Statement of the Advisory Panel

IEG Evaluation of World Bank Support to Social Safety Nets, 2000-2010

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Social safety nets 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 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 and, 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 need to be treated systemically and systematically, rather than 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.
While 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 it within an overall assessment of the needs left uncovered or inappropriately covered by the current collection of interventions, and an agreed strategy to move towards 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 upon. 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 prophesy. The issue may be left underexplored and under investigated 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 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. 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.