CHAPTER 5

Social Protection
Adaptive Safety Nets for Crisis Recovery

KALLE HIRVONEN

Kalle Hirvonen is a senior research fellow, Development Strategies and Governance Unit, International Food Policy Research Institute.

KEY MESSAGES

- Social protection programs, especially social safety nets that provide cash and in-kind transfers, are an increasingly common policy tool to reduce poverty and improve food security and nutrition in low- and middle-income countries.
- Social protection can play a critical role in times of crisis. Programs have been expanded in response to recent shocks, but coverage remains low in the poorest countries and in urban areas.
- Before crises occur, social safety nets can reduce vulnerability and build resilience by helping households build assets, increase productive investments, and diversify income sources.
- During crises, social safety nets that provide timely and adequate cash or in-kind transfers help maintain household consumption and savings and limit use of welfare-reducing coping strategies. Benefits can be expanded effectively and quickly when programs are already in place.
- There is growing international commitment to better coordinating emergency and long-term social assistance to improve crisis responses.

To boost the role of safety nets in recovery and resilience, steps should be taken to:

- Shift toward a more proactive approach to disasters by building highly adaptive, flexible, inclusive social protection systems and by budgeting for potential crises.
- Invest in incorporating shock-responsive designs into social protection programming to scale up support faster and more effectively during emergencies. This includes investment in monitoring and in predictive early warning systems, as well as unified and digitized targeting systems.
- Improve coordination between emergency humanitarian aid and pre-existing social protection programs to facilitate delivery and targeting of transfers.
- Explore new ways to cover the costs of social protection, such as climate or green financing schemes, and to reduce costs of implementation, such as use of cash transfers and mobile payments when appropriate for the context.

Over the past two decades, social protection programs have become a mainstream policy tool to address chronic poverty and food insecurity in low- and middle-income countries (LMICs). Social safety net programs are one of the most common forms of social protection (Box 1). In sub-Saharan Africa, for example, the number of social safety net programs has more than tripled since the early 2000s,[1] and today each country in the region operates at least one such program.[2] Evidence is mounting that social safety net programs and social protection more broadly can improve food security, reduce chronic poverty, and build household wealth (assets).[3] Moreover, social safety net programs can improve nutritional outcomes,[4] protect aspirations (people's ability to visualize and engage in forward-looking activities) during natural disasters,[5] and increase resilience in the face of climate change.[6] Social safety net programs may even prevent local conflicts,[7] increase trust in local governments,[8] and stimulate economic growth by encouraging savings, addressing credit market imperfections, and creating communal assets.[9] Finally, cash transfers, one form of safety net, have been found to improve women's empowerment[10] and even reduce the risk of intimate partner violence, particularly when coupled with complementary activities.[11]

In low- and middle-income countries (LMICs), social safety net programs reach a considerably larger share of people in rural areas than they do in urban areas (Figures 1A and 1B). Most rural people derive their livelihoods from rainfed agriculture (either directly or indirectly), and therefore many safety net programs have been primarily designed to protect rural livelihoods from extreme weather events, such as droughts and floods. This rural focus is justified, given that global poverty remains concentrated in rural areas[12] and that damaging weather is predicted to intensify and become more frequent due to climate change.[13] However, the COVID-19 pandemic and the 2022 food price spikes – two global shocks – have hit the urban poor particularly hard,[14] exposing the limitations of social protection programming in urban areas.[15] Recurring crises – weather anomalies, natural disasters, disease epidemics, conflicts, and price shocks – are increasingly complex and often

BOX 1 TYPES OF SOCIAL PROTECTION PROGRAMS

Social protection programs fall into three categories: (1) social safety net (or social assistance) programs that provide noncontributory transfers to the poor and vulnerable; (2) contributory social insurance programs; and (3) labor market programs (such as unemployment insurance, wage subsidies, and trainings).[1] Contributory transfers refer to regular payments that individual participants must make to cover the costs of future loss of employment or other shocks. Noncontributory programs do not require payments from the participants.

