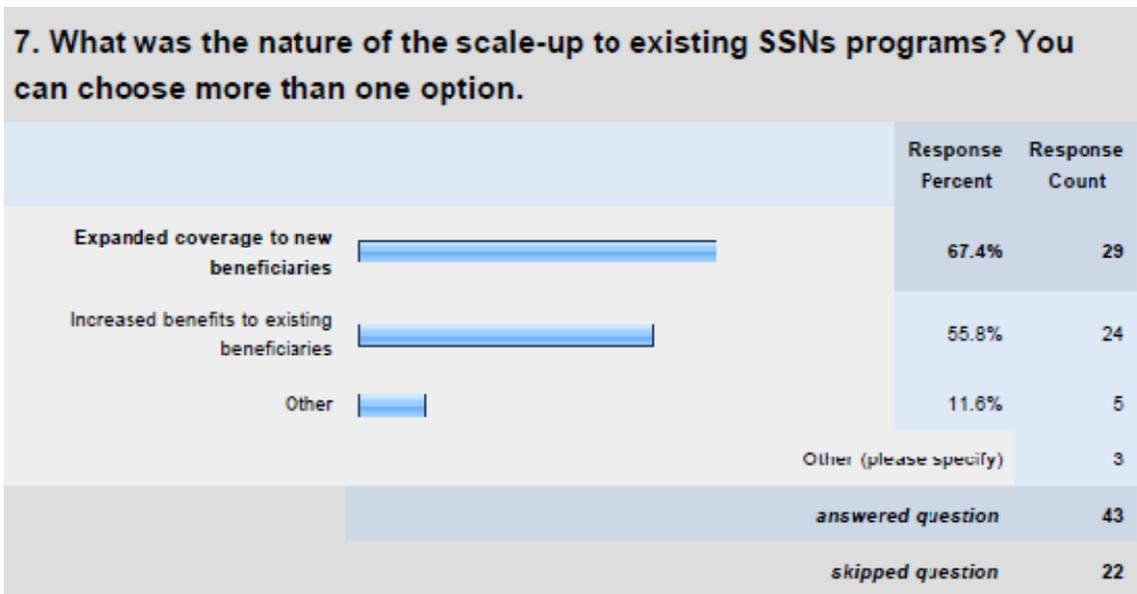
	Generalized price subsidy	Price subsidy targeted to the poor	Response Count
Energy	50.0% (5)	80.0% (8)	10
Fertilizer	85.7% (6)	14.3% (1)	7
Fuel	87.5% (7)	25.0% (2)	8
Water	66.7% (2)	66.7% (2)	3
Education	25.0% (1)	75.0% (3)	4
Housing	66.7% (2)	66.7% (2)	3
Transport	50.0% (1)	100.0% (2)	2
Health	33.3% (1)	66.7% (2)	3
Food	60.0% (12)	55.0% (11)	20
Other	37.5% (3)	87.5% (7)	8
		Other (please specify)	12
		<i>answered question</i>	32
		<i>skipped question</i>	33

**5. In response to the FFF crises, did this country scale up and/or create a new SSN program?**

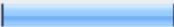
	Response Percent	Response Count
Yes 	69.2%	45
No 	30.8%	20
	<i>answered question</i>	65
	<i>skipped question</i>	0

**6. What kind of SSNs did this country scale up and/or create in response to the FFF crises? You can choose more than one option.**

	Scale up an existing government program	Create a new government program	Scale up an existing donor/NGO program	Create a new donor/NGO program	Response Count
Conditional cash transfer (CCT)	77.8% (14)	27.8% (5)	0.0% (0)	0.0% (0)	18
Unconditional cash transfer	61.5% (8)	30.8% (4)	0.0% (0)	7.7% (1)	13
Fee waivers	75.0% (3)	25.0% (1)	0.0% (0)	0.0% (0)	4
Severance/Unemployment benefits	100.0% (5)	0.0% (0)	0.0% (0)	0.0% (0)	5
Family/Child Allowance	88.9% (8)	11.1% (1)	0.0% (0)	0.0% (0)	9
Non-contributory pensions	50.0% (3)	50.0% (3)	0.0% (0)	0.0% (0)	6
Disability benefits	80.0% (4)	20.0% (1)	0.0% (0)	0.0% (0)	5
Food in kind	50.0% (5)	10.0% (1)	10.0% (1)	30.0% (3)	10
School feeding	40.0% (2)	20.0% (1)	40.0% (2)	20.0% (1)	5
In kind transfers	25.0% (1)	50.0% (2)	25.0% (1)	0.0% (0)	4
Training for beneficiaries	30.0% (3)	50.0% (5)	10.0% (1)	10.0% (1)	10
Public works	30.0% (10)	45.0% (8)	0.0% (0)	15.0% (3)	20
Technical Assistance/Institutional Improvement	25.0% (2)	37.5% (3)	25.0% (2)	25.0% (2)	8
Other	50.0% (1)	50.0% (1)	0.0% (0)	0.0% (0)	2
				Other (please specify)	8
				<i>answered question</i>	43
				<i>skipped question</i>	22

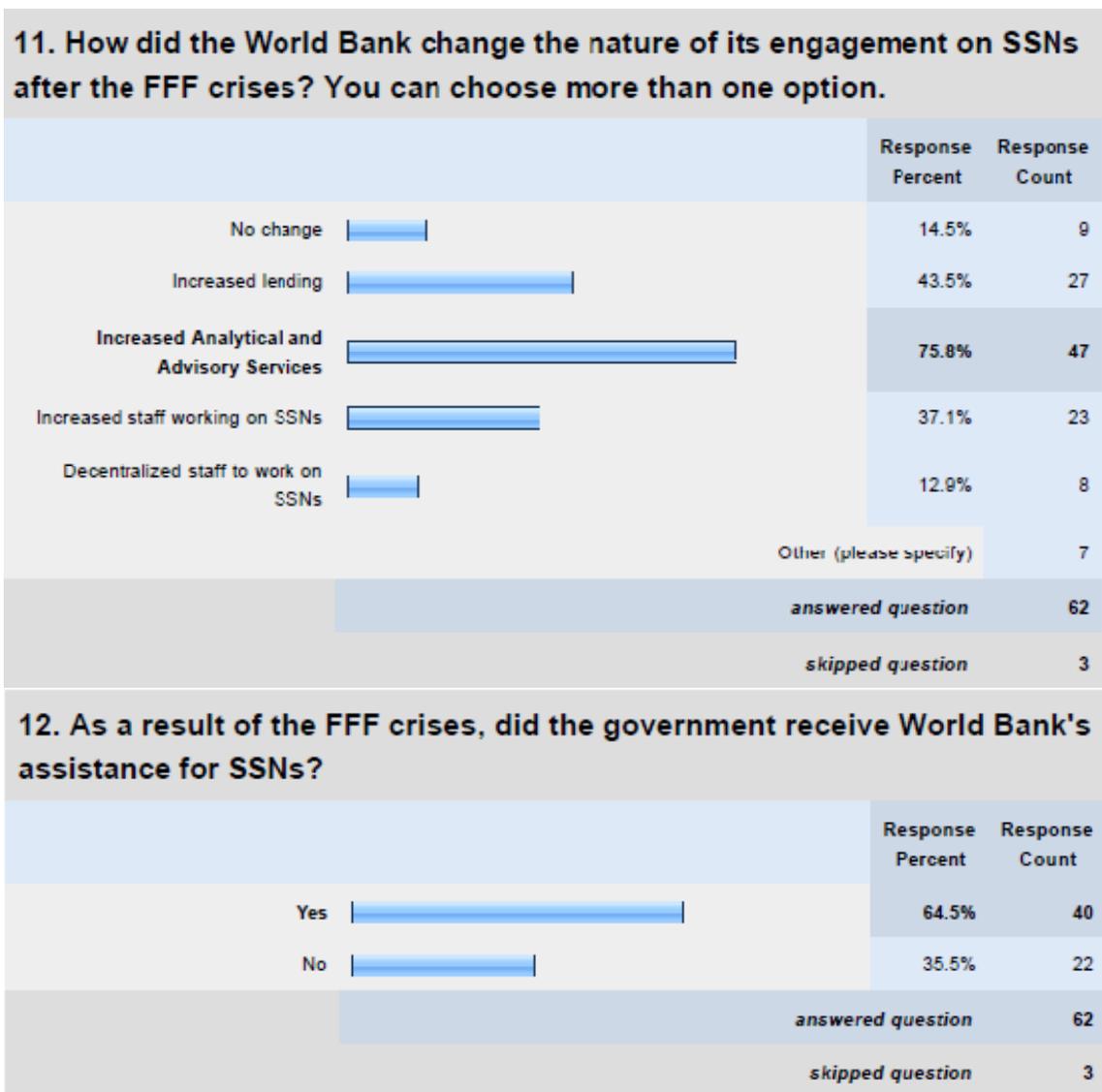


**9. To what extent were this country's SSNs well positioned to respond to the FFF crises (including being able to identify and address those hit by the crises)?**

	Response Percent	Response Count
To a great extent 	16.1%	10
Somewhat 	40.3%	25
A little 	32.3%	20
Nct at all 	11.3%	7
<i>answered question</i>		62
<i>skipped question</i>		3

**10. To what extent was the World Bank involved in supporting this country's SSN system prior to the FFF crises?**

	Response Percent	Response Count
To a great extent 	33.9%	21
Somewhat 	30.6%	19
A little 	24.2%	15
Nct at all 	11.3%	7
<i>answered question</i>		62
<i>skipped question</i>		3



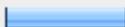
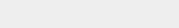
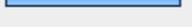
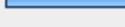
**13. In response to the FFF crises, which of the following World Bank's products were used to support this country's SSNs programs. You can choose more than one option.**

	Response Percent	Response Count
Development Policy Lending (new)	32.5%	13
Development Policy Lending (supplemental financing)	2.5%	1
Investment Lending (new)	25.0%	10
Investment Lending (additional financing)	30.0%	12
Technical Assistance	67.5%	27
Economic and Sector Work	40.0%	16
Trust Fund Support	42.5%	17
Other (please specify)		3
<b>answered question</b>		<b>40</b>
<b>skipped question</b>		<b>25</b>

**14. In your experience, in what way was the World Bank most helpful to this country in the context of SSNs and the FFF crises? You can choose only one option (but feel free to add brief comments).**

	Response Percent	Response Count
Not helpful	0.0%	0
Analytical and Advisory Services	50.0%	20
Lending	40.0%	16
Donor coordination	5.0%	2
Knowledge and learning events	2.5%	1
Other	2.5%	1
Other (please specify)		9
<b>answered question</b>		<b>40</b>
<b>skipped question</b>		<b>25</b>

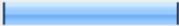
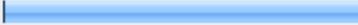
**15. In your experience, in what ways was the Bank constrained in its support to this country in the context of the FFF crises? You can choose more than one option.**

	Response Percent	Response Count
No constraints 	10.0%	4
Insufficient funds to lend 	22.5%	9
Insufficient Bank staff to respond 	12.5%	5
Lack of prior Bank engagement 	17.5%	7
Inadequate systems/instruments in place 	20.0%	8
Inadequate data in country 	32.5%	13
<b>Weak country institutions</b> 	<b>35.0%</b>	<b>14</b>
Lack of cohesive government view 	22.5%	9
Other (please specify)		6
<i>answered question</i>		40
<i>skipped question</i>		25

**16. In your experience, how effective was the collaboration and coordination between the different networks within this country team in producing a cohesive response to the FFF crisis?**

	Response Percent	Response Count
Very effective 	52.5%	21
Somewhat 	40.0%	16
A little 	7.5%	3
No at all	0.0%	0
<i>answered question</i>		40
<i>skipped question</i>		25

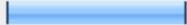
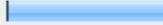
**17. In the country considered in this survey, was there a locally hired SP Specialist working on SP issues?**

	Response Percent	Response Count
Yes 	32.5%	13
No 	67.5%	27
<i>answered question</i>		40
<i>skipped question</i>		25

**18. How important was having a locally hired SP specialist to the Bank's ability to respond effectively and quickly?**

	Response Percent	Response Count
Very important 	100.0%	13
Somewhat	0.0%	0
A little	0.0%	0
Not at all	0.0%	0
<i>answered question</i>		13
<i>skipped question</i>		52

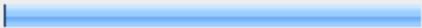
**19. To what extent was not having a locally hired SP specialist an obstacle to the Bank's ability to respond to respond effectively and quickly?**

	Response Percent	Response Count
To a great extent 	7.4%	2
Somewhat 	33.3%	9
A little 	29.6%	8
Not at all 	29.6%	8
<i>answered question</i>		27
<i>skipped question</i>		38

**20. In the country considered in this survey, was there a country based TTL?**

	Response Percent	Response Count
Yes 	47.5%	19
No 	52.5%	21
<i>answered question</i>		40
<i>skipped question</i>		25

**21. How important was having a country based TTL to the Bank's ability to respond effectively and quickly?**

	Response Percent	Response Count
Very important 	78.9%	15
Somewhat 	15.8%	3
A little 	5.3%	1
Not at all	0.0%	0
<i>answered question</i>		19
<i>skipped question</i>		46

