

Assets Channel: Adaptive Social Protection Work in Africa

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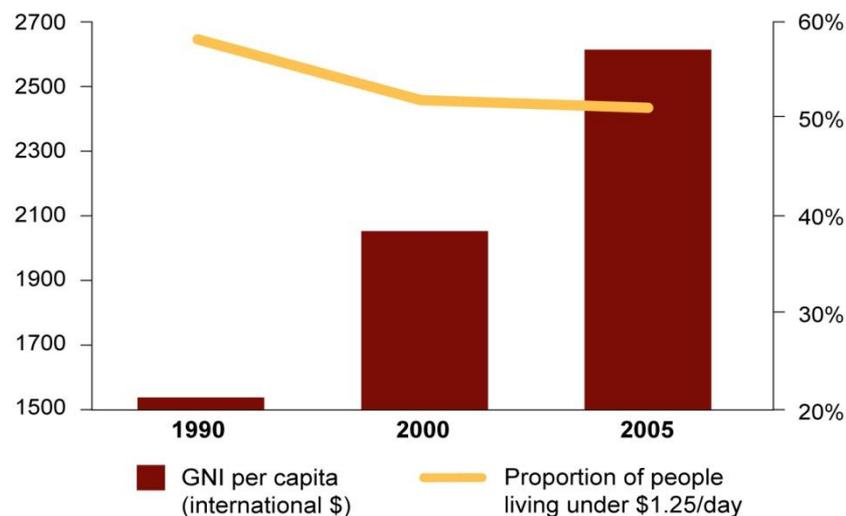
WORLD BANK GROUP
Social Protection & Labor



Chronic Poverty and Vulnerability in Africa

Despite Growth, High Rates of Chronic Poverty

Proportion of people living in extreme poverty and GNI per capita



Increasing Vulnerability & Shocks

People affected by droughts and floods, 1980-2013, in millions

	Droughts	Floods
Senegal	3.3	1.2
Mauritania	4.6	0.2
Mali	6.9	0.3
Burkina Faso	7.0	0.6
Chad	7.0	1.4
Niger	23.6	1.4

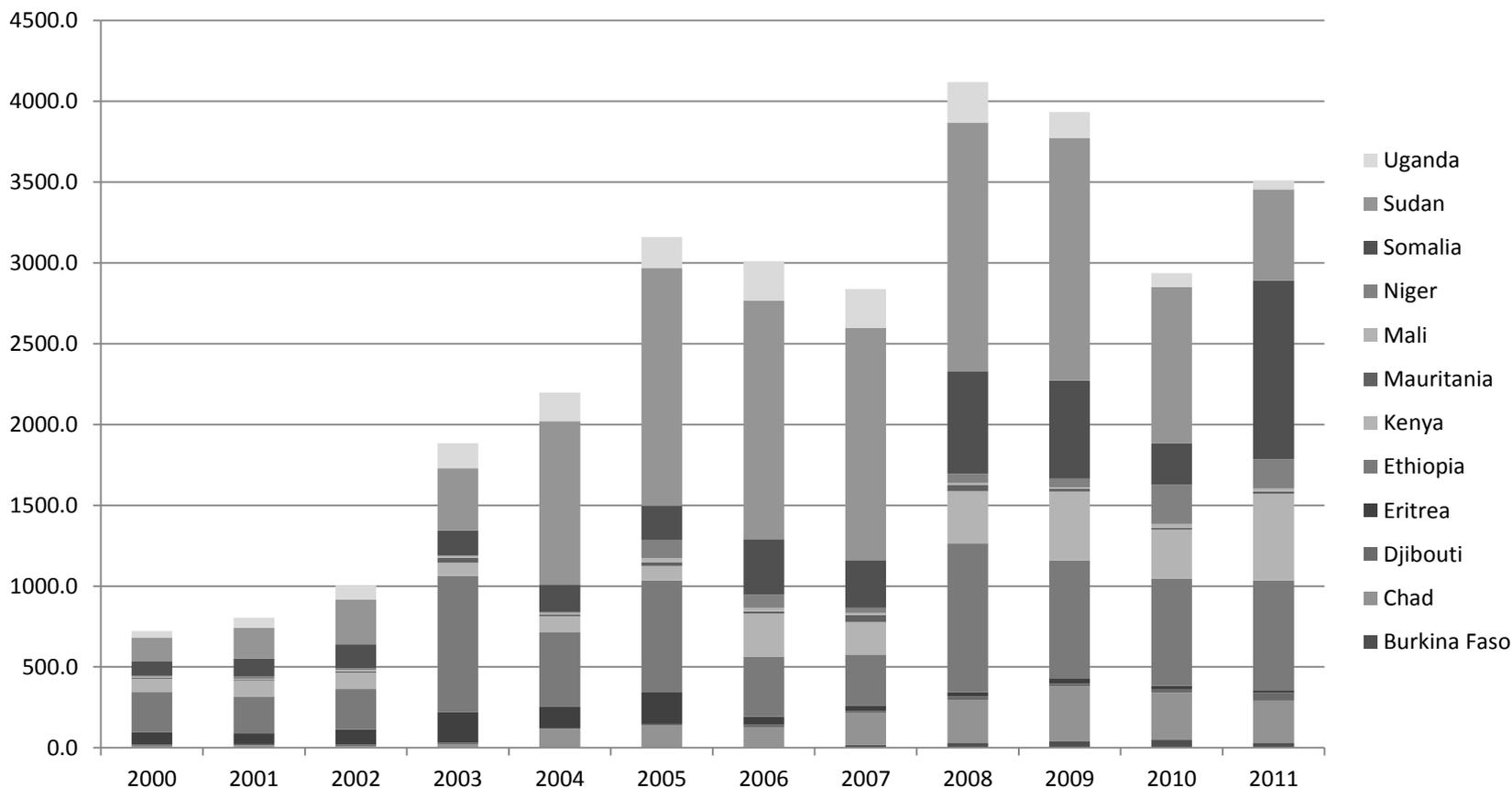
- Drought in 2011 affected nearly 10 million people in the Djibouti, Ethiopia, Kenya and Somalia