This chapter focuses primarily on social safety net programs. In low- and middle-income countries, these programs reach a considerably larger share of the population than do social insurance and labor market programs, particularly in the poorest countries (Figure 1). Social assistance programs are also considered more important for poverty reduction than other forms of social protection.[2]

While recent years have seen a shift toward cash-based social protection programming, in-kind transfers in the form of food or nonfood items remain widespread.[3] Transfers can be unconditional or conditioned on recipients meeting certain obligations – for example, education- or health-related objectives, such as participation in classes. In public works programs, transfers are conditioned on work requirements.

Transfers in social assistance programs are typically targeted to the poorest and most vulnerable households. Targeting methods vary. Some programs select beneficiaries based on community assessment or information on household incomes or asset levels while others target certain geographies or demographic groups.[4] Transfers can also be targeted within households, for example to mothers. Recent experimental evidence from cash transfer programs in Burkina Faso, Kenya, and Morocco suggests that whether the targeted recipients are men or women does not significantly affect child health or education outcomes.[5]

Universal basic income schemes provide unconditional transfers to all citizens without targeting. While there have been small-scale pilots in countries such as Finland, India, Kenya, and the Republic of Korea, no country is currently operating a full-scale national universal basic income program.[6]

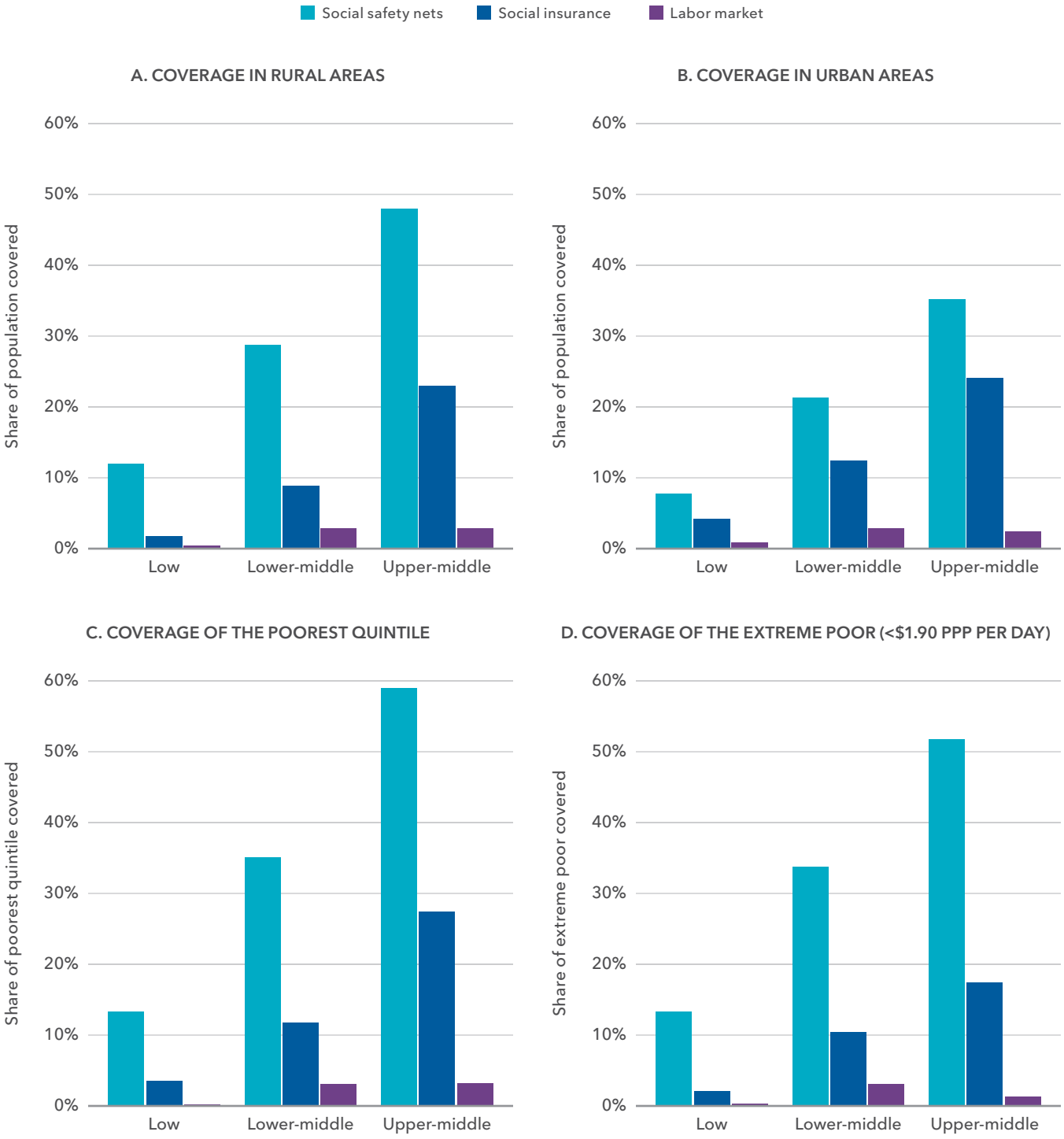
interlinked, and so require highly adaptive and flexible social protection systems to protect the poor and the vulnerable.