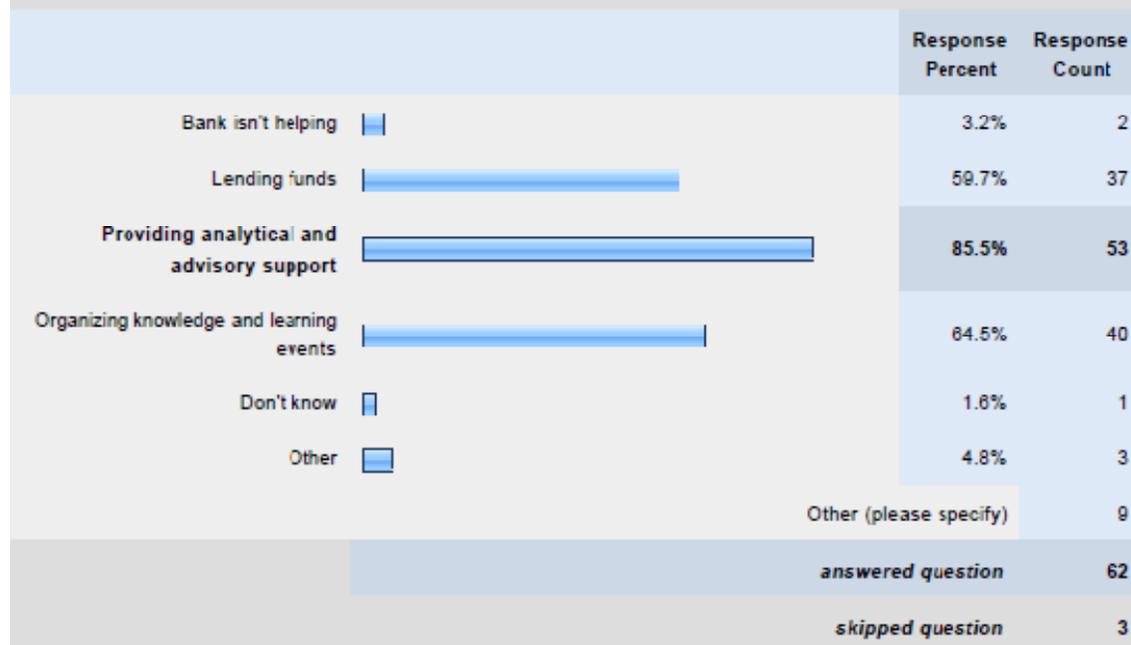
**22. To what extent was not having a country based TTL an obstacle to the Bank's ability to respond to respond effectively and quickly?**

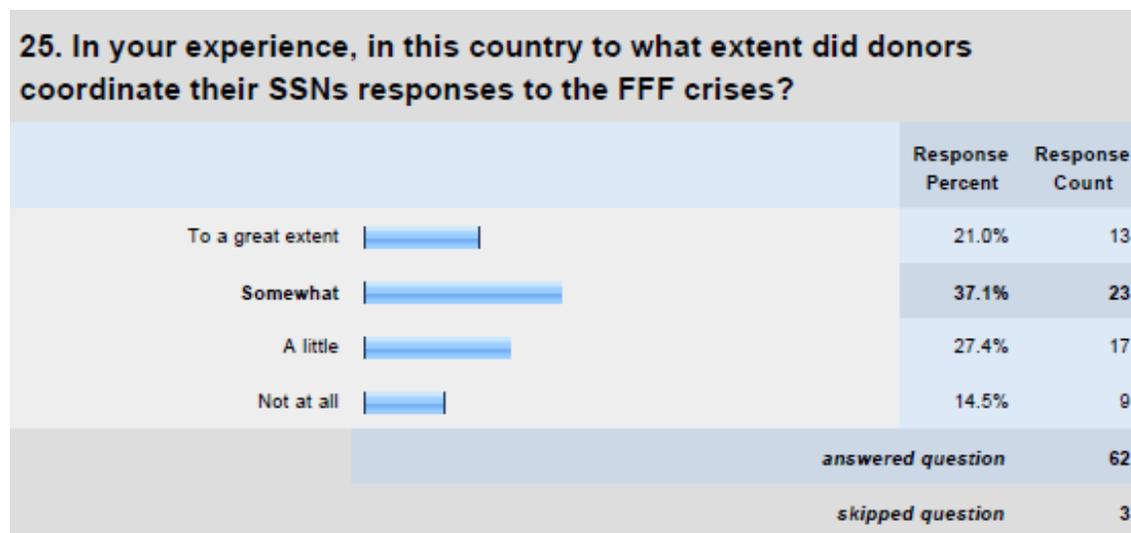
	Response Percent	Response Count
To a great extent 	4.8%	1
Somewhat 	19.0%	4
A little 	42.9%	9
Not at all 	33.3%	7
<i>answered question</i>		21
<i>skipped question</i>		44

**23. What kind of plans are underway by the government to develop SSNs that would serve the country better in case of future crises? You can choose more than one option.**



**24. How is the Bank helping this country prepare for future crises? You can choose more than one option.**





## VIII. Evidence and Lessons Learned from Impact Evaluations on SSNs

Recent meta-analyses of impact evaluations of safety nets have captured rich evidence regarding the results of individual interventions. However, they mostly focused on a few interventions with abundant data. Moreover, very few questioned the effects of safety nets beyond their immediate outcomes, the efficiency of programs, or the contribution of different aspects of programs to impacts. For its evaluation, IEG reviewed a comprehensive pool of impact evaluations on SSN interventions to address those questions and identify evidence across program types and development outcomes.

An exhaustive search of the literature was conducted, and four separate filters were used to select a pool of 137 impact evaluations that had a development focus, applied rigorous methods (including the use of a credible counterfactual), demonstrated robust findings, and were consistent in their results. The papers reviewed cover 32 developing and transition countries in five regions. The 56 programs evaluated span 10 intervention types, but the majority are conditional cash transfers. The evaluations explore a wide range of outcomes across multiple dimensions, including health, education, nutrition, consumption, income, poverty, labor, economic activities, risk-coping behaviors, and indirect effects (such as marriage and fertility decisions, private transfers).

Less than half of the evaluations used experimental design, while the remainder used such quasi-experimental methods as matching, difference-in-differences, instrumental variables, and regression discontinuity design to construct the counterfactuals. The data, in most cases, were collected no more than two years into the program’s implementation, which limits the ability of the studies to explore long-term effects.

The group of papers considered for this study was compiled through an exhaustive online search of both completed and ongoing impact evaluations of SSNs, drawn from the following sources:

- The World Bank’s impact evaluation databases, including the Africa Impact Evaluation Initiative, the Development Impact Evaluation, the Spanish Impact Evaluation Fund, the Social Protection Publication Database, and the Poverty Impact Evaluation Database.
- Electronic databases of academic journals on economics, health and nutrition, and social policy (mostly JSTOR and Google Scholar).
- Websites of institutions involved directly in impact evaluations, including the Abdul Latif Jameel Poverty Action Lab, the International Food Policy Research Institute, the Innovations for Poverty Action Lab, the International Initiative for Impact Evaluation, the International Policy Centre for Inclusive Growth, the Institute of Development Studies, and other evaluation groups within international organizations.
- Web sites featuring discussion paper series of research centers (in academia, international organizations, and think tanks) as well as publications with the proceedings of relevant conferences.
- Reference lists of evaluation reviews and related studies; and recommendations made by people familiar with the impact evaluation literature on SSNs inside and outside the Bank.

#### TIME FRAME AND SCREENING PROCESS

The review looked at papers published in or after 1999 and papers in progress. This period was chosen because a preliminary search revealed that the bulk of impact evaluations (94 percent) were carried out during this time. In order to confine the meta-review to rigorous impact evaluations of specific safety net programs the studies identified in the search process were subject to four filters:

- **Filter 1: Development focus, relevance, and consistency.** In order to focus on the role of SSNs in development policy, only studies of developing and transition countries were included. Papers that did not explicitly evaluate an SSN program or disentangle the impacts of safety net transfers from those of other interventions linked to broader social policies were excluded as well. This filter also discarded evaluations of programs that had a safety net objective but were neither targeted nor implemented in line with their original evaluation design.
- **Filter 2: Construction of a counterfactual and use of objective measures to estimate changes.** This filter selected only those evaluations where changes in specific outcome indicators can be attributed to a particular safety net instrument. A paper has to demonstrate the use of a carefully and credibly constructed counterfactual, that is, a comparison group of nonbeneficiaries that resembles the without-program scenario for beneficiaries. An additional criterion for inclusion was the use of objectively measured and comparable indicators of outcomes. An example of an objective measure is the use of standardized test scores – rather than personal perceptions of cognitive abilities – to estimate the effects on cognitive development.
- **Filter 3: Robustness of the findings.** Even the best efforts to eliminate potential biases that could contaminate the comparison between program participants and nonpartici-

pants do not necessarily guarantee the legitimacy of the findings. Therefore, a third filter was applied to select only those studies with results that were convincingly robust (not sensitive) to a variety of confounding factors. These factors include changes in econometric specifications and methods, endogeneity issues, characteristics of the population and context under analysis, and implementation aspects of the program.

- **Filter 4: Final inspection to double check.** The studies that passed the three previous filters were reviewed independently by different members of this team to ensure that only studies that demonstrate relevance and technical rigor and provide consistent findings were included in the sample. Furthermore, during this stage, papers were scrutinized to retain only the most recent version of the evaluation under analysis and avoid duplication.

This screening process narrowed down the initial list of more than 350 published articles and working papers to a selection of 136 impact evaluations. In addition, to take stock of current research, an additional sample of more than 40 papers in progress was considered (and screened with the first two filters) to produce a final sample of 24 ongoing evaluations.

#### MAIN FINDINGS OF THE REVIEW

Despite the complexity of integrating the findings of numerous impact evaluations across a variety of policy instruments, implementation contexts, and intermediate and final outcomes, a number of patterns emerge:

- In the short term, safety nets are found to improve households' investments in human capital, immediate consumption, current economic activities, and abilities to mitigate the negative effects of shocks.
- The literature on long-term outcomes is less abundant, but the limited evidence suggests that the income and consumption gains are maintained, probably because of a positive effect on educational attainment and productive investments.
- Impact evaluations rarely investigated the indirect effects of safety nets, but those that did found more positive than negative results
- Many efforts have been devoted to understanding the distribution of program impacts across beneficiaries.
- Little work has been done to investigate the balance of benefits versus costs and how program designs, implementation processes, and local contexts affect impacts.

### IX. Assessing the Medium- and Long-Term Impacts of SSN Programs

Although there is significant evidence showing that SSNs can have positive immediate impacts on school participation, little is known about their long-term impacts on human capital and related human welfare indicators. In the particular case of CCTs, evidence indicates that these interventions, aligned with their conditions, increased school enrollment and attendance in the short term. These impacts are expected to serve as inputs to more human capital accumulation, but the evidence of such connection is scarce.

## APPENDIX B METHODOLOGY

In an effort to help fill this gap, IEG undertook two new impact evaluations. One of the studies assessed the Punjab Female School Stipend Program (FSSP) in public girls' schools in Pakistan. The other focused on the *Familias en Acción* program for boys and girls in Colombia.

### DO CONDITIONAL CASH TRANSFERS LEAD TO MEDIUM-TERM IMPACTS? EVIDENCE FROM A FEMALE SCHOOL STIPEND PROGRAM IN PAKISTAN

#### The Program

The FSSP was designed to improve educational attainment among girls and decrease gender gaps at the middle school level (grades 6–8). The program targeted the 15 districts with the lowest literacy rates to address their educational disadvantages. Launched at the end of 2003, the program provides quarterly subsidies (around \$10) to the families of girls enrolled in middle school with the condition that they attend at least 80 percent of classes. In 2006, the stipend was extended to girls enrolled in high school (grades 9–10). By 2007, 245,000 girls were covered by the program in middle school.

#### Objectives

The impact evaluation of the medium- and long-term impacts of the FSSP sought to answer three questions:

1. What are the program's impacts on outcomes that might affect future productivity of adolescent girls who have been participating in the intervention for up to four years, including sustained school enrollment, transition and completion of middle school and high school, early labor market outcomes, and marriage and fertility decisions?
2. Does the program affect different beneficiary subgroups differently?
3. Are there positive or negative indirect effects of the program on boys who live in the same household with eligible girls?

#### Empirical Research Design

As the education stipend was not allocated randomly but targeted to the most disadvantaged districts, the evaluation relies on quasi-experimental techniques to construct comparable treatment and control cohorts at the school and household levels. At the school level, the annual Punjab public school censuses from 2003 to 2009 were used to create treatment cohorts of girls who were enrolled in stipend schools during the period of the program. These girls should therefore have been exposed to the program for at least one year, and they were compared against the similar group of girls in no-stipend districts during this period to estimate whether the program impacts on enrollment are sustained. At the household level, the analysis used two waves of the Punjab Multiple Indicator Cluster Survey in 2003 and 2007–08 to construct cohorts of girls in stipend districts who are likely to have at least one year of exposure to the program. These cohorts were compared with counterfactual cohorts in no-stipend districts in terms of the likelihood of completing middle school, transitioning to and completing high school, as well as their labor force participation and marriage and fertility decisions.

The empirical research design was implemented with two econometric models: difference-in-differences (comparing changes between baseline and follow-up across treatment and control groups) and regression discontinuity design (using the cut-off rate of literacy for district eligibility). These techniques help address possible selection bias due to time-fixed differences between stipend and no-stipend districts induced by the non-random placement of the program. In addition, the econometric models include covariates that account for socioeconomic differences between stipend and no-stipend districts, including differences in school facilities, access, and local infrastructure. The analysis also included models based on samples that did not condition on enrollment in middle school to check the sensitivity of the findings to the potential issue of selection in participation.

## Main Findings

- The positive short-term impacts of the program appear to be sustained over time given that, four years into the program implementation, adolescent girls in stipend districts are more likely to progress through and complete middle school and work less than four years after the program was implemented.
- Although less significant in statistical sense, there is also some suggestive evidence that participant girls delay their marriage by more than a year and have fewer births by the time they are 19.
- Girls who are covered by the expansion of benefits given in high school also increase their rates of matriculation into and completion of high school grades.
- There is no evidence that the FSSP has adverse indirect effects on similar educational outcomes of boys living in the same household with eligible girls.