Large growth in Safety Nets in Africa

- Over the last two decades, there has been a growing interest by African countries to provide safety nets to support poor and vulnerable populations
- Countries such as Ghana, Kenya, Rwanda, Mozambique and Tanzania already registering positive progress towards establishing national programs
- middle income Southern African countries like Botswana, South Africa and Swaziland have already established long-term national cash transfer programmes
- Nonetheless, coverage of poor and vulnerable households is still inadequate even in these countries

Continued reliance on humanitarian response

Humanitarian aid received, selected countries, Horn of Africa and Sahel (2000-11)



- Every dollar spent of food aid would have generated twice as many benefits to recipients had it been provided in the form of cash.

Social protection can deliver results

- The potential for social protection to reduce poverty and vulnerability has been well demonstrated:
 - In Rwanda, decline in poverty from 57% in 2006 to 45% in 2011 is attributed to the Vision 2020 Umurenge Program of public works and cash transfers, along with two other key development programs
- Social protection can reduce vulnerability in by improving households' capacity to cope and by reducing the impact of shocks
 - In the arid areas of northern Kenya, households receiving regular support from the Hunger Safety Net Program are better able to withstand severe drought in 2011
- The costs of not protecting the poor are high and last long into the future:
 - Ethiopian households that suffered during the 1984/85 drought continued to experience 2 to 3 percent less annual per capital growth in the 1990s.
 - 62 percent of households interviewed in Burkina Faso were unable to recover their pre-shock levels of well being before the next crisis hit