This chapter illustrates how social protection programs protect before, during, and after crises. It then discusses the role of shock-responsive (or adaptive) social protection programs that complement humanitarian response by building resilience before shocks occur and, during crises, by offering a mechanism for channeling support that is both cost-effective and timely.

EFFECTIVENESS OF SOCIAL SAFETY NET PROGRAMS DURING CRISES

Expansion of cash transfers and other social safety net measures has been a common policy response to recent major crises such as the COVID-19 pandemic and the 2022 global food price crisis.[16] In this regard, the 2007/08 global food price crisis was likely an important catalyst, as it alerted policymakers to the inadequate coverage and limited coordination of social protection in LMICs.[17] Ex post assessments found that channeling and targeting of support during the 2007/08 crisis was considerably more effective in countries that had preexisting safety net programs.[18] Possibly as a result, the past two decades have seen major investments in safety nets and other social protection measures in LMICs.[19] Yet despite the strong evidence base and growing interest in expanding social safety net programs, their coverage among the poorest segments of the population remains low in LMICs. According to the latest ASPIRE database,[20] less than 15 percent of the poorest quintile in low-income countries receive social assistance, rising to just below 60 percent in upper-middle-income countries (Figure 1C). Coverage is similarly low for the

FIGURE 1 Share of people receiving different forms of social protection, by country income group



Source: Data from the World Bank Atlas of Social Protection: Indicators of Resilience and Equity (ASPIRE) database (2020).

Note: Social safety nets (social assistance) refers to programs that provide noncontributory transfers to the poor and vulnerable. Social insurance refers to contributory programs requiring regular payments that participants must make to cover the costs of future employment losses or other shocks. Labor market refers to programs such as unemployment insurance, wage subsidies, and trainings. N=112 countries (110 countries in Figure 1D). The latest available year for each country used. High-income countries were omitted due to limited data availability. The poorest quintile (1C) and the extreme poor (1D) are based on per capita pretransfer income or consumption. Missing coverage data were replaced with imputed values using extrapolation or data from the previous available year. If no previous data were available, the coverage level was assumed to be zero.

extreme poor, that is those living with less than $1.90 PPP per day (Figure 1D).

During crises, social safety net programs can offer protection through several channels. Timely and adequate cash or in-kind transfers provide relief in the immediate aftermath of a shock. But safety net programs can also improve resilience by building households' or communities' capacity to deal with future shocks (see Chapter 3). A recent meta-analysis of rigorous impact evaluations found that social assistance programs increase household asset holdings,[21] which can serve as a buffer against future shocks. Safety nets may also promote productive investments and allow households to diversify their income sources, making them less vulnerable to future shocks.[22]