## ASSESSING THE LONG-TERM EFFECTS OF CCTs ON HUMAN CAPITAL: EVIDENCE FROM COLOMBIA

### The Program

The program *Familias en Acción* was started in 2001–02 as an emergency safety nets program in response to a major economic crisis in the late 1990s. It then became a key element in the country's poverty reduction strategy through improving children's education and health. The program provides \$7 and \$14 monthly for children 7–18 years old in primary and secondary school, respectively, conditional upon 80 percent school attendance. The grants target the poorest 20 percent of households as identified by SISBEN, a proxy-means index that ranks households' welfare status. The program has been expanding over the years from geographic targeting (small rural municipalities with adequate facilities) to national coverage.

### Objectives

This study evaluated the impacts of *Familias en Acción* on high school completion and learning outcomes. In particular, it sought to answer four questions:

1. Does the additional use of educational inputs attributed to the program help participant children become more likely to complete high school?

2. In addition to the inherent positive effects in learning for the children that are brought into school due to the program (“new enrollers”), do those who finish high school and participate in the program perform better in academic tests than similar children not covered by the program?
3. What is the distribution of these long-term impacts across gender and rural and urban areas?
4. What are the indirect effects, if any, of *Familias en Acción* on similar educational outcomes for nonparticipant young adults living in the same households as participant children?

### Empirical Research Design

The program was not randomly allocated but assigned to the poorest households in specific municipalities, so there may be substantial differences between beneficiaries and non-beneficiaries. To address this, the evaluation used two non-experimental techniques to create counterfactual groups that are comparable to the treatment groups.

#### *Propensity score matching*

This approach was based on the baseline household survey collected in 2002 for the short-term impact evaluation of the program. The units of analysis included eligible families selected randomly in stratified comparable treatment and control municipalities. The sample was limited to children 18 years old or younger at baseline who could have finished high school during the period 2003–09.

Children in treatment and control areas were matched based on three different specifications of pretreatment observable characteristics (household demographic and socioeconomic indicators, and community location and infrastructure) used to predict the probability of treatment. Various kernel techniques and bandwidths were used to define common supports that exclude poor matches between the two groups. Assuming there are no differences in unobservable variables that jointly influence program participation and outcomes, this method eliminates any selection bias in observable characteristics due to the nonrandom targeting of the program and decision to participate. The weighted average difference for each outcome was therefore the average impact of the program.

#### *Regression discontinuity design*

This approach used data from the monitoring and evaluation database of program beneficiaries from 2001 to 2009, and from the SISBEN surveys collected between 1994 and 2003 to construct the proxy-means test. These data were merged to create a universe of individuals below and above the threshold of eligibility as defined by the score of the proxy means test. The sample was restricted to a group of treatment municipalities to make it comparable to the sample used in the matching analysis.

Although the SISBEN score does not perfectly predict treatment status, those below the threshold are significantly more (around 65–70 percent) likely to participate in the program than those above. Program estimates were therefore obtained from that variation in program participation as the ratio of the jump in the outcomes to the jump in the probability of

treatment at the cutoff (an evaluation strategy known as “fuzzy” regression discontinuity design). The strategy relies on the assumption that children just below and just above the threshold are similar except for their participation in *Familias en Acción*.

Once the comparable treatment and control groups were identified through the two empirical methods, they were merged with the administrative records of ICFES, a national mandatory standardized test administered to students at the end of high school. Registration to ICFES was used as a proxy for high school completion because more than 90 percent of students in grade 11 take the test and more than 90 percent of the test takers end up finishing high school. Likewise, the test scores were a proxy for learning at the end of high school as they reflect the student performance in most major subjects.

## Main Findings

- The analyses show that the program helps children, particularly girls and beneficiaries in rural municipalities, to accumulate more years of education. On average, participant children were 4 to 8 percentage points (equivalent to 8–16 percent) more likely than nonparticipant children to finish high school.
- Regarding impacts on tests scores, program recipients who graduate from high school performed at the same level as equally poor nonrecipient graduates in mathematics, Spanish, or the overall test. This result holds after restricting the analysis to beneficiaries that would have finished high school even without the program to correct for selection bias induced by the children brought into school by the program.

## X. Additional Studies

### ASSESSMENT ON THE USE OF THE RISK MANAGEMENT FRAMEWORK UNDER THE SOCIAL PROTECTION STRATEGY 2001

#### Objective of the Study and Sample

The Bank’s Social Protection Strategy 2001 was developed against a background of growing Bank engagement in social protection over the 1990s as the Bank responded to the need to cushion the negative effects of transition in the former communist countries and the global financial crisis in the late 1990s. At the time, social protection consisted of a collection of instruments – safety nets, social insurance, development funds, labor market interventions – where the emphasis tended to be placed on individual instruments. The 2001 strategy attempted to introduce a more systemic approach that looked at the social protection system as a whole – at how these instruments overlapped and interacted and how social protection could contribute to poverty reduction beyond passive income redistribution. The Social Risk Management framework, developed in late 1998 and early 1999 (Holzman and Jorgenson 1999), provided a means of defining social protection as public interventions that assist individuals, households, and communities to manage risk and provide support to the poor. The 2001 Strategy notes that “social risk management...regards social protection as a springboard as well as a safety net for poor people. While a safety net for all should exist, the program should also provide poor people with the capacity to climb out of poverty, or at least resume gainful work....It focuses less on symptoms and more on the causes of po-

verty by making it possible for poor people to engage in activities that have higher risks but also higher returns” (World Bank 2001).

The Social Risk Management framework provides typologies for types of risks, strategies, instruments, and institutions involved in risk management. Briefly, they are –

- **Types of income risk:** Catastrophic versus non-catastrophic shocks; idiosyncratic versus covariant shocks; single versus repeated shocks
- **Types of strategies** to address these shocks: risk reduction, mitigation, coping
- **Types of instruments:** Informal/personal; formal/market; formal/publicly mandated or provided
- **Types of institutions/actors:** Individuals; communities; nongovernmental organizations; market institutions; government.

The objective of the study was to assess **How the Bank went about applying the 2001 Social Protection Strategy** – to what extent the Bank helped countries develop safety nets as part of a broader system of social protection.

The analysis drew on the 30 country cases to assess the Social Risk Management strategies and the extent to which the 2001 Strategy was applied by the Bank, particularly from the perspective of SSNs. The Social Risk Management strategies are defined as follows:

- **Risk reduction** – Strategies/instruments that reduce the likelihood of a risk occurring
- **Risk mitigation** – Strategies/instruments that reduce the impact of a future risk
- **Risk coping** – Strategies/instruments that relieve the impact once a risk has occurred.

Taken together, these strategies prevent households from falling into poverty or deeper into poverty; and promote their moving out of poverty.

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IEG country assessment included review of Country Assistance Strategy documents, the country lending portfolio; AAA, including poverty, social protection, and relevant economic reports throughout the decade; as well as interviews with Bank staff and management.

Benchmarking was determined in consultation with the new Country Policy and Institutional Assessment criteria for assessing country social protection systems as well as with Bank experts working on these issues. Countries were placed in three categories for each time period as shown in table B.9.

Table B.9. Rank Values of Bank Social Risk Management Implementation

Rank	Definition
Rank 3.	The Bank is implementing a strategy for social protection that is based on the SRM framework and complements government efforts to introduce a comprehensive SP system, including safety nets, social insurance mechanisms and labor market policies.
Rank 2.	The Bank is supporting government efforts to implement SP programs; but there is no comprehensive SRM framework; and there are large gaps in or uneven development of the SP system which are not being addressed.
Rank 1.	The Bank is offering advice on elements of SP in the context of economic, financial or sector AAA, but there is little or no follow-up through lending.
Rank 0.	There is no dialogue between the Bank and the Government on SP

Each country was assessed based on three time frames throughout the decade (2000–04, 2005–10, and 2000–10). The analysis used the Social Risk Management strategies as a starting point for looking at the extent to which the 2001 Strategy has been applied by the Bank “as a springboard as well as a safety net” in Bank social protection strategies in the country case studies from the safety net angle. For specific social protection instruments, the Social Risk Management matrix would generally look as shown in table B.10.

Table B.10. SSN Instruments by SRM Strategies

<i>SRM strategy</i>	<i>Instrument</i>
Reduction	<ul style="list-style-type: none"> <li>• School vouchers, scholarships</li> <li>• Fee waivers</li> <li>• Labor market policies (industrial relations, ALMPs)</li> <li>• Social insurance (contributory pensions, health insurance, unemployment insurance)</li> <li>• Severance</li> </ul>
Mitigation	<ul style="list-style-type: none"> <li>• Short term benefits</li> <li>• Non-contributory pensions</li> <li>• Wage/employment subsidies</li> <li>• Unconditional poverty-targeted cash and in-kind transfers</li> <li>• Poverty-targeted family allowances</li> </ul>
Coping	<ul style="list-style-type: none"> <li>• Workfare/public works</li> <li>• Targeted housing, utility subsidies</li> <li>• Disability benefits</li> </ul>
Mitigation and Coping	<ul style="list-style-type: none"> <li>• SIF/CDD</li> </ul>
Reduction and Coping	<ul style="list-style-type: none"> <li>• Conditional cash transfers</li> <li>• Social care services</li> </ul>

Note: SRM = Social Risk Management; SIF = social investment fund; CDD =community-driven development; ALMPs = active labor market programs.

The country/regional matrices used a set of indicators to assess to what extent the 2001 strategy has been reflected in the social protection programs for the period 2000–09.

## XI. The Role of SSNs in Development Policy Operations

### OBJECTIVE OF THE STUDY

The purpose of the study was to identify if and how either the existence of or need for a social safety net shapes the structure of development policy lending. The study examined whether DPLs have considered the need for a social safety net—or, in the absence of a comprehensive social safety net, similarly targeted interventions—to mitigate any adverse consequences the operations might have on particular groups. This study differed than others

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recently completed by Operations Policy and Country Services and Poverty Reduction and Economic Management in that it examined if an assessment of distributional implications was undertaken and if so, what happened with the results of that analysis in country. It followed the recommendations to see if they were discussed with government and then if they were implemented.

SAMPLE

The review period was January 2005 to November 2009, right after the promulgation of the operational Policy OP 8.60, which required a poverty and social impact assessment for operations where there was a likely chance of having distributional implications for the poor.

During that period, there were 336 DPL operations. IEG focused on DPLs that were more likely to have distributional side effects. IEG sorted the documents according to the major sector on which they focused. Where more than one major sector was identified, IEG used the sector that was mentioned first (table B.11).

Table B.11. Program Documents by Major Sector

Major sector	Count	Share
Public administration, law and justice	124	36.9
Education	79	23.5
Energy and mining	65	19.3
Finance	35	10.4
Health and other social services	11	3.3
Agriculture, fishing and forestry	7	2.1
Water, sanitation and flood protection	6	1.8
Transportation	4	1.2
Industry and trade	4	1.2
Not identified	1	0.3
Total	336	100.0

Source: World Bank website

*Public administration, law and justice, education and health and other social services* were not considered for the analysis as they are very unlikely to have unintended distributional consequences on poor people.

The IEG sample included the following categories: (1) energy and mining; (2) agriculture, fishing and forestry; (3) water, sanitation and flood protection; (4) transportation; and (5) industry and trade. These categories were considered to be more susceptible to the type of immediate impacts – for instance, increased cost of living or loss of employment – that might negatively affect the poor and vulnerable.

IEG chose a sample of one-third (29) of the projects in these categories for more detailed analysis. Seven of the 29 were dropped because the program documents were not available, leaving a sample of 22.

To ensure that the focus on the “primary” – first mentioned – major sector did not bias results, IEG also chose a sample of projects that listed one of our five categories not as first

major sector. The impact of this secondary sample was primarily to identify projects that listed public administration, law and justice as the primary category, but also included one of our focus categories as a secondary major sector. This second sample yielded an additional 23 projects. The final total sample was 46 development policy operations.

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IEG reviewed the program documents in the sample, emphasizing the discussion of distributional issues in the document as a whole, rather than focusing on individual prior actions. For a more in-depth analysis, IEG interviewed task team leaders of the sample of DPLs on the role of distributional issues in their operations.

To capture follow-up actions on distributional analysis, IEG conducted a second set of interviews with country economists of 16 DPLs in which 27 distributional issues had been identified in the design stage of the development policy operation.<sup>29</sup> Country economists were the primary point of contact under the premise they were and are in the best position to monitor what happens if and when the DPL is initiated.

## XII. PWP Portfolio

This analysis was carried out as a background exercise to elaborate the results framework analysis as well as to help explain the performance of public works programs.

The SSN portfolio includes 52 programs that included public works components. By number, almost 50 percent of the projects were in Africa, 25 percent in Latin America and the Caribbean, 10 percent in South Asia and Europe and Central Asia, with minimal programming in the Middle East and North Africa and East Asia/Pacific regions (table B.12).

Table B.12. Distribution of World Bank-Financed PWPs, by Region

<i>Region</i>	<i>Number of Bank-supported PWPs</i>	<i>% of total number of PWP projects</i>
Africa	25	48%
East Asia Pacific	1	2%
Europe and Central Asia	5	10%
Latin America and Caribbean	13	25%
Middle East North Africa	3	6%
South Asia	5	10%
Total	52	100%

*Source:* IEG portfolio review.

*Note:* PWP = public works program.

Out of this universe, 29 programs were randomly selected for detailed examination drawing on the available Bank documentation. The documents reviewed included World Bank Implementation Completion Reports and Project Appraisal Documents prepared by Bank staff and case study evidence when available.

