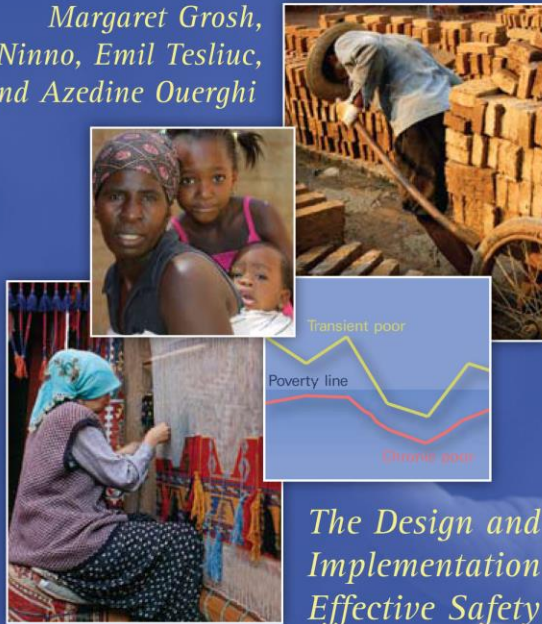


*Margaret Grosh,
Carlo del Ninno, Emil Tesliuc,
and Azedine Ouerghi*



*The Design and
Implementation of
Effective Safety Nets*

For Protection & Promotion

- SSNs have an important role in addressing chronic poverty
- Do not create disincentive to work
- Spending for SSN is modest, subject to donor funding and inconsistent
- Implementation matters. Good targeting and administration are essential



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

Programs such as:

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

Also known as social assistance or welfare

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

Safety Nets provide Protection and Promotion

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

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

- Affordability
- Various disincentives
 - *The paper from SA clearly shows that there is no disincentive to work*
- Administrative feasibility

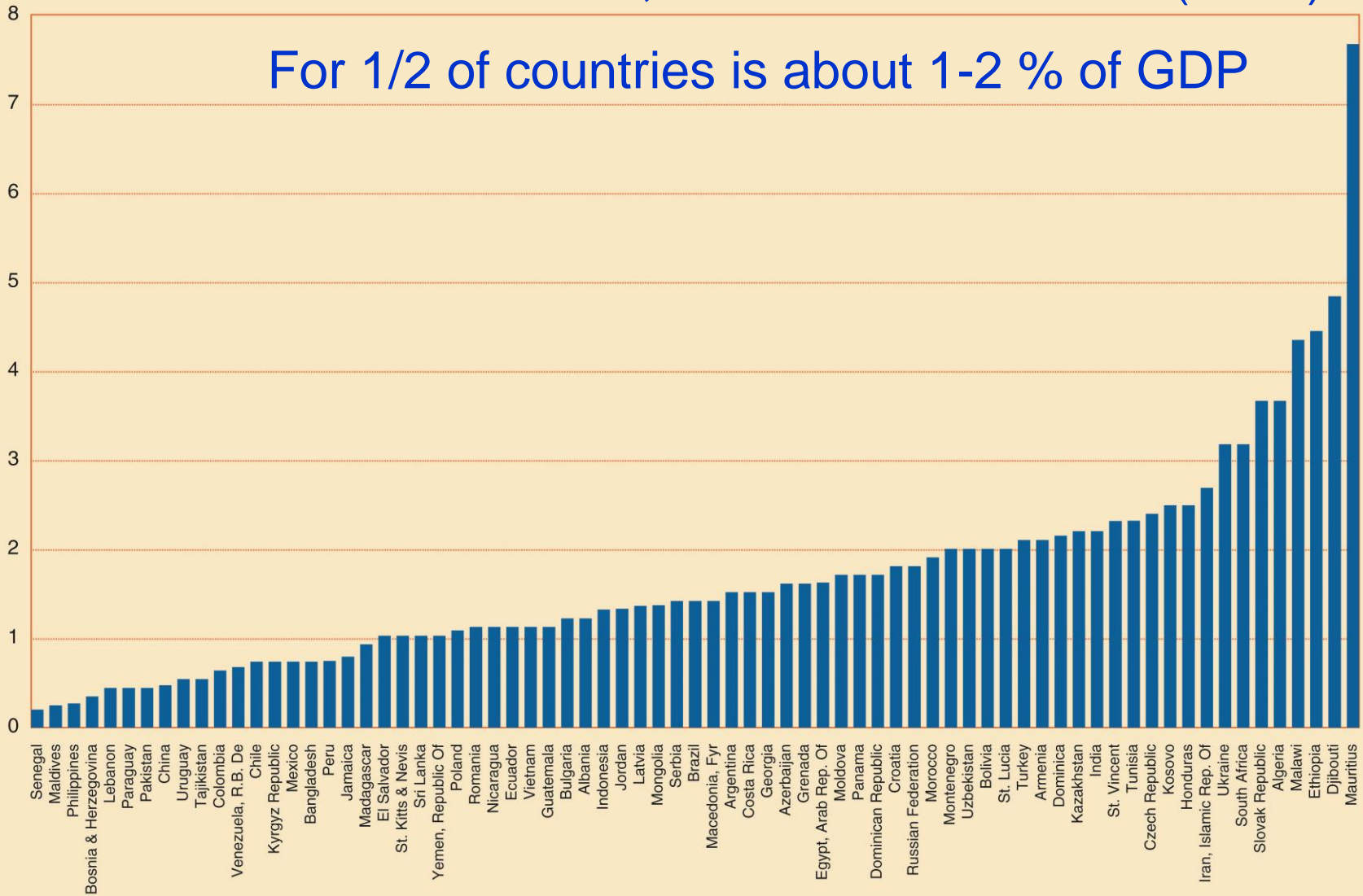
Spending is modest and getting buy in from the government is difficult