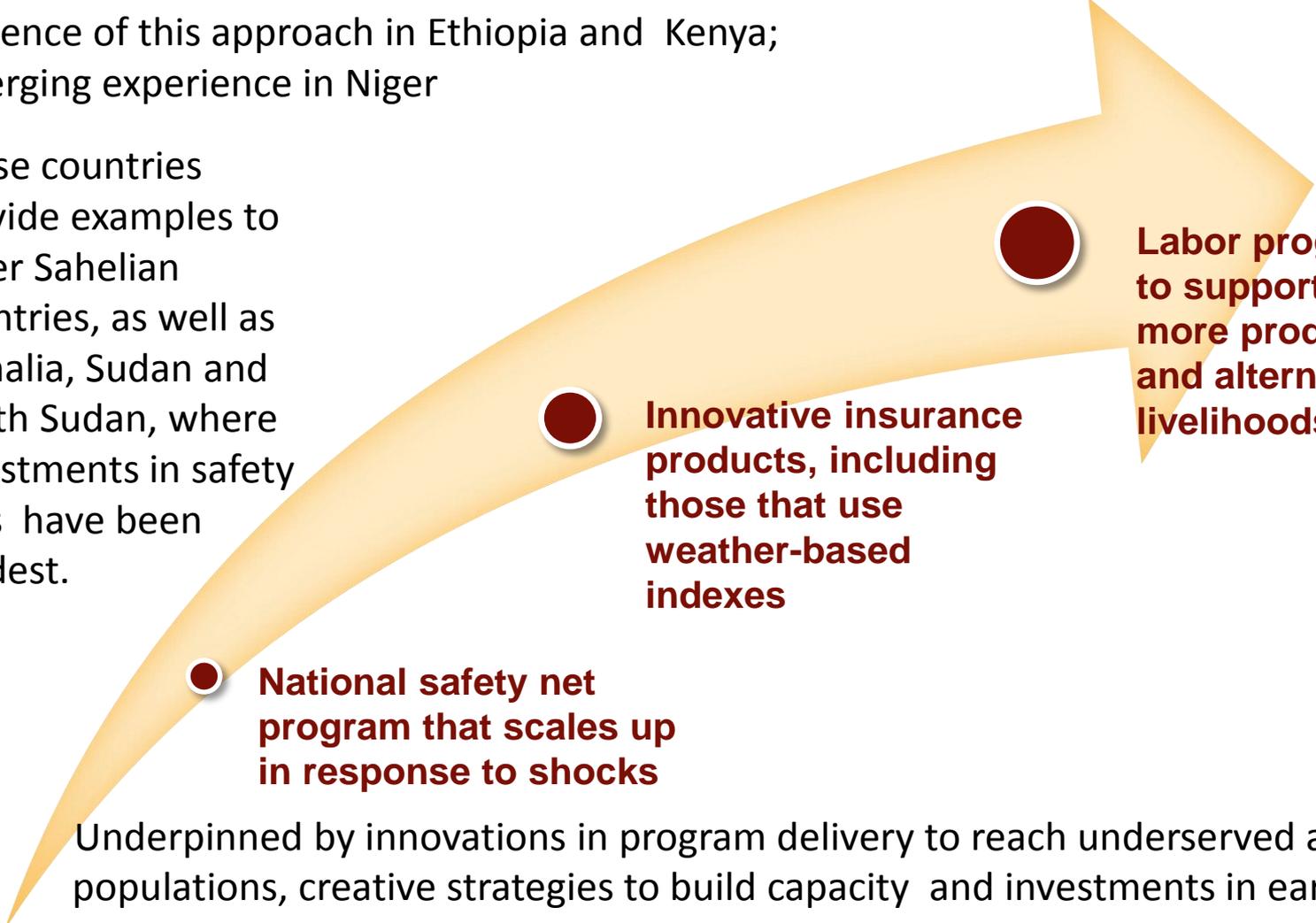
Adaptive social protection: A new approach

- Adaptive social protection is a **new integrated approach** that can help address the challenges of adaptation and climate risk management.
- Adaptive social protection programs are **flexible programs** that can protect poor households from **climate and other shocks** before they occur and by scaling up to respond to extreme events when they hit.
- Adaptive social protection programs **avoid having adverse impact on the environment or create perverse incentives** (and thus result in maladaptation).
- Adaptive social protection **systems** include programs that **support vulnerable households and communities to build resilience to climate-related and other shocks and aim to reduce adverse impact on the environment**

Building adaptive social protection systems

Evidence of this approach in Ethiopia and Kenya;
emerging experience in Niger

These countries provide examples to other Sahelian countries, as well as Somalia, Sudan and South Sudan, where investments in safety nets have been modest.