A review of World Bank AAA on public works programs (PWPs) was also carried out, drawing on 56 advisory reports prepared between 2000 and 2010.

## PWP TYPOLOGY

The PWPs were divided in four categories, defined on the basis of core design features:

- Type A: Programs offering short-term employment
- Type B: Large-scale government employment programs offering repeated or ongoing employment and in some cases an employment guarantee
- Type C: Programs prioritizing asset creation and the labor intensification of government infrastructure spending
- Type D: Programs that enhance supply-side characteristics, promoting “employability.”

Although some programs may include aspects of more than one of these types, most PWPs tend to have a primary identity which enables them to be located in one of the four categories. The primary identity was used to analyze program design and the aspects of program activity which are prioritized.

## PWP OBJECTIVES

Although the PWP typology offers some conceptual clarification, IEG examined PWP objectives in more detail, as a review of international evidence suggests that a wide range of objectives are associated with PWPs, and a single program may include a diversity of objectives. Particular objectives are associated with certain forms of PWP, but different PWP types are not necessarily or exclusively linked with particular objectives, and most programs have a range of associated objectives, which may be variously prioritized, and the relative balance of objectives in a PWP can result in significant differences in program design and social protection outcomes. Based on a review of PWP objectives internationally, objectives typically found in PWPs can be placed into six broad groupings:

- Social protection (SSN provision)
- Employment
- Skills development
- Asset or service provision
- Macroeconomic stimulation
- Political stabilization.

This diversity of objectives is indicative of the range of potential performance indicators and outcomes that are anticipated in relation to PWP, and it is important to note that SSN provision is only one of six different groupings.

## PWP KEY PERFORMANCE INDICATORS

A review of KPIs of PWPs was conducted separately from the Results Framework Analysis. The review was consistent with the general Results Framework Analysis. The review listed for each project the types of KPIs that were listed (such as number of assets created, number of people employed, poverty targeting of employment), whether the project objective was output or outcome focused, whether poverty targeting was applied, and which SSN func-

tion the project was aiming to address. The review found that KPIs tend to focus on output or process indicators, rather than outcome indicators, and that only 3 of 29 PWP projects aimed to target employment to the poor.

### XIII. The Bank's Organization and SSN-Related Activities

#### OBJECTIVE OF THE STUDY

This background study focused on how the Bank's internal structure affects its own ability to support sound SSN systems. More specifically, the study focused on coordination within the Bank's matrix management system to assess how units work together and how this affects their services to clients.

#### SAMPLE DESCRIPTION

Consultations with Bank staff on the relationship between SSN-related activities and the Bank's own internal organization covered a sample of 34 staff members, taken to be broadly representative of the diversity of challenges faced by the Bank in its SSN-related interventions. Staff members were selected to include all regional sector managers for Social Protection and PREM Poverty, as well as members from their respective sector boards and from the SSN Global Experts Team. In addition, the sample included key informants from Development Economics and the World Bank Institute, task team leaders of SSN-related operations, experts who had worked on the country case studies prepared for the SSN evaluation, and senior experts on the Bank's organizational structure.

More specifically, the sample included 14 Operations and Sector Managers from the Regions and Human Development and PREM Networks, 14 Social Protection Sector Board members (including the former chair), 8 PREM Poverty Sector Board members, 5 members of the SSN Global Experts Team, 14 task team leaders, 3 country case experts, and 2 senior experts on the Bank's organizational structure.<sup>30</sup>

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Selected members were invited to participate in the exercise. A one-to-one semistructured interview was conducted to respondents who were available. The detailed questionnaire is presented in table B.13.

Table B.13. Semistructured Questionnaire

- 
1. With which Network/Region/Sector Board/Team are you affiliated?
  2. Can you summarize your experience in regard to SSN based on your current and, if related, previous positions in the Bank?
  3. How would you describe the current division of labor/responsibilities across networks (Human Development, PREM, Sustainable Development) with regard to SSNs? Do you personally think this works well or are there sometimes overlaps on certain issues or gaps between issues given that the agenda is spread over different units? Can you give a couple of examples where coordination between different units has worked well with regard to SSNs, and a couple of experiences where it hasn't worked so well?
  4. Based on your experience, how well has the formulation of a recent Poverty Reduction Support Credit/DPL/project leveraged on a collaborative approach on SSN-related issues with the Bank's relevant hubs (Social Protection, Sustainable Development, PREM, Development Economics, World Bank Institute)? Can you elaborate on the process? What has helped this to work well or limited it from working well?
  5. Does the fact that the SSN agenda overlaps on Human Development/PREM/Sustainable Development issues make coordination challenging and, in your view, can this affect the quality of the Bank's support to countries?
  6. How would you describe the current division of labor/responsibilities between Social Protection and the Regions with regard to SSNs?
  7. Although the SSN work is formally housed in the Social Protection Board, only one half of all projects with SSN components fall under its management. What are the budgetary arrangements to fund SSN-related activities? Who (from which sector/network) typically task manages SSN-related activities in your Sector/Region?
  8. With reference to a recent SSN-related project in which you have been involved, were the Social Protection resources and the staff effectively employed? If not, what were the constraints?
-

# Appendix C

## Supplemental Tables and Boxes

Table C.1. Bank's Engagement in SSNs by Country Income Level

<i>SSN Variables</i>	<i>LICs</i>	<i>MICs</i>	<i>Total SSNs</i>
Countries with SSN operations	34	49	83
SSN lending	\$2,438	\$9,117	\$11,555
SSN lending as a percentage of total World Bank lending in LICs and MICs	2%	5%	4%
SSN operations	91	151	242
SSN operations as a percentage of total World Bank operations in LICs and MICs	6% 1	3% 8%	
Top 10 borrowers	2	8	10
Recipient Executed Trust Funds operations	18	36	55
Recipient Executed Trust Funds expenditures	\$71	\$70	\$141
Most used SSN instrument	In-kind transfer	UCTs In-kind	transfer
AAA (SSN activities)	36	115	2,101

Source: IEG portfolio review.

Note: The difference is explained by activities at the regional level. AAA = analytic and advisory activities; LIC = low-income country; MIC = middle-income country; UCT = unconditional cash transfer.

Table C.2. IEG Social Safety Nets Evaluation—Design Matrix

	<i>Evaluation questions</i>	<i>Sub-questions</i>	<i>Sources</i>
What has the Bank done to support SSNs?	What objectives has the Bank pursued in countries with its support for SSNs; how has it done so and how well has the Bank support achieved its objectives?	What have been the objectives of Bank support? What are trends in lending and AAA support?	Project portfolio review, AAA review
How effective, relevant, and sustainable have Bank supported projects been in LICs and MICs?	How well have the Bank's projects achieved their stated objectives? What is known about the development impact of Bank supported SSNs? Have Bank supported efforts been sustainable—fiscally, politically, and with regard to development impact? Have Bank supported projects been relevant for achieving their objectives as well as for being compatible and the development of broader social insurance systems? What explains the high success rate of Bank-supported projects with SSN components?	How well has portfolio performed?	Portfolio review, PPARs
		Development impact of Bank supported SSNs?	IE results, literature
		Sustainable? (fiscally, politically, development impact)	Political economy background paper, Desk review of random projects, IEG sustainability of impact study, TTL/SM interviews, PPARs, Country cases
		and development of broader social insurance systems?	LCR regional study, literature, Desk review of random projects, Cases, PPARs

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	<i>Evaluation questions</i>	<i>Sub-questions</i>	<i>Sources</i>
How relevant and effective has overall <i>Bank assistance been in helping countries establish sound safety nets?</i>	To what extent has the Bank's assistance to LICs and MICs been relevant by supporting countries develop SSNs to help the chronic poor, protect the poor and vulnerable from shocks and compensate the poor and vulnerable from negative effects of macro reforms? How effective was Bank's support at each?	How relevant and effective has the Bank's work been to the development of safety nets to address the chronic poor?	Portfolio review, Literature, Cases, PPARs, background paper on social funds, CCTs, and public works?
		How relevant and effective has the Bank's work been to the development of safety nets to address individual shocks?	Portfolio review, Literature, Country cases, PPARs
		How relevant and effective has the Bank's work been to develop SSNs that protect the poor and vulnerable in LICs and MICs from systemic shocks?	IEG Crisis Response review, CAS reviews, Crisis papers, elasticity of SSN spending paper, Cases, PPARs, Literature (Ravallion Argentina paper)
		How relevant and effective has the Bank's work been to develop SSNs that protect the poor from effects of reforms?	PSIA evaluation, OPCS DPL retrospective, CAS review, Cases, TTL interviews
		How well has Bank helped countries develop effective targeting systems (identify the needs, design coherent administrative structuring M&E)	Literature review, Desk review of random projects, IE results, Cases, PPARs, TTL/SM interviews
How can the effectiveness and relevance of Bank support be explained and understood and what lessons can be derived for future support for social safety nets?	How can the effectiveness and relevance of Bank support be explained and understood and what lessons can be derived for future support for SSNs? What drives both project performance and the development of country SSN systems?	Nature and approaches to engagement?/ To what extent are Bank programs country specific?	CAS reviews, Cases, PPARs, TTL/SM interviews
		Sustained engagement?	Portfolio review, AAA review, CAS reviews, Cases, PPARs, TTL/SM interviews
		Political econ. of SSNs to guide strategic dialogue?	Political economy background paper, Desk review of random projects, CAS reviews, Cases, PPARs, TTL/SM interviews
		Integrating with poverty and institutional analysis and growth dialogue?	AAA review, CASs, country cases, PPARs, TTL interviews
		Contribution of Bank's global work in SSN?	Cases, PPARs
		Cases,	PPARs

Table C.3. Government SSN Spending and Cost SSN Programs Supported by the Bank (Percent of GDP)

<i>Country</i>	<i>Total SSN spending</i>	<i>Fuel and food subsidies<sup>a</sup></i>	<i>Main targeted SSN program</i>	<i>Program type</i>	<i>Program cost<sup>b</sup></i>
Argentina	1.5	.	Heads of Households	PWP	0.1
Brazil 1.4		.	Bolsa Familia	CCT	0.4
Colombia	0.6	.	Familias en Acción	CCT	0.27
Jamaica 0.8		.	Program for the Adv. through Health and Education (PATH)	CCT	0.2 (0.3-0.5)
Mexico 1.0		.	Oportunidades	CCT	0.4 (0.46)
Indonesia	1.3	5.3	Bantuan Langsung Tunai (BLT)	UCT	0.66
Jordan	1.3	3.7	National Aid Fund (NAF)	UCT	0.55
Yemen	1.0	13.7	Social Welfare Fund (SWD)	UCT	0.6
Turkey	0.9	.	Social Risk Mitigation Project (SPMP)	CCT	0.6
Albania 1.9		.	Ndihma Ekonomike	UCT with work-fare	0.4
Bosnia and Herzegovina	1.3 2.0	<sup>c</sup> Civilian	benefit	UCT	1.3
Ethiopia n.a.		2.5	Productive Safety Net Program (PSNP)	PWP 1.2	

*Sources:* SSN spending: For countries in the Europe and Central Asia Region: Europe and Central Asia Social Protection Database, World Bank 2010; for all other countries: Weigand and Groh 2008. Fuel and food subsidies: IMF Fiscal Affairs Department Food and Fuel subsidy database, 2010. Program cost: Argentina: ICR 2010; Brazil: PAD 2010; Colombia PAD 2008; Jamaica ICR 2009; Mexico PID 2010; Indonesia PAD 2009; Jordan PAD 2008; Yemen SP Strategy Phase I; Turkey ICR 2008; Albania Mangiavacchi and Verme 2009; Bosnia and Herzegovina Europe and Central Asia Social Protection Database, World Bank; Ethiopia PAD 2009.

<sup>a</sup> Actual or projected share of outlays in 2008. Data on fuel subsidies vary significantly between year to year depending on the market price of oil.

<sup>b</sup> Estimates are from latest year available. Data in parenthesis indicate estimates for 2010 for Jamaica and 2011 for Mexico.

<sup>c</sup> War veterans' benefit 2007.

Table C.4. SSN Impact Evaluations on Bank-Supported Projects

<i>Program</i>	<i>Region</i>	<i>Country</i>	<i>Project name</i>	<i>World Bank project code</i>
Conditional cash transfer	EAP	Cambodia	CESSP Scholarship	P070668
	ECA	Turkey	Social Risk Mitigation Project	P074408
	LCR	Brazil	Bolsa Alimentacao, Bolsa Escola, Programa de Erradicacao de Trabalho Infantil, and Programma de Garantia de Renda Minima	P080746
		Colombia	Familias en Acción	P089443/P101211
		El Salvador	Red Solidaria	P088642
		Jamaica	Programme of Advancement through Health and Education	P067774
		Mexico	Progres/Oportunidades	P007689
		Nicaragua	Atencion a Crisis	P064906

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<i>Program</i>	<i>Region</i>	<i>Country</i>	<i>Project name</i>	<i>World Bank project code</i>
		Nicaragua	Red de Proteccion Social	P050613
	SAR	Pakistan	Female Secondary School Stipend Program	P102608
Fee waivers for education	EAP	Indonesia	Jaring Pengamanan Sosial	P063939
	LCR	Colombia	Programa de Ampliacion de Cobertura de la Educacion Secundaria	P006866
	SAR	Bangladesh	Female Secondary School Stipend Program	P044876
Workfare	AFR	Ethiopia	Employment Generation Schemes and Gratuitous Relief	P081773
	ECA Poland		Intervention Works	P008582
	LCR	Argentina	Plan Jefes y Jefas	P073578
		Argentina Trabajar II		P049268
	AFR	Ethiopia	Productive Safety Nets Program	P098093/P082242
Social pension	LCR Bolivia		Bono Solidario/Bolivida	P082700
School feeding/take home rations	AFR Burkina Faso		School Canteen and Take Home Ration	P100887
	EAP	Philippines	Dropout Intervention Program	P004565
	SAR	Bangladesh	Food for Education	P009496
Unconditional cash transfer	EAP	China	Southwest China Poverty Reduction Project	P003639
	LCR	Ecuador	Bono de Desarrollo Humano	P098167

Source: IEG 2011c.

