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Social Safety Net ≠ Safety Net

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I'd like to thank Nick Freeland for his perceptive comments on the definitional confusion caused by the World Bank's use of the term "social safety net" (see Pathways Perspectives No 1). However, I fear that the problem goes beyond Nick's concerns. My particular preoccupation is that the vast majority of "social safety nets" promoted by the World Bank do not, in fact, fulfil the minimum criteria of a "safety net:" in effect, they are not available to catch people as they fall into poverty.

If a safety net is to be effective, it should be there when needed. If someone suffers a shock – for example, the family breadwinner passes away – then it's critical for families to be able to access financial support immediately. If not, they may plunge into poverty, pull their children out of school or sell precious productive assets to provide immediate subsistence. This has long-term negative implications for families and makes it difficult for them to pull themselves out of poverty once more.

When we look at the types of "social safety nets" promoted by the World Bank, many are not available for people to access when they face a crisis. Take the example of many conditional cash transfers (CCT), such as Mexico's *Oportunidades* programme. Despite the many merits of *Oportunidades*, it is certainly not an effective safety net. Targeting takes place very infrequently – in some regions, every nine years[1] – which means that, if a family falls into poverty between these targeting periods, they cannot access the programme. Instead, they may have to wait many years and by then it is likely to be too late.

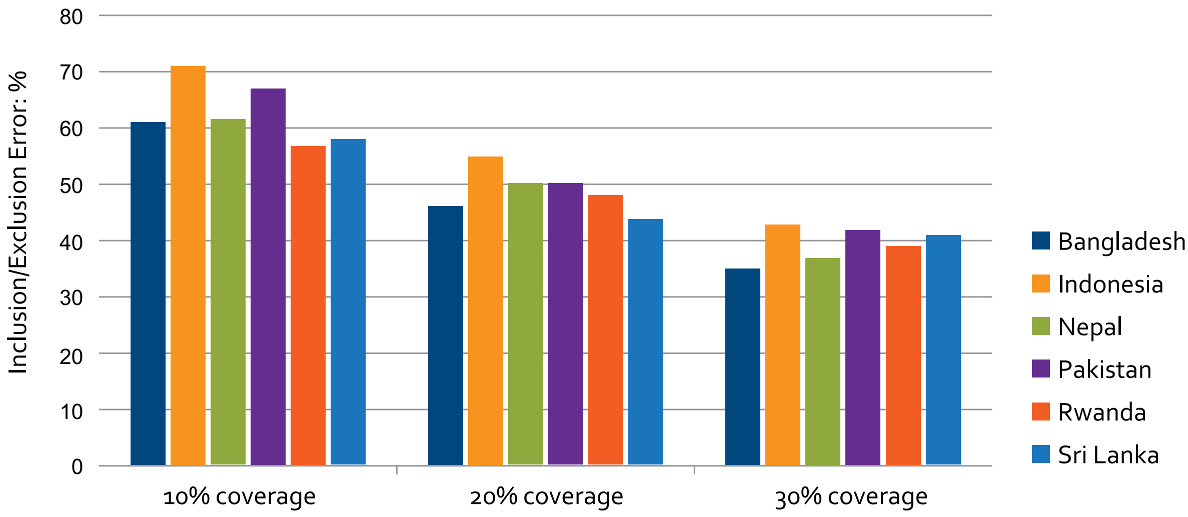
The other problem with programmes such as *Oportunidades* is targeting error. Many CCTs use proxy means testing as their targeting methodology. This is a mechanism that tries to predict household income by measuring specific proxies that have some correlation with poverty, such as type of house, demographic characteristics, durable goods and productive assets. However, the correlation between these proxies and incomes is relatively weak. As a result, targeting errors tend to be high.

Figure 1 indicates the errors that would be expected in six countries at different levels of programme coverage. As we can see, when the poorest 20 percent of the population is targeted, we would expect around half to be excluded, even if the programme were perfectly implemented (see Kidd and Wylde 2011 for a more detailed explanation). In fact, an independent study by Veras et al. (2007) has calculated the "exclusion error" in Oportunidades at 70 per cent. Indeed, during a qualitative study of the programme, one facilitator described the targeting mechanism as a "lottery" (a view that is backed up by quantitative analysis of the methodology):

"What I understand is that when people ask me why they are not in the list, despite being surveyed, I tell them that I don't know the precise reason but that probably it was a lottery and because it was a lottery, no-one knows who needs it most.[2]"

[1] Zoletto (2011)
[2] Adato *et al* (2000)

Figure 1: Targeting errors associated with the Proxy Means Test Methodology at various levels of coverage (assuming perfect implementation)



Unfortunately, a lottery does not make a great safety net. If over half the poor are missed by targeting, what chance will families have who suddenly fall into poverty? Indeed, the challenge they face is even greater with a proxy means test. While their incomes may have dropped dramatically, their proxies may be exactly the same. Consequently, the methodology will identify them as non-poor, denying them access to the programme just when they most desperately need it. Their only option will be to divest themselves of their assets, throw themselves into greater poverty and then, if they're lucky, they may eventually be identified as poor and benefit from the programme (but, as we've seen, possibly not for 5 years or more).

In reality, programmes like *Oportunidades* are little more than old-fashioned "poor relief." They try their best to provide the poor with a benefit but the majority of the poor usually miss out. They may have clever names such as "CCTs" and "Productive Safety Nets" but, at heart, they're little different in conception to the poor relief programmes that many European countries had in the 18th and 19th centuries. The most relevant aspect of these poor relief programmes for the current debate is that they gradually shrank in size, to be replaced by more popular and conventional social security programmes such as old age pensions, disability benefits, child grants and unemployment programmes (the latter, of course, representing a real "safety net").

So, let's not confuse "poor relief" with "safety nets." As Nick Freeland says, safety nets have an important role to play. But, to be effective, they need to be available when people need them, just when they experience a shock that throws them into poverty. And, the reality is that many so-called "social safety nets" just do not fulfil this basic function. Nick is right to classify them as social assistance. But, just because a programme is social assistance, it does not mean it is a good programme. There are many low quality social assistance programmes that suffer from high targeting errors and low benefits. As Amartya Sen (1995) has pointed out in his well-known paper on the political economy of targeting: "Benefits meant exclusively for the poor often end up being poor benefits."

In fact, it is noticeable that the ILO is now beginning to distinguish between "social assistance" and "universal programmes," when referring to social security programmes that are financed by the state. The former are targeted at the poor and are often understood as a form of charity while the latter are more likely to be regarded as entitlements. Perhaps this is a distinction that needs to be explored further.

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About The Author

Stephen Kidd is a Senior Social Policy Specialist at Development Pathways and has worked on social protection for a number of years. He thinks safety nets are great but does believe in calling a spade a spade.

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