- The paper on Uganda shows that there are political and fiscal barriers to the use and introduction of SSN in poor countries
- The case of Ethiopia shows that it is possible to introduce a program that has long term vision and financial stability
- Pakistan: New government committed
- Niger: Trying to do it

Spending on safety nets is modest

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

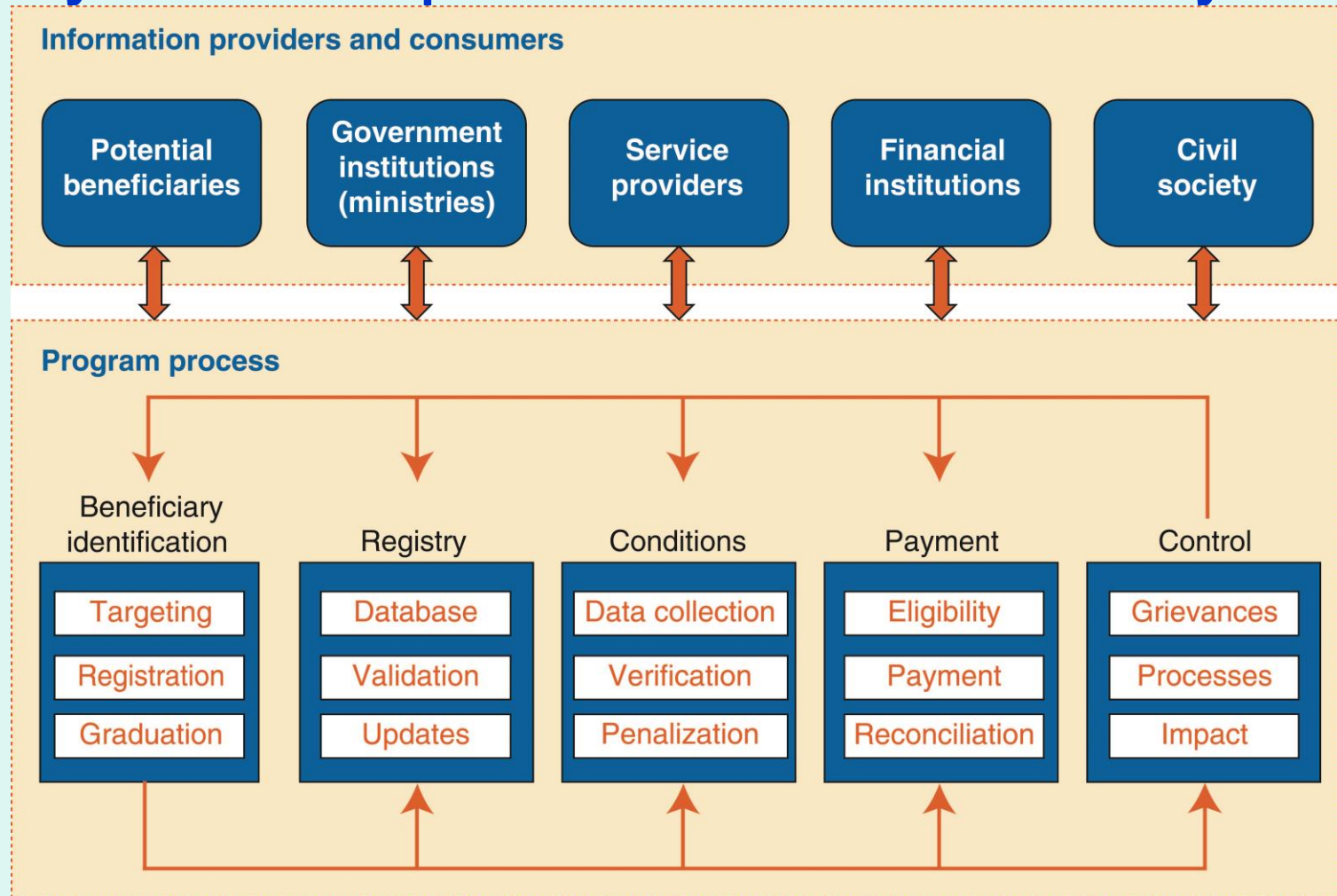
For 1/2 of countries is about 1-2 % of GDP



Implementation matters

- The paper on Indonesia shows that clearly
 - Income dynamics cause changes in the composition of families
 - Definition of eligibility might make a difference
- Care in the design of processes of programs is essential for reaching the chronic poor and ensure political support

Safety nets require administrative systems



Administrative systems require money, time and managerial acumen