Note: AFR = Africa Region; EAP = East Asia and Pacific Region; ECA = Europe and Central Asia Region; LCR = Latin America and the Caribbean Region.

Table C.5. Selected Design Features of Different CCT Programs

<i>Program name</i>	<i>Bank project objectives</i>	<i>Transfer as a percent of pre-transfer consumption of the poor</i>	<i>Percent of households in to poorest quintile receiving transfers</i>	<i>Frequency of payment</i>	<i>Education conditions</i>	<i>Health conditions</i>
Bangladesh Female Secondary School Assistance Program	Increase girls' secondary school enrollments, and thus increase the number of educated women capable of participating fully in economic and social development of the country	0.6 (among all beneficiaries, not just the poor)	8 (2000)	Twice a year	Attend 75% of school days, attains 45% of class-level test scores	None
Brazil Bolsa Familia	The broad objectives of the BFP are to reduce poverty and inequality and promote human capital investments among poor families through the provision of direct monetary transfers to poor families and incentives for investing in human capital	11.7 (2006)	56 (2006)	Monthly	School enrollment of all children 6–17, daily attendance at least 85% each month, participate in parent teacher meetings	Children 0–6 vaccine schedule, regular health checkups, growth monitoring; pregnant and lactating women pre- and post natal health checkups and participation in seminars
Mexico Oportunidades (formerly Progresá)	Increase capacities in health, nutrition, and education of poor families through human capital investment by promoting regular health check-ups, improving health status, and raising school enrollment and attendance rates. Build sustainable connections between Oportunidades and other social programs of the Government of Mexico in order to improve health and education outcomes for Program participants	33.7 (2004)	70 (2004)	Bimonthly	School enrollment and minimum attendance rate of 80% monthly and 93% annually, completion of middle school, completion of grade 12 before age 22	Compliance by all household members with the required number of preventive medical checkups, attendance of family member older than 15 years at health and nutrition lectures

Source: Project documents, Fiszbein and Schady 2009.

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Table C.6. Possible Motivations of Actors vis-à-vis Social Safety Net Programs

Possible Motivations of Actors vis-à-vis Social Safety Net Programs	
Actor	Possible motivations/ Possible Actions Arising from These Motivations
Top national government leaders	<ul style="list-style-type: none"> <li>• Maintain/expand political support               <ul style="list-style-type: none"> <li>○ Increase or decrease safety net programs according to preferences of potential political supporters</li> <li>○ Strengthen/reward political networks by placing loyalists into safety net program administration</li> <li>○ Strengthen political networks by requiring recipients to participate in government-support activities</li> <li>○ Structure safety net administration to reward supporters</li> </ul> </li> <li>• Enact sound safety net programs               <ul style="list-style-type: none"> <li>○ Calibrate targeting to ensure sufficient support for the program</li> </ul> </li> <li>• Minimize political disruption               <ul style="list-style-type: none"> <li>○ Establish/expand safety net programs to reduce dissatisfaction of the poor</li> </ul> </li> <li>• Maintain credibility regarding past criticisms of existing safety net programs               <ul style="list-style-type: none"> <li>○ Change &amp;/or re-label safety net programs</li> </ul> </li> <li>• Accomplish other policy objectives               <ul style="list-style-type: none"> <li>○ Establish/expand safety net programs to enhance support for other policies</li> </ul> </li> <li>• Optimize development assistance levels &amp; uses [secure aid for sound &amp; politically rewarding projects &amp; programs, without the reality &amp;/or perception of excessive dependence]               <ul style="list-style-type: none"> <li>○ Resist pressure from external development assistance agencies</li> <li>○ Shift government funds away from safety nets insofar as they are fungible</li> </ul> </li> </ul>
Top sub-national government leaders	<ul style="list-style-type: none"> <li>• Strengthen their political support</li> <li>• Secure a larger portion of national safety net funds for their jurisdiction               <ul style="list-style-type: none"> <li>○ Exaggerate number of eligible beneficiaries</li> </ul> </li> <li>• Protect discretion over the sub-national budget               <ul style="list-style-type: none"> <li>○ Resist unfunded safety-net program mandates</li> </ul> </li> <li>• Secure more safety net resources to be allocated on the sub-national level               <ul style="list-style-type: none"> <li>○ Pressure for decentralization of safety net program administration</li> </ul> </li> <li>• Support associated political leadership at the national level</li> </ul>
Agency heads	<ul style="list-style-type: none"> <li>• Enhance &amp; protect the standing of the agency &amp; its personnel               <ul style="list-style-type: none"> <li>○ [sometimes] Increase the agency budget</li> <li>○ [sometimes] Resist expansion of functions to preserve the agency's culture</li> </ul> </li> <li>• Maintain/improve effectiveness of the agency               <ul style="list-style-type: none"> <li>○ Divert funds from programs to staff salaries &amp; other agency-enhancing resources</li> <li>○ Allocate funds to areas &amp; beneficiaries to enhance the agency's standing</li> </ul> </li> <li>• Serve broader goals of the administration               <ul style="list-style-type: none"> <li>○ Allocate funds to areas &amp; beneficiaries to enhance the government's standing</li> </ul> </li> <li>• Accommodate broad community targeting preferences               <ul style="list-style-type: none"> <li>○ Permit looser targeting</li> <li>○ Permit community control of targeting</li> </ul> </li> </ul>
Agency front-line administrators	<ul style="list-style-type: none"> <li>• Enhance/maintain incomes               <ul style="list-style-type: none"> <li>○ Accept bribes to qualify recipients &amp; refrain from disqualifying if ineligible or non-compliant</li> </ul> </li> <li>• Minimize conflict with community members               <ul style="list-style-type: none"> <li>○ Qualify recipients &amp; refrain from disqualifying if ineligible or non-compliant according to community preferences</li> <li>○ Permit looser targeting</li> <li>○ Permit community control of targeting</li> </ul> </li> <li>• Secure one's personal safety               <ul style="list-style-type: none"> <li>○ Qualify recipients &amp; refrain from disqualifying ineligible, to avoid angering community members</li> </ul> </li> </ul>
Front-line service providers	<ul style="list-style-type: none"> <li>• Enhance/maintain incomes               <ul style="list-style-type: none"> <li>○ "Privatize" service provision de facto</li> </ul> </li> <li>• Minimize conflict with community members               <ul style="list-style-type: none"> <li>○ Accept fraudulent vouchers or other indications of qualification for subsidized service</li> </ul> </li> <li>• Maintain professional integrity               <ul style="list-style-type: none"> <li>○ Resist agency demands to compromise services</li> </ul> </li> </ul>
The poor	<ul style="list-style-type: none"> <li>• Maximize incomes               <ul style="list-style-type: none"> <li>○ Strive for qualification for safety net coverage, possibly through fraud</li> <li>○ Mobilize to establish/expand safety net programs</li> <li>○ Oppose weakening targeting for the poor</li> </ul> </li> <li>• Maintain positive community relations</li> </ul>

Source: IEG SSN evaluation background paper.

**Political Economy:**

As in many areas of public policy, there are a wide range of stakeholders with interests in SSNs. General assumptions regarding stakeholder positions and behaviors on various issues related to design of SSNs can vary depending on the country circumstances. A careful analysis of stakeholder positions and incentives in a particular country setting can enable a SSN to be designed in a way that would render the SSN most effective and feasible. Table C.7 provides several examples.

**Table C.7. Conventional Assumptions Challenged by Political Economy Insights**

Assumption	Reason why it is sometimes violated	Implications or recommendations
Likely beneficiaries would support social safety net initiatives	The conditionalities may be regarded by potential beneficiaries as overly burdensome; the poor and their representatives may try to hold out for greater benefits	Evaluate conditionality options in terms of the likelihood that the initiative would secure the targeted level of funding
Eligible safety net recipients would prefer stringent targeting	Maintaining positive community relations may be seen as requiring broader beneficiary pool	Consider designing in flexibility in eligibility criteria & modes of benefit allocation
Compliance with eligibility conditions will be ensured by the threat of disqualification	Beneficiaries may be able to fabricate the reportage of compliance, sometimes in concert with program administrators	Increase the monitoring of compliance; raise the penalties for both beneficiaries and administrators for fabricating reports
The net addition to the wellbeing of recipients is equal to the benefits they receive from the formal safety net program	The formal safety net program may crowd out informal community arrangements that provide some benefit for particularly vulnerable families	For a given target benefit level, adjust for anticipated reductions in informal community-donated benefits
The safety net initiative's magnitude is what non-poor assume would be the magnitude if the initiative succeeds	Non-poor may believe that the initiative is just a step to an even bigger program	Consider provisions in the legislation, or other forms of assurance, that the burden on the non-poor would not increase
"Leakage" is bad for the poor because it reduces the resources available to them	Without "leakage", the political support for safety net funding may be too weak to provide the appropriate level of funding	Estimate the eligibility breadth required to secure sufficient support; &/or link it to policies benefiting the non-poor (e.g., more secure unemployment insurance)
The contributions of foreign assistance agencies to safety net programs are fully additive to the total magnitude of the program	Government funds for safety net programs may be diverted to other purposes if external contributions fill the gap	International funders should consider requiring matches or other modes of committing the government to fund at a certain level
Safety net agency heads would welcome the largest possible expansion of their authority and resources	Agency heads may try to preserve the ethos, efficiency, and integrity of the agency by avoiding expansions that may risk these	Consider establishing separate units to administer safety net programs
Pro-poor NGOs are the best allies for governments trying to establish or expand safety net programs	Some pro-poor NGOs are antagonistic toward the government, and will criticize government initiatives as part of a general strategy of opposition	Consider working more closely with grassroots or organizations rather than pro-poor NGOs
Support for safety net programs will be greatest when they are needed the most.	The non-poor, insofar as they are also more vulnerable under these conditions, may	Consider building in provisions for automatic adjustments of safety net funding as

APPENDIX C  
SUPPLEMENTAL TABLES AND BOXES

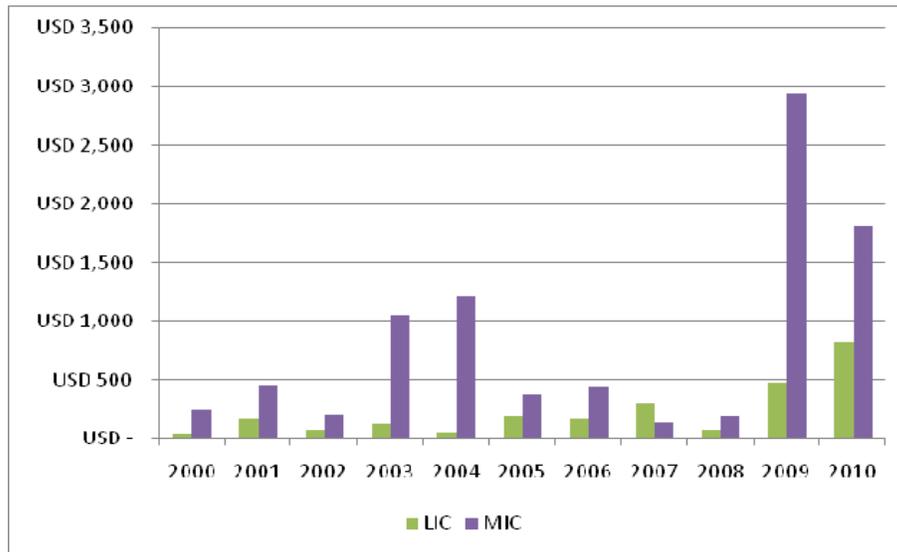
Assumption	Reason why it is sometimes violated	Implications or recommendations
during times of severe economic downturns &/or policy reforms that make the poor most vulnerable	oppose increases in safety net funding, or even demand decreases in order to divert budget funds to their own support	economic conditions change
The optimal degree and nature of decentralization of safety net administration is determined by the criteria of administrative efficiency, allocative efficiency, and equity	The technically optimal degree and nature of safety net decentralization may be incompatible with sufficient political support to yield the appropriate level of safety net funding	Evaluate decentralization options in terms of the likelihood that the initiative would secure the targeted level of funding
The optimal degree and nature of conditionalities is determined by their effectiveness in improving human resource development	The technically optimal degree and nature of conditionalities may result in lower coverage of otherwise eligible beneficiaries, evasion and corruption, and reduce political support necessary to yield the appropriate level of funding	Evaluate conditionality options in terms of the likelihood that the initiative would secure the targeted level of funding
The emphasis on productivity gains will strengthen the attractiveness of safety net programs	The failure to achieve demonstrable, significant human resource development gains, or successful infrastructure gains, can be used to attack safety net initiatives	Exercise restraint in justifying safety net programs on grounds of the potential for short- or medium-term productivity gains
The positions expressed by representatives of the non-poor are accurate reflections of the preferences of those whom they represent	To fulfill their mandate, representatives often feel compelled to defend the interests rather than the preferences of those whom they represent	Appealing directly to the non-poor to support safety net initiatives may gain more support than working through representatives
The government's stated position on safety net programs has the concurrence of all units within government	"Bureaucratic politics" pits different government agencies against one another in the competition for policy influence, resources, and jurisdiction	External entities can assist those governmental units that are trying to promote sounder safety net programs
Safety net programs can be swiftly adapted or terminated as top government officials decide to do so	Bureaucratic inertia, resistance from pre-existing beneficiaries, and technical obstacles to adaptation and termination may be obstacles	Consider automatic phase-out provisions
The magnitude of funding that top government policymakers and external funders earmark for program beneficiaries is the magnitude these beneficiaries will receive	Program administrators may divert more funds for the agency's operations; administrators may divert beneficiaries' funds to others	For a given target magnitude of benefits, planners ought to adjust for anticipated diversions
New governments will continue existing safety net programs deemed effective	New governments may feel compelled to terminate or radically change programs to gain credit for innovation &/or avoid criticism for maintaining programs they had criticized when in opposition	International funders can assist in "re-labeling" and legitimizing sound adaptation of pre-existing programs.