There is growing evidence across LMICs that social safety net programs do protect during crises. In Ethiopia, for example, droughts continue to reduce welfare, but households benefiting from the national Productive Safety Net Program (PSNP) recover to their pre-shock food security levels faster than do nonbeneficiaries.[23] A smaller-scale UNICEF cash transfer program in north Ethiopia was found to protect children's food consumption during localized droughts.[24] Zambia's Child Grant Programme, which provides unconditional cash transfers to households with preschool-age or disabled children, has protected household consumption expenditures during rainfall anomalies.[25] In Niger, an unconditional government cash transfer program mitigated the negative impacts of droughts on household consumption and poverty.[26] Mexico's conditional cash transfer program, Progresa, has been found to protect the consumption of nutritious foods during droughts,[27] keep children in school following natural disasters,[28] and even remedy negative impacts of shocks that occurred several years before households enrolled in the program.[29] In India's Bay of Bengal region, access to a rural livelihood program partly mitigated the devastating economic impacts of an unusually strong cyclone in 2013.[30] In response to a major cyclone in Fiji in 2016, the government provided a one-time top-up transfer to the beneficiaries of existing social protection schemes. Fijian households that were only just eligible for an existing program based on a poverty score index *and* received the top-up transfer recovered faster from the cyclone's damages to their dwellings than households with only slightly better scores that were ineligible to participate in the program.[31]

Disease epidemics constitute a very different type of shock than do weather shocks and other natural disasters. For example, the COVID-19 pandemic resulted in increased mortality and morbidity, but also negatively affected incomes and disrupted food systems, as well as complicating the logistics of delivering assistance through social protection programs.[32] However, evidence from the pandemic suggests that transfer programs also protect beneficiaries during such widespread disease outbreaks. A cash transfer program rolled out in Colombia targeting poor households during the pandemic improved their food access and reduced their reliance on welfare-reducing coping strategies, such as asset depletion and borrowing.[33] In Bolivia, a large-scale noncontributory pension program had sizable positive impacts on food security during the early months of the pandemic, particularly protecting poor households and those who lost their livelihoods.[34] In rural Ethiopia, the PSNP protected household food security during the pandemic.[35] Another approach, a universal basic income scheme in rural Kenya, showed positive effects on food security as well as on physical and mental health.[36] And in urban Kenya, a one-time cash transfer to women-led microenterprises substantially increased inventory spending, revenues, and profits during the pandemic.[37]

These findings from a wide range of contexts provide strong evidence that cash transfers and other social protection measures protect household consumption and savings during natural disasters and epidemics. In the absence of safety nets, poor households usually have no option but to resort to welfare-reducing coping strategies, such as cutting food consumption, selling productive assets, or pulling children from school, with women and girls often the worst affected (see Chapter 6). Such coping strategies can have serious negative consequences in the short term, and their negative impacts may persist for several decades. For example, a sizable literature shows that short-term nutritional deficiencies during early childhood can lower final educational attainment and increase the risk of poverty in adulthood.[38]

SHOCK-RESPONSIVE SOCIAL PROTECTION

Despite the growing number of social protection programs, many LMICs continue to receive emergency aid to address humanitarian situations, many of which are protracted or recurring[39] (see Chapter 7). This fact, and the increasing frequency and complexity of shocks, has generated a widespread commitment among international agencies to strengthen coordination between social protection and emergency aid.[40] Notably, the Grand Bargain agreement between international donors and humanitarian agencies, launched at the World Humanitarian Summit in 2016, commits them to "increase social protection programmes and strengthen national and local systems and coping mechanisms in order to build resilience in fragile contexts."[41] The core premise is that leveraging existing social protection programs as a platform for channeling emergency support can be quicker, more effective, and more inclusive than setting up and operating parallel humanitarian systems during crises.[42] For example, during the COVID-19 pandemic, preexisting social protection programs were often considerably more agile in delivering and targeting transfers than entirely new programs and initiatives.[43]

During crises, emergency aid can be channeled to existing social protection beneficiaries (vertical expansion) or used to expand coverage to crisis-affected nonbeneficiary households (horizontal expansion). Other adaptions include adjusting the rules and conditions of existing social protection programs or aligning the emergency support to match the modalities of an existing social protection program.[44] The past few years have seen an increased interest in establishing such adaptive or shock-responsive social protection programs in LMICs.[45] While rigorous evaluations of these programs are still in the works,[46] many LMICs have already incorporated shock-responsive designs into their social protection programming.