National safety net program that scales up in response to shocks

Innovative insurance products, including those that use weather-based indexes

Labor programs to support shift to more productive and alternative livelihoods

Underpinned by innovations in program delivery to reach underserved and mobile populations, creative strategies to build capacity and investments in early warning systems

Protecting the poor with scalable Safety Nets

- Extending coverage of existing safety net programs is usually more cost effective than relying on humanitarian responses
 - Ethiopia: The funds received for humanitarian aid (USD 623.6 million per year on average) could provide regular support to almost the entire population living below the poverty line.
 - Niger: regular cash transfer support to the poorest 20 percent of the population would cost USD 83 million per year, as compared with an annual average of USD 218 million spent on humanitarian response, on average, since 2010
- Use of existing instruments allows for a much faster response to drought and other emergencies than would be possible using the traditional humanitarian appeal process
 - Ethiopia PSNP and Kenya is building rapid response capacity are providing examples

The response to the 2011 drought in the Horn of Africa – The case of Ethiopia

- The PSNP can be scaled up in response to shocks, guided by woreda level risk management plans and financed through the use of **contingency budgets** (woreda/regional level) and **risk financing resources** at the federal level.
- Additional transitory needs are covered through the emergency response system.
- This expanded caseload contains two categories of people:
 - Existing PSNP clients for whom the current level of transfers is unable to deal with the shock, and who therefore need additional ‘top-up’ transfers to maintain their food consumption and asset protection
 - Non-PSNP clients who are ordinarily not in need of PSNP support but who need it on a temporary basis until the shock passes.
- The use of the Contingency Budget, particularly at Regional level, is driven by the Early Warning System (EWS), which also drives the use of the RFM.
- In 2011 the rains were late and there was a severe drought. The Government of Ethiopia chose to activate \$134.7 million of the risk financing facility in the Productive Safety Nets Program to reach an additional 3,071,000 people and extended the duration of transfers to 6,521,000 people in drought affected areas.

From protection to promotion – Insurance

- Improve the access of the poor to insurance products, such as those for health and agriculture
- Insurance can be effective in protecting rural households from shocks:
 - Potential to ensure that vulnerable non-poor do not fall below a minimum subsistence level
 - Promising experience with index-based insurance but on a small scale only
 - Need for public-private partnerships, with governments setting rules of the game, investing in information streams, and supporting the participation of the poor

From protection to promotion – Labor programs

- Promote employment and productivity, particularly among Africa's youth, in the formal and informal sectors
- Labor programs, particularly for the growing youth can support a shift toward more productive, and potentially alternative, livelihoods.
 - However, there are few efforts in the Sahel or Horn of Africa to design such programs beyond a few examples (Kenya youth employment and short-term public works)
 - To be integrated into SN programs to build long-term household resilience
 - To be tailored to the need of women, and contributing to local community plans to build long-term resilience to shocks

Tailoring national programs to specific needs

- Responding to vulnerability dynamics within national programs that take into account differences in the distribution of the population, poverty levels and livelihoods with different aridity indexes for the design and delivery of social protection programs
 - National frameworks that include dryland areas, e.g. Ethiopia's PSNP in pastoral areas
 - Programs designed for dryland populations, e.g. Kenya's HSNP
 - Lifecycle vulnerabilities and differential expose to shocks, capacity to cope and sensitivity
 - Differentiate by livelihood patterns (see next slide)
 - Relative magnitude of chronic poverty vs. vulnerability
 - Somali region of Ethiopia (pastoral) has lower levels of income poverty but evidence of higher rates of vulnerability than farming areas

Monitoring – Learning – Capacity - Innovations in ICT – Early Warning Systems

- Robust monitoring and evaluation system
- Dedicated attention to building implementation capacity and harnessing innovations, such as those in ICT, e.g. payment systems:
 - Mobile phone and agent banking to deliver transfers (with solar panels)
 - NGO support to implementation and capacity building
- Investments in early warning system (and triggers) central to effective social protection programs:
 - Scaling up (and down) safety net support
 - Triggering an insurance payout