Source: IEG.

# Appendix D

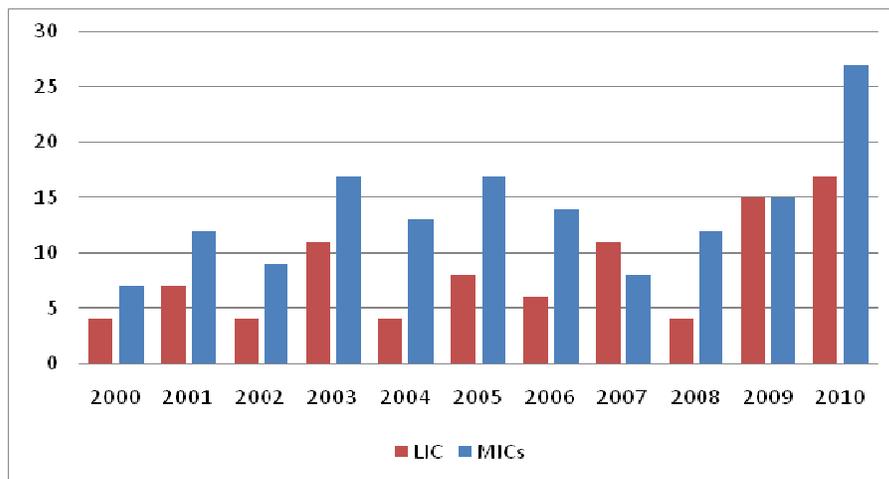
## Supplemental Figures

Figure D.1. Trends in SSN Commitments by Country Income Level (\$ millions)



Source: IEG portfolio review.

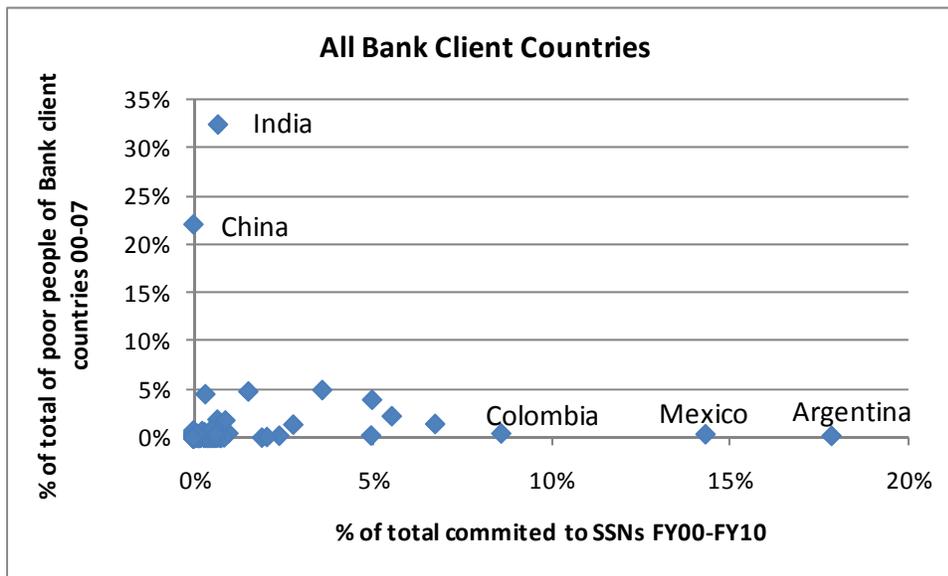
Figure D.2. Trends in Projects with SSN Components by Country Income Level



Source: IEG portfolio review.

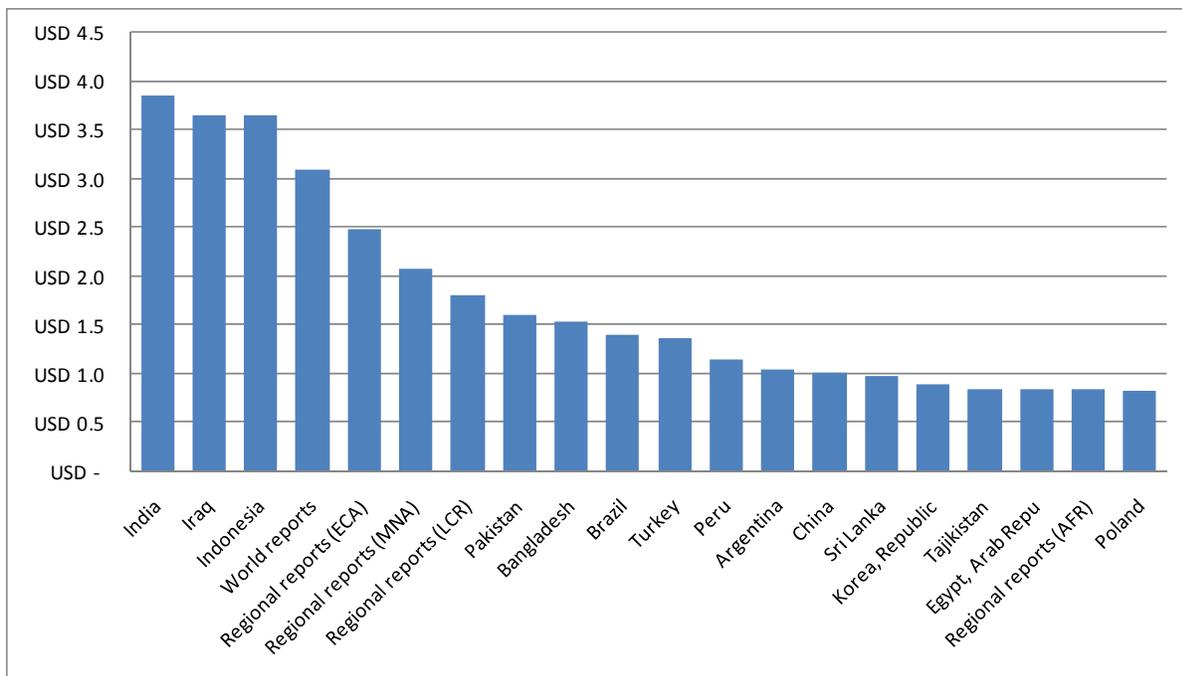
APPENDIX D  
SUPPLEMENTAL FIGURES

Figure D.3. Percent of Poor People in Bank Client Countries



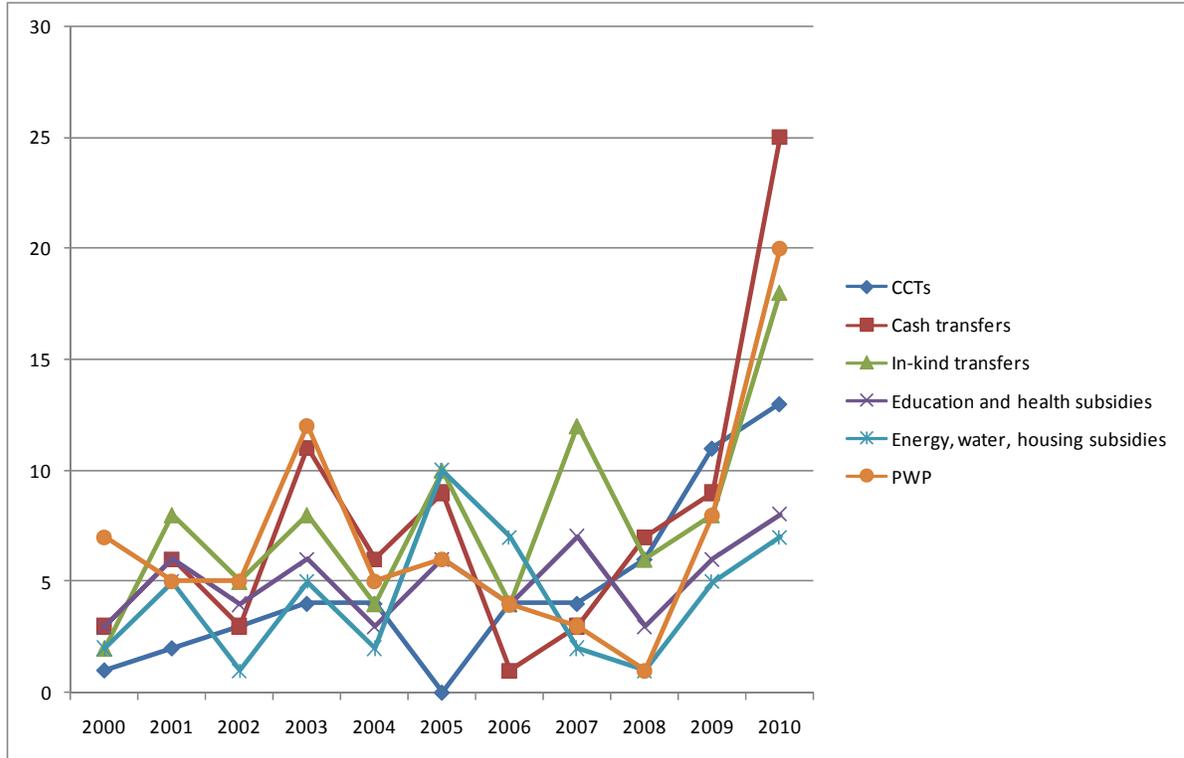
Source: IEG portfolio review and World Development Indicators.

Figure D.4. SSN ESW and Non-Lending TA Expenditures by Country/Region (\$ millions)



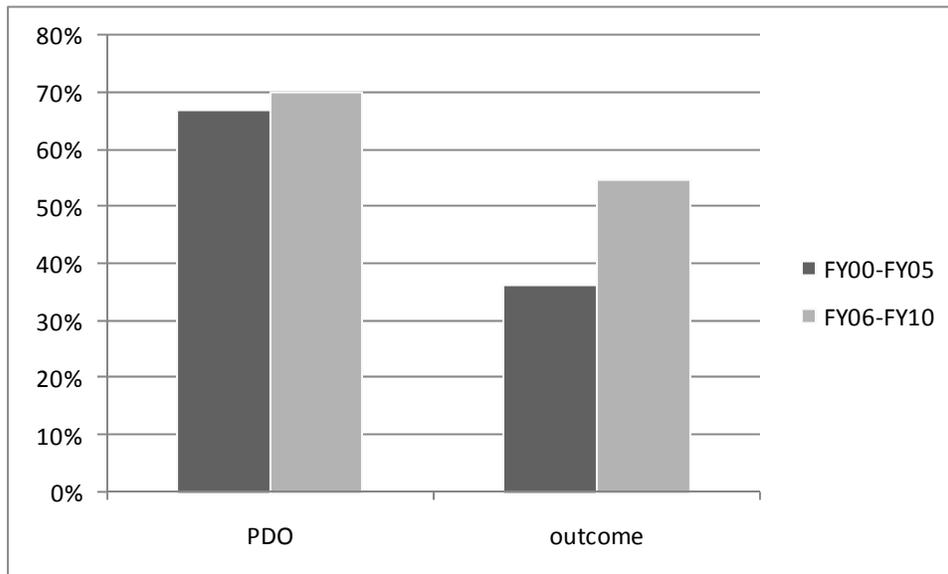
Source: IEG portfolio review, FY00–10.

Figure D.5. Trends in the Choice of Instruments for SSN Operations



Source: IEG portfolio review.

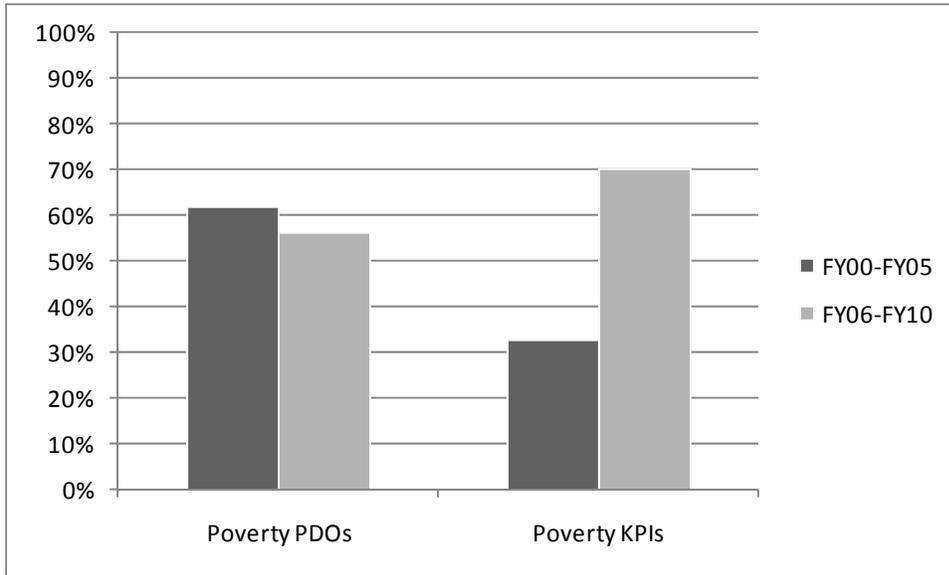
Figure D.6. Trends in PDOs and Outcome Indicators That Were Outcome Driven



Source: IEG portfolio review

APPENDIX D  
SUPPLEMENTAL FIGURES

Figure D.7. Trends Inpoverty Focus of Projects with SSN Components



Source: IEG portfolio review.