Kenya's Hunger Safety Net Program (HSNP), for example, provides unconditional cash transfers on a bimonthly basis to the poorest households residing in drought-vulnerable northern Kenya.[47] The program is designed to expand horizontally during droughts and other weather shocks. The National Drought Management Authority monitors weather conditions in the area using the remote-sensing-based Vegetation Condition Index (VCI). Very low VCI values trigger horizontal expansion in the form of emergency payments to households not included in the HSNP. The program's budget has been drafted based on needs in normal years as well as careful assessment of drought probabilities and costs of disaster response.[48]

Ethiopia's PSNP was set up to provide a more sustainable response mechanism to recurring droughts and ad hoc emergency appeals in areas that have been historically vulnerable to droughts and other weather disasters.[49] Within these areas, communities themselves select beneficiaries who receive payments for six months, in the form of cash or food, in exchange for performing labor-intensive public works, while poor and chronically food-insecure households with limited labor capacity receive unconditional payments. With 8 million beneficiaries, the PSNP is one of the largest safety net programs in Africa.[50] However, despite its success in improving food security, asset levels, and resilience,[51] the need for annual humanitarian aid persists in areas where the PSNP is operational.[52] At the national level, it is estimated that approximately 5 million people who are not regularly benefiting from the PSNP require emergency assistance in non-drought years,[53] highlighting the chronic gap between actual needs and the funding made available for the program.[54]

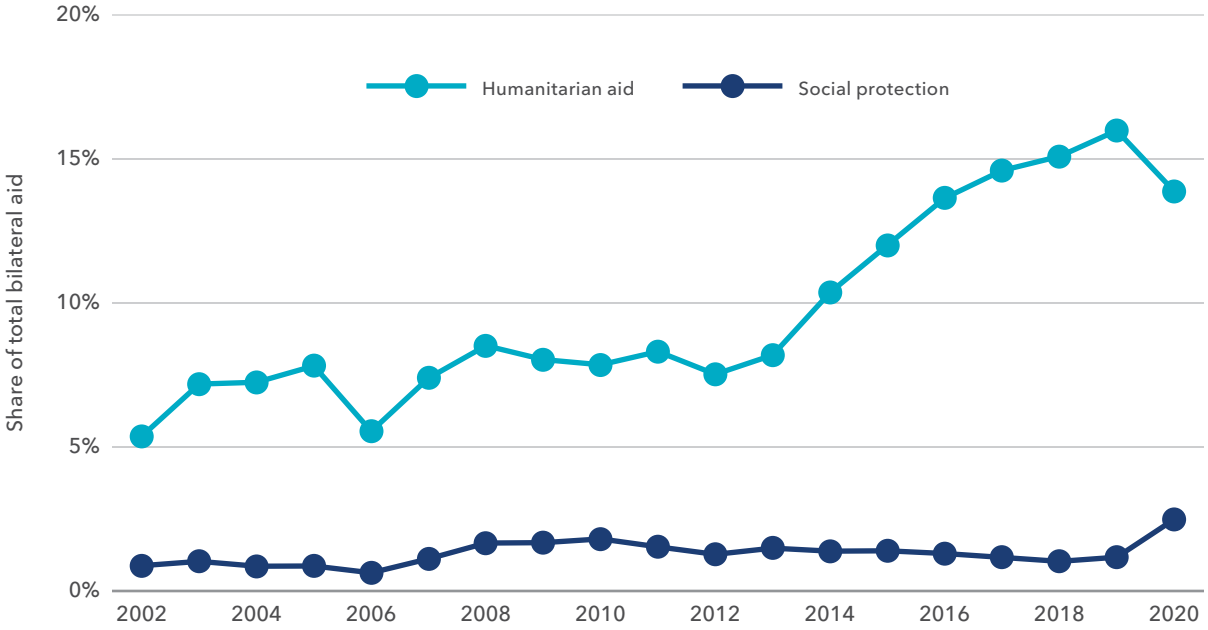
The PSNP, however, does have various mechanisms for scaling up support during crises. During a widespread drought in 2011, the program expanded both vertically (by extending the duration of support to 6.5 million beneficiaries) and horizontally (by providing three months of payments to more than 3 million additional people).[55] Leveraging the PSNP during the crisis had multiple benefits. The time between identifying the crisis and responding to it was reduced to two months, compared with the typical response time of eight months for disbursement of emergency support in Ethiopia. In addition, the use of existing delivery platforms was highly cost-effective: an estimated cost of US$53 per beneficiary compared with $169 spent for United Nations or NGO-managed emergency assistance. An evaluation of the coordination