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# Endnotes

## Chapter 1

<sup>1</sup> Recent theoretical and empirical research points to a complementarity rather than a trade-off between equity and efficiency with safety nets: with the failure of credit and insurance markets to protect the poor in developing countries, safety nets permit households to manage their risks more efficiently and make wiser investments in their futures. In addition, safety nets facilitate structural reforms to the economy by replacing inefficient redistributive elements in other programs and by protecting the poor and vulnerable who may be hurt by otherwise growth enhancing reforms (Ravalion 2003; Alderman and Hoddinott 2007; Grosh and others 2008).

<sup>2</sup> The definition of SSNs used most often by the Bank, and used here to assess the Bank's work in this area, is most similar to "social assistance" or "social welfare programs." Other donors define SSNs in various ways, as does the academic literature. Indeed, the Bank's use of SSNs has evolved throughout the past, but for the past decade, during the period of evaluation, it has specified this definition and used it to classify its SSN lending portfolio. For a history and timeline of the Bank's involvement in SSNs see appendix A.

<sup>3</sup> The Bank's social protection strategy in 2001 emphasized the risk elements (function 3 and 4) of these functions, although the Bank's SSN work seeks to address the broader five objectives.

<sup>4</sup> These functions are articulated, to different degrees, in the broader literature on SSNs and elaborated by the Social Protection Department on its Web site as well as in their flagship publication, "For Protection and Promotion: The Design and Implementation of Effective Safety Nets."

<sup>5</sup> For example, social protection programs include labor policy, contributory social insurance, and social care services; social risk management includes services for small farmers such as irrigation, microfinance, and weather insurance; and policies to improve equity include universal education and land redistribution; and poverty reduction programs include services that facilitate the poor's participation in growth. Safety nets can also contribute to all these objectives (Grosh and others 2008).

<sup>6</sup> Assessing the Bank's broader support for social protection is beyond the scope of this evaluation. Nevertheless, the evaluation does examine if the Bank's limited definition of SSNs has led to a narrow approach to support or whether it has been able to expand beyond the boundaries of its definition and support a broader set of household risks within the Bank's country program (see chapter 4 for Support to SSNs within Broader Social Protection Systems).

<sup>7</sup> Eighty percent of respondents to an IEG survey said their country had been affected; see appendix B, section VII.

<sup>8</sup> World Bank financial crisis Web page. <http://www.worldbank.org/financialcrisis/>

<sup>9</sup> Mean spending is 1.9 and median spending is 1.4 percent of GDP (Weigand and Grosh 2008).

<sup>10</sup> In Macedonia, the Bank supported additional benefits for a CCT program for households with children ages 15-19 year old and serves as a top up of the broader Social Financial Assistance benefit financed by the government.

<sup>11</sup> Although this is the first IEG evaluation of SSNs, this work builds on a number of previous evaluations on related topics including: "Evaluation of the World Bank's Support to Poverty and Social Impact Analysis" (IEG 2009); *Using Knowledge to Improve Development Effectiveness: An Evaluation fo World Bank Economic and Sector Work and Technical Assistance* (IEG 2009b); *Safeguards and Sustainability Poli-*

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*cies in A Changing World: An Independent Evaluation of World Bank Group Experience* (IEG 2010c); *Cost Benefit Analysis of World Bank Projects* (IEG 2010b); *The World Bank Group's Response to the Global Economic Crisis: Phase I* (IEG 2011d); *Improving Effectiveness and Outcomes for the Poor in Health, Nutrition, and Population* (IEG 2009a); and *Water and Development: An Evaluation of World Bank Support 1997–2007* (IEG 2010d).

<sup>12</sup> For this evaluation, AAA includes economic and sector work (ESW), nonlending technical assistance, impact evaluation, and global knowledge. Other types of AAA include donor aid coordination, research services, the World Development Report, and external training. Under certain conditions, the Bank also provides AAA on a fee-for-service basis.

## Chapter 2

<sup>1</sup> Commitments do not include Recipient Executed Trust Funds.

<sup>2</sup> Countries were classified as low income countries and middle income countries according to the Bank's definition in 2005 (the mid decade year for the portfolio review).

<sup>3</sup> See Figure D1 and D2 in appendix D for trends in SSN lending and number of operations by country income level.

<sup>4</sup> Loan size refers to the share of the total loan directed towards SSNs. (See portfolio review methodology in appendix B.)

<sup>5</sup> This is based on the World Development Indicators data and a poverty line of \$2/day. Results hold after conducting sensitivity analysis using \$1.25/day and national poverty lines.

<sup>6</sup> The results are affected by China and India, countries that are large Bank borrowers but small SSN borrowers with vast numbers of poor. When this analysis is repeated without China and India in the top 10, results remain similar, though they are not quite as dramatic (48 percent of Bank lending and 46 percent of the poor).

<sup>7</sup> Regional and income effects are not significant. For more details on the SSN uptake analysis, see appendix B.

<sup>8</sup> Recipient Executed Trust Funds are funds that the Bank passes on to a third party recipient for development activities, typically financing the investment and recurrent needs of service delivery, capacity building, and technical assistance. The Bank normally plays an operational role for these funds, including appraisal and supervision of funded activities.

<sup>9</sup> As of May 2010, the Catalytic Trust Fund has been distributed as follows: 48 percent to the Africa Region, 15 percent to South Asia, and 6 percent to the rest of the Regions.

<sup>10</sup> The WBG President's Contingency Fund funded the SSNs CCF. The CCF provides money for incremental activities in SSNs such as: (i) technical and policy advice leading to new and/or expanded operations; (ii) scale up existing programs; and/or (iii) new SSNs programs or benefits.

<sup>11</sup> As of October 2010, multidonor trust fund disbursements constitute 63 percent (\$37.655 million) of total amount committed. The Africa Region received 45 percent of the funds, followed by South Africa (18 percent), the Middle East and North Africa (11 percent), Europe and Central Asia (9 percent), East Asia and Pacific (8 percent), and Latin America and the Caribbean (6 percent).

<sup>12</sup> Objectives are not mutually exclusive.

<sup>13</sup> IEG flagged whether any of the following SSNs programs were used in each project: CCTs (including education, health, and nutrition); UCTs (including income support, severance/unemployment,

family/child allowances, non-contributory pensions, disability benefits, other), in-kind transfers (including food, basic transfers); health, and education subsidies; energy, water, and housing subsidies; and PWPs.

<sup>14</sup> Fragile states in 2005

<sup>15</sup> 58 countries had at least one operation between FY08 and FY10. Denominator is total IBRD/IDA countries (N = 137).

<sup>16</sup> Trust funds financed \$16.8 million Bank-executed ESW and nonlending technical assistance activities.

<sup>17</sup> The other 38 percent corresponds to regional studies.

<sup>18</sup> The percentages do not add to 100 percent because the regional studies have no income classification.

### Chapter 3

<sup>1</sup> This difference is statistically different from 0 at the 5 percent significance level.

<sup>2</sup> Project performance was tested using the full portfolio as well as those with explicit SSN objectives. Results were consistent in both cases (when N = 92 and when N = 71). Eighty-six percent for SSNs compared to 78 percent for all Bank projects were rated moderately satisfactory or higher.

<sup>3</sup> Definition of quality of the results framework: The proportion of “good” attributes that the results framework has adopted. Good attributes are defined as: baseline, impact evaluation, linkage of output and outcomes to development objectives, outcome and output targets are clearly articulated, are time-bound, and specify target group.

<sup>4</sup> Sources include the portfolio review, 30 country case studies, Project Performance Assessment Reports, and the staff survey on the food, fuel, and financial crises and SSNs.

<sup>5</sup> Key issues related to the country context include poverty challenges, administrative capacity, availability of complementary infrastructure and services, political acceptability of various program options, other existing programs and institutions, and involvement of other donors. Key issues related to SSN design include clear identification of specific target group; eligibility criteria and targeting method; and amount, length, and timing of benefits.

<sup>6</sup> Operations were randomly selected, stratified by region and proportioned to the the number of Bank supported PWPs per region.

<sup>7</sup> There is no single World Bank policy on when an operational manual needs to be completed. The issue of when operational manuals should be completed has changed throughout the decade and varies by region. For example, in the LAC region, having a completed operational manual has been generally a condition of project effectiveness; however, in the past few years, the completion of operational manuals prior to negotiations have been strongly encouraged.

<sup>8</sup> The initial experience with this type of programs has been mainly in Latin America and the Caribbean. Mexico introduces the first CCT program, *Progresa* (later *Oportunidades*), in 1997. The Bank first supported CCTs in 2001 in Colombia, Jamaica and Turkey. However, new CCT programs are being piloted in Nigeria, Tanzania, and Lao PDR. Even developed countries, including the United States, are piloting CCTs based on the Latin America experience.

<sup>9</sup> This finding is evident from the broader SSN literature as well as the IEG country case studies and project Project Performance Assessment Reports of Jamaica and Colombia.

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<sup>10</sup> Brazil and Chile also scaled up existing CCT programs in response to the crisis, but these were not supported by the Bank at the time.

<sup>11</sup> In the last few years, however, the Bank started paying attention also to the access and sources of chronic poverty and food insecurity, with SSN dialogue starting in 2007. In 2008 the Bank's work in Niger benefitted from the crisis window trust funds and used part of the money for developing a SSN system. The government has put in place a cash transfer pilot for 2,500 people that is fully operational.

<sup>12</sup> IEG analyzed 122 randomly selected projects with SSN components, stratified by fiscal year of approval.

<sup>13</sup> Performance indicators should be SMART—specific, measurable, achievable, realistic, and time-bound—and aligned so that outputs can achieve intermediate outcomes and final outcomes.

<sup>14</sup> For example, a CCT can encourage school attendance among poor children in the short term, but what is sought is higher learning and more opportunities for them in the longer run. This requires quality education for which improvements in the education sector are necessary.

<sup>15</sup> The findings of IEG's results framework analysis are also consistent with those of a few recent, widely disseminated studies. Recent IEG evaluations of the health, water, and education sectors, for example, have pointed out similar problems with the results frameworks. The Bank's Human Development (HD) Network assessment of SSN projects, "Results Readiness in Social Protection and Labor Operations" (World Bank 2011) found that key performance indicators do not consistently measure SSN project objectives, particularly with regard to institutional development and service delivery, the most common objectives of SSN projects. This gap in the results chain is referred to as "the missing middle" and was confirmed by IEG's assessment of intermediate outcome indicators. The report recommends further development of indicators to measure the gap. These findings are also consistent with concerns raised by an in-depth review of monitoring and evaluation within the Human Development portfolio of Latin America and the Caribbean. This is consistent with the health sector where IEG's evaluation of the health, nutrition, and population sector indicated that 27 percent of projects did not have baseline values.

<sup>16</sup> Similar impacts are also identified in the impact evaluation literature for other comparable programs that have not been supported by the World Bank.

<sup>17</sup> Whereas SSNs subjected to impact evaluation appear to increase learning outcomes for young children, it is difficult to establish a pattern among the few studies that assessed the impacts on learning for older children.

<sup>18</sup> For some SSN programs, analysts note the multiple indirect effects of various policy alternatives and the technical difficulty of capturing them all. While this is true for SSNs, it is also true for most areas of public policy and should not deter the definition of explicit program objectives and a rigorous assessment of policy alternatives to achieve them. For example, if improving learning is the principal outcome sought, then various policies for improving test scores should be considered. If raising consumption is the primary objective, then a CCT should be compared to a UCT. In contrast, if the principal development benefit of a CCT program is reduced fertility, and the program is justified because of this outcome, then various alternatives for achieving this outcome should be assessed.

<sup>19</sup> A few recent CCTs have used cost-benefit analysis to assess rates of return to CCT projects. Relying on assumptions regarding returns to education they calculate the program investment and find them positive. These assumptions about program benefits need to be confirmed through evaluation of longer-term impacts.

<sup>20</sup> IEG only began assessing risk to development outcome in 2006, so these 53 projects represent only the latter half of the decade.

<sup>21</sup> In Macedonia, the Bank supported an additional benefit which helped top up the government's social assistance program with a CCT component for households with children ages 15-19 year old. Hence the Bank's financing of the CCT as part of a broader social program financed by the government.

<sup>22</sup> Ethiopia is a notable exception where years of uncoordinated donor emergency relief were ended when the Productive Safety Net Program was initiated in 2004 with the primary goal of coordinating donor food aid and having a more efficient and predictable form of assistance during the hungry season each year.

<sup>23</sup> The increase in the weight of the Mexican program as a share of GDP also reflects the drop in GDP and slowdown of the economy as a result of the crisis even without program expansion.

<sup>24</sup> IEG country case study.

<sup>25</sup> See Annex C for suggestions on types of measures that could insulate SSNs from political manipulation.

## Chapter 4

<sup>1</sup> In evaluation terminology, this is referred to as relevance of objective and relevance of design.