FIGURE 2 Limited association between climate risk and social assistance coverage in the poorest quintile

Source: Data from the World Bank Atlas of Social Protection: Indicators of Resilience and Equity (ASPIRE) database, updated June 28, 2022; and from GCIR, D. Eckstein, V. Künzel, L. Schäfer, and M. Winges, *Global Climate Risk Index 2020* (Bonn: Germanwatch, 2019).

Note: The Global Climate Risk Index (GCIR) measures the extent to which countries have already been affected by weather anomalies in terms of lives lost and economic losses. Lower GCRI values indicate higher climate risk. N=120 countries (latest available data point for each country). Dashed vertical and horizontal lines mark the median values of climate risk index and social assistance coverage, respectively. The shaded quadrant indicates the area of greatest concern.

FIGURE 3 Share of ODA allocated to humanitarian aid and social protection



Source: Data from OECD-DAC database, Official Bilateral Commitments (or Gross Disbursements) by Sector: Aid (ODA) by Sector and Donor [DAC5] (Paris: OECD, 2022).

Note: Official development aid (ODA) (from all official donors) disbursements for social protection (ODA category 16010, Social Protection) and humanitarian aid (ODA category 700, Humanitarian Aid, Total) are compared to total ODA disbursements (All Sectors, Total).

between the PSNP and emergency support in 2017/18 found that together these two programs provided a continuum of support: the PSNP targeted chronically food-insecure households, while the humanitarian aid focused more on acutely vulnerable households.[56] Since then, an effort has been underway to further consolidate the PSNP and annual emergency assistance delivery systems and procedures into a single framework.

Setting up shock-responsive social protection programs requires major investment and effort.[57] Effective shock response requires close coordination across different social protection programs as well as emergency response programs within a country. Moreover, the information requirements for these programs are high. Policymakers need to know what risks vulnerable populations are facing, where these risks are likely to materialize, and who is vulnerable.[58] Early warning systems are needed to facilitate a rapid and effective response (see Chapters 2 and 3). In Bangladesh, for example, anticipatory cash transfers to households predicted to be severely affected by impending floods served to mitigate the negative impacts on food security and partially protected household savings when the flooding occurred.[59] Unified targeting systems based on social registries likely need to be established to rapidly determine eligibility for support when crises occur. For example, the introduction of a unified targeting system in Indonesia improved both targeting accuracy and harmonization across different social protection programs in the country.[60] Possibly as a result, Indonesia's social protection response during the COVID-19 pandemic was considered strong: more than 85 percent of households received some form of assistance during the early months of the pandemic and the support was relatively well targeted to the poorest households, with little duplication across different programs.[61]

GOING FORWARD

Some countries explicitly target their national safety net programs to climatically vulnerable areas, characterized by frequent droughts or other erratic

BOX 2 GRADUATION PROGRAMS

Jessica Leight, Research Fellow, International Food Policy Research Institute

In recent years, a growing literature in development economics has examined the complex interrelated constraints faced by households in extreme poverty. Given the salience of these multiple constraints, multifaceted "graduation model" interventions – which simultaneously address several barriers – are widely viewed as promising. The first large-scale evaluation of this approach was conducted as a multicountry trial in Ethiopia, Ghana, Honduras, India, Pakistan, and Peru, analyzing an integrated package of social protection interventions that included two years of consumption-support cash transfers, an asset transfer (valued at between US$500 and $1,000), training, weekly household coaching visits, household-level health training, and savings groups.[1] This package not only led to substantial increases in consumption, food security, assets, and financial inclusion in the medium term, but also its effects persisted 10 years later in India, by which point the consumption impacts had roughly tripled in magnitude.[2] Another large-scale trial of a similar intervention implemented in Bangladesh by BRAC, an international development organization, also showed very substantial positive effects in both the medium and long term, up to 10 years post-intervention, with large increases in consumption, assets, food security, and financial inclusion.[3]