<sup>2</sup> To assess the relevance of Bank support, IEG examined case studies for the relevance of SSNs in that country to address each function/objective and the extent to which the Bank's support to SSNs focused on each function in that country. The relevance of each SSN function for that country was based on different criteria, drawn from the literature as well as discussions with SSN and poverty experts. Based on this assessment, some functions are more relevant than others within a country context. For example, some countries are more prone to natural disasters and systemic shocks than others and would receive a higher SSN country relevance ranking for Function 3. Some countries are lacking basic education and health services, so using an SSN such as a CCT to address education needs of the poor may not be as relevant as in a country with adequate supply but where stimulating demand among the poor is most important. Thus, the relevance ranking for Function 2 would differ between the two countries. The Bank's focus on each SSN function was assessed drawing on a range of documents including CASs, country SSN or social protection strategies, project documents, lending, and AAA programs. It should be noted that one SSN instrument can address more than one SSN function. This was taken into account in determining the focus of Bank's SSN efforts. A country's relevance rating for each SSN function was compared to the rating for the Bank's SSN focus on that function and the gap between the two ratings was used to determine the relevance of the Bank's focus in that country. Results were aggregated across countries to derive average relevance of the Bank's efforts for each SSN function (see methodology in appendix B).

<sup>3</sup> IEG country case studies and Results Framework Analysis of IEG portfolio review.

<sup>4</sup> Evidence is drawn most confidently from countries which have conducted rigorous impact evaluations. However, these countries often have other features that make them more likely to succeed (such as motivated government or longer-term horizon for government and Bank efforts).

<sup>5</sup> When looking beyond Bank-supported SSN programs, the positive evidence from impact evaluations of SSNs (IEG 2011c) is even more impressive and makes a compelling case for using SSN to address Function 1.

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<sup>6</sup> Beyond countries in the Latin America and the Caribbean Region, CCTs have been evaluated to have positive impacts on intermediary school outcomes in Turkey (Social FSSP) and Cambodia (Cambodia Education Sector Support Project Scholarship Program, CESSP) (IEG 2011c).

<sup>7</sup> There were no positive effects for tests given to adolescents close to finish high school who were covered by the program in Mexico (Behrman and others 2005), Cambodia (Filmer and Schady 2009b), and in Colombia (IEG 2011a). For school completion evidence of positive impacts in Mexico (Behrman and others 2005) and Colombia (IEG 2011a) are documented.

<sup>8</sup> It is difficult to assess impacts of idiosyncratic shocks using impact evaluations, and there have been no rigorous studies on Bank-supported SSN programs explicitly addressing idiosyncratic shocks (for example, health insurance and pensions for the poor). The limited evidence from three CCT programs in Latin America and the Caribbean (Honduras, Mexico, and Nicaragua) shows that CCTs helped households keep children in school and prevented them from engaging in child labor when households were faced with individual shocks. There is no evidence available for the effectiveness of other types of SSN programs (other than CCTs) or in countries outside of the Latin America and the Caribbean Region.

<sup>9</sup> Operational Policy 8.60 established that “the Bank determines whether specific country policies supported by the operation are likely to have significant poverty and social consequences, especially on poor people and vulnerable groups. For country policies with likely significant effects, the Bank summarizes in the Program Document relevant analytic knowledge of these effects and of the borrower’s systems for reducing adverse effects and enhancing positive effects associated with specific policies being supported. If there are significant gaps in the analysis or shortcomings in the borrower’s systems the Bank describes in the Program Document how such gaps or shortcomings would be addressed before or during program implementation, as appropriate.”

<sup>10</sup> Effective systems and institution building becomes more complex when working in federal structures (as in Argentina, Brazil, India, Nigeria, and Pakistan), but also when taking into account the separate and varied needs of central and local government agencies. Whether the Bank has worked in formally federal countries or not, it normally has addressed the issue of division of responsibilities between different levels of government in the design, implementation, management, and financing of SSN programs.

<sup>11</sup> The PARIS21 Task Team on Improved Support to Monitoring Development Goals has produced recommendations relating to improving the estimation of key indicators, in both national and international processes.

<sup>12</sup> The Social Risk Management framework lays out how the social protection system responds to multiple sources of household and systemic risk, and their characteristics address vulnerability and prevent negative consequences on social and economic development.

<sup>13</sup> The country reviews were based on Country Assistance Strategy documents, the lending portfolio, AAA on poverty and social protection, and relevant economic reports as well as interviews with Bank staff and management.

## Chapter 5

<sup>1</sup> Several sources are used to provide insights on when and how the Bank has been most effective at influencing the development of sound SSNs. These sources include the 30 case studies, the staff survey of on the SSN response to the food, fuel, and financial crises, staff and management surveys regarding the organizational structure of the Bank, background papers on political economy, decentralization, review of DPLs and SSNs, review of Bank involvement with public works programs,

interviews with participants in south-south learning events – almost all of which involved interviews with Bank staff and management and sometimes clients as well.

<sup>2</sup> In the case of Mexico, the *Progresa* program changes names to *Oportunidades* under new political leadership.

<sup>3</sup> In only 7 countries (23%) was there no movement toward tighter targeting. Although Chile was not one of the randomly selected case studies featured throughout the report, its case is noteworthy as it is at the forefront of development of social protection systems. It has a unique family allowance benefit which has expanded in coverage and broadened in scope and now reaches the bottom 40% of the population.

<sup>4</sup> Bank identified opponents and proponents of reform in 47% of countries and the Bank gained sufficient or at least partial buy-in from stakeholders in 80% of country cases. There was a clear policy champion within the government in 67% of countries. This information was obtained from detailed question in country case studies.

<sup>5</sup> In 12 countries change in political leadership has been an important circumstance for SSN reform advancement. This information was obtained from country case studies by comparing the timing of SSN reform advancement to political changes and other important events in the countries.

<sup>6</sup> Sustained engagement was determined in the country case studies through examination of a detailed timeline of Bank involvement throughout the decade.

## Chapter 6

<sup>1</sup> This is consistent with a recommendation put forward in IEG's recent crisis response evaluation (IEG 2011d).

## Appendix A

<sup>1</sup> Before the 1980s there were two important country developments that influenced the SSN agenda: (1) The Employment Guarantee Scheme in India in the 1970s, which made India the first country in the developing world to implement a PWP designed to serve as an SSN to protect the poor, and (2) Chile's invention of the Proxy Means Test targeting methodology, widely used in CCT programs that have since spread throughout Latin America and the world.

<sup>1</sup> SSNs Portfolio Review.

<sup>2</sup> <http://www.worldbank.org/financialcrisis/bankinitiatives.htm>

<sup>3</sup> SSNs Portfolio Review.

<sup>4</sup> <http://intranet.worldbank.org/WBSITE/INTRANET/SECTORS/SOCIALPROTECTION/0,,contentMDK:22438786~menuPK:6710095~pagePK:210082~piPK:254376~theSitePK:280559,00.html>

<sup>5</sup> <http://www.worldbank.org/financialcrisis/bankinitiatives.htm>

## Appendix B

<sup>1</sup> Project task team leaders assign thematic codes to projects. The team leader may use up to five codes for each project. The guidance note for coding defines thematic code 54 as "Activities intended

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to provide social assistance (that is, in kind or cash assistance to poor and vulnerable individuals or families to help them cope with consequences of economic or other shocks). It includes: benefits in-cash to vulnerable groups; benefits in-kind to vulnerable groups; subsidies for goods to vulnerable groups; subsidies for services to vulnerable groups; workfare programs; other risk coping activities.”

<sup>2</sup> Out of the 62 projects in the anchor’s FY07-09 dataset, 17 were Recipient-Executed Trust Funds, Special Financing, or supplemental financing, leaving a total of 45 free-standing IBRD/IDA lending operations.

<sup>3</sup> IEG flagged whether any of the following SSN programs were used in each project: CCTs (including education, health, and nutrition); UCTs (including income support, severance/unemployment, family/child allowances, non-contributory pensions, disability benefits, other), in-kind transfers (including food, basic transfers); health, and education subsidies; energy, water, and housing subsidies; and PWP.

<sup>4</sup> Many DPLs are designed to help implement macro reforms, such as structural adjustment or sector reform. However, a great number specifically support country Poverty Reduction Strategies, which tend to support other safety net functions.

<sup>5</sup> The list was pulled from an internal Bank database as of July 30, 2010.

<sup>6</sup> The actual percentage was 27 percent. However, as the majority of the projects were from FY00-07, IEG consulted with its internal database analyst. The analyst informed IEG of a possible mistake in the classification of these projects as they did have a final delivery to the client date. IEG decided to include them as closed projects as the probability that they have been active for more than five years is very low.

<sup>7</sup> The actual percentage of active projects was 44 percent. However, the majority of the projects were from FY00 to FY07. IEG consulted with the database analyst. The analyst informed IEG of a possible mistake in the classification of these projects as they had a final delivery to the client date. IEG decided to include them as closed projects as the probability that they have been active for more than five years is very low.

<sup>8</sup> IEG searched in its operating system, client connection, operational portal, and the internal database.

<sup>9</sup> As of FY10, trust funds are assigned thematic codes.

<sup>10</sup> IDF is financed by IBRD money.

<sup>11</sup> Other donors include: Belgium-Directorate General for Development Cooperation, Canadian International Development Agency, Danish Ministry of Foreign Affairs, European Union-Commission of the European Communities, France - Ministry of Foreign Affairs (including Ministry of Cooperation, Germany-Deutsche Gesellschaft Fur Technische Zusammenarbeit, Italy – Ministry of Foreign Affairs, Netherlands Minister for Development Cooperation, Norwegian Agency for Development Cooperation (NORAD), Swedish International Development Cooperation Agency, United Kingdom - Department for International Development, Australian Agency for International Development, Finland - Ministry for Foreign Affairs, Iceland - Ministry of Foreign Affairs, India-Ministry of External Affairs India, Japan - Ministry of Finance, Korea - Ministry of Foreign Affairs and Trade, Kuwait - Council of Ministers Government of State of Kuwait, QATAR-Ministry of Foreign Affairs, Spain - Ministry of Economy, TR-The Undersecretariat of Treasury, United States Agency for International Development, Government of the Russian Federation, EU-Commission of the European Communities.

<sup>12</sup> The coefficient on borrower category dummies is sensitive to how income or prior SSN take up is defined. The coefficient on the share of total country borrowing on overall lending is statistically significant.

<sup>13</sup> However, in regressions where the dependent variable is share of SSN commitments in total Bank lending to the country, the coefficient on crisis is not statistically significant.

<sup>14</sup> However, in regressions where the dependent variable is share of SSN commitments in total Bank lending to the country, the coefficient on share of SSN commitments in total Bank lending to country in 1990–99 is not statistically significant.

<sup>15</sup> The identification of SSN operations in the Bank's portfolio is explained elsewhere in the report.

<sup>16</sup> There are some differences between SSN projects that had an SSN objective versus those that did not. We found that SSN projects in the portfolio that did not have an explicit SSN objective are less likely to have a high performance rating, a cash transfer component and less likely to have a good quality results framework. They are also more likely to be in the East Asia and Pacific Region, compared with projects with an SSN objective and included in our sample

<sup>17</sup> There are no East Asia and Pacific-based SSN operations in this sample.

<sup>18</sup> There is a wide range of social protection instruments/interventions. These include cash and near cash transfer programs (food stamps, family allowances, non-contributory pension); in-kind transfers (supplemental feeding, emergency food distribution, quantity rations); general price subsidies (energy subsidy); public works (usually labor-intensive infrastructure development projects); conditional cash transfers (targeted transfers conditioned on school attendance and preventative health care, etc); fee-waivers, exemptions and scholarships, among others (World Bank 2008b).

<sup>19</sup> The efficacy rating is based on a four-point scale: high, substantial, modest and low/negligible.

<sup>20</sup> The efficacy rating is based on a four-point scale: high, substantial, modest and low/negligible.

<sup>21</sup> 1 refers to a rating of highly unsatisfactory, 2 is unsatisfactory, 3 is moderately unsatisfactory, 4 is moderately satisfactory, 5 is satisfactory, and 6 is highly satisfactory.

<sup>22</sup> The three categories are still hierarchical (ordinal) in nature.

<sup>23</sup> Based on sample distribution, only projects achieving a rating of 5–6 could be defined as performing better than average

<sup>24</sup> We had previously defined a binary variable satisfactory/unsatisfactory (1/0), whereby operations with a rating of 4–6 were assigned a 1 (satisfactory) while those with ratings (1–3) were assigned a (unsatisfactory). However, 61 of 71 operations had a rating of 4 or higher; given the limited sample size and only 10 observations with a 0, the estimation of *conditional* correlations would have been problematic. For instance, under this definition, all Emergency Recovery Loans have a 1 (so 100 percent correlation). In general, dichotomous grouping is lumpy and does not always allow us to detect variations within a group.

<sup>25</sup> Because duration is high correlated with instrument type, we cannot introduce instrument type in a pooled specification that includes duration. Within their own cohort, fast disbursing loans of shorter duration did not have ratings that were statistically different from longer fast disbursing loans of longer duration. This result is however sensitive to use of controls. In contrast, shorter investment loans were more likely to be associated with higher ratings than longer investment loans.

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<sup>26</sup> It might be that the outcomes being measured between two instruments are qualitatively different or the level of ease/certainty in achieving outcomes is significantly different between the instrument types (for for example, DPL triggers). These aspects are not accounted for in the regression analysis

<sup>27</sup> "Results Readiness in Social Protection and Labor Operations," Social Protection and Labor, Human Development Network, April 2010.

<sup>28</sup> The Africa Region was further stratified between Anglophone and Francophone countries.

<sup>29</sup> At the outset, 20 DPLs were targeted. One had been cancelled, and no response was received on three others.

<sup>30</sup> Some respondents have multiple affiliations; that is, they may be Sector Board members while also being in the SSN GET Team and/or managing a relevant project.