Additional evaluations of graduation programs in conflict-affected areas have been conducted in Afghanistan and Yemen – showing robust positive effects in Afghanistan, but more modest effects only on savings and assets four years post-transfer in Yemen – and in Ghana, where the effects of a more limited set of interventions, including only productive asset transfers or savings schemes, were minimal or zero.[4] A very recent contribution also found that a graduation program incorporating psychosocial support in Niger had positive effects on consumption and food security, income, and mental health in the short term.[5] While the evidence from Ghana suggests that scaled-down sets of interventions including only some of the graduation model components do not have impacts comparable to the full set of interventions, the evidence is nascent and thus this remains an important area for future research.

Overall, major gaps remain in the evidence on longer-term effects and in evaluations of projects implemented at scale or within the context of broader government social protection programs. The original graduation model pilots were generally small in scale. However, the Targeting the Ultra Poor programming run by BRAC in Bangladesh targeted 450,000 households, and the graduation program in Niger was rolled out in the context of a government social safety net, albeit to a subsample of recipient households. Particularly given the high cost and intensive implementation required for graduation model interventions, better understanding of whether they can be effectively scaled up will be a crucial focus for future research.

weather patterns. For example, Niger's adaptive safety net program targets areas exposed to recurrent drought, as determined by an index that considers rainfall and vegetation density data derived from satellite sources.[62] Globally, however, there is only a limited correlation between social assistance coverage in the poorest quintile and the Global Climate Risk Index (Figure 2),[63] which measures the extent to which countries have already been affected by extreme weather events (droughts, floods, heatwaves) in terms of lives lost as well as economic losses. The dashed vertical and horizontal lines in Figure 2 mark the median climate risk and social assistance coverage levels, respectively. The lines divide countries into four quadrants based on their relative level of social assistance coverage and climate risk. The bottom right quadrant captures countries of particularly high concern – countries such as Haiti, Mozambique, and Pakistan are exposed to high climate risk but have very low social assistance coverage for the poorest quintile.

Overall, governments and aid agencies need to shift toward a more proactive approach to disasters, replacing ad hoc humanitarian appeals during crises with social protection programs that build long-term resilience and respond to extreme weather events and other disasters when

they occur.[64] The shift should be accompanied by appropriate risk-financing instruments that prepare for disasters before they happen.[65] This entails calculating the odds of disasters occurring in a given region or country and estimating the costs of responding. Budgets can then be drafted not according to the needs in nondisaster years, but at a level that accounts for disaster probabilities and their response costs.[66]

Yet globally, ad hoc responses remain the norm. The share of official development assistance (ODA) allocated to humanitarian aid increased rapidly over the past decade, while the share of ODA allocated for social protection remained relatively stagnant (Figure 3). Considering the solid evidence from a wide variety of contexts showing that social protection programs build resilience and offer protection during crises, thereby reducing the need for humanitarian response, a strong argument can be made for increasing spending for social protection.

Social safety net programs in LMICs depend largely on external funding.[67] To ensure the continuity of these programs, LMICs must diversify funding sources by enhancing domestic revenue collection mechanisms and exploring innovative financing. For example, programs like Ethiopia's PSNP and Indonesia's Keluarga Harapan conditional cash transfer program have been found to increase tree cover or prevent forest loss,[68] thus potentially qualifying them for climate or other green financing schemes.[69] Another way to alleviate the financial burden of social safety nets is to reduce implementation costs. For example, switching from in-kind transfers to cash or mobile payments can produce considerable cost savings for program implementers.[70] However, to minimize harmful effects for transfer recipients, it is important to consider the context before making such adjustments, particularly when food prices are rising rapidly or are volatile.[71]

In the long run, the goal of social safety programs should be to strengthen livelihoods to promote long-term resilience and eventual graduation from assistance. A growing body of evidence shows that carefully designed graduation programs (Box 2) can lift households out of poverty, improve food security, and increase resilience to shocks by unlocking productive investments and permitting households to diversify their income sources.[72]