Strengthening synergies with other approaches of risk management

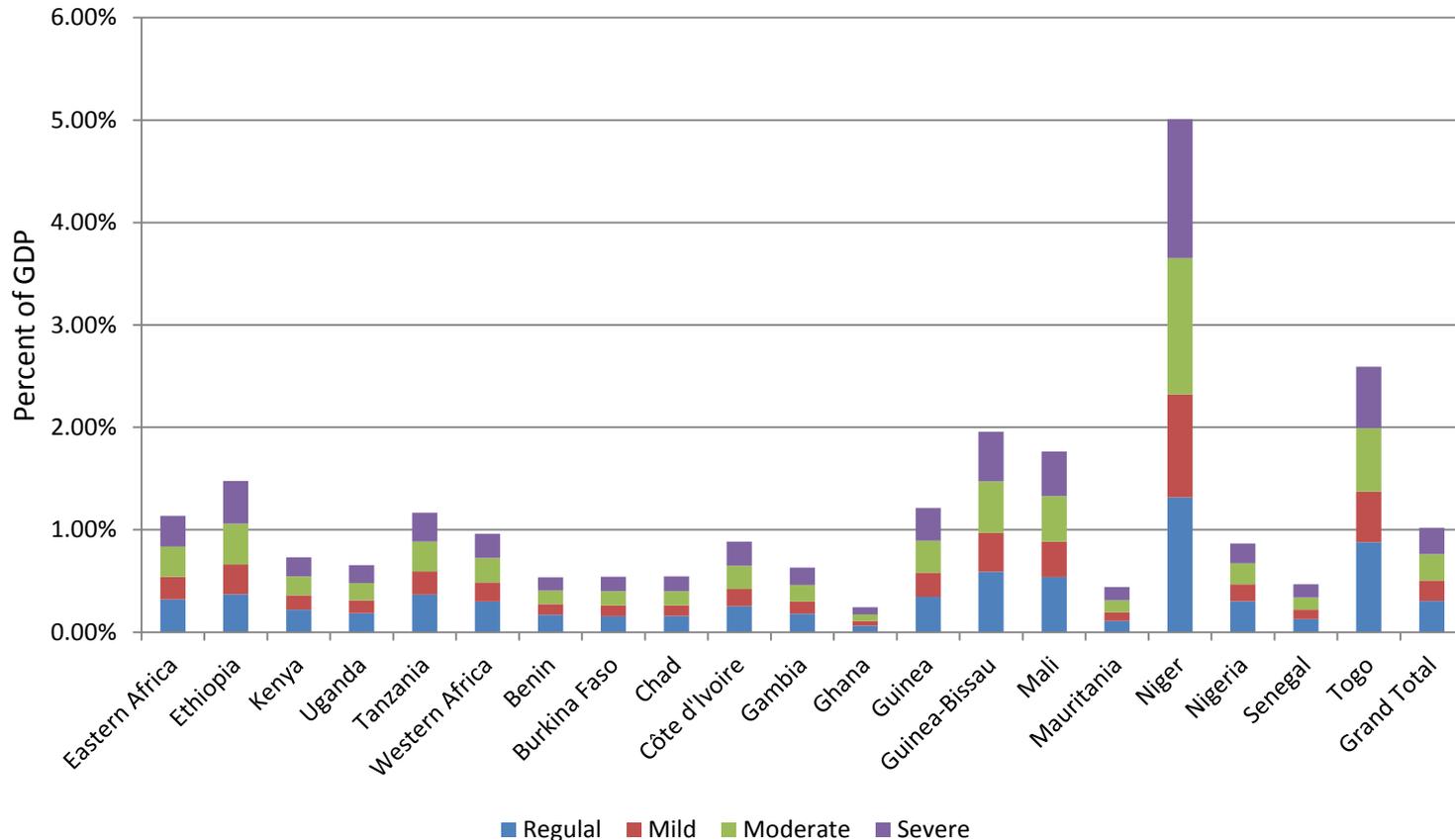
- A multi-sectorial approach to social protection must link its efforts of protection and promotion with other modes of risk management and development to build resilience to shocks over the long term
 - Disaster risk reduction (DRR) efforts minimize the occurrence of and exposure to disasters—and can be integrated both in development programs and humanitarian responses
 - Humanitarian aid continues to provide life saving relief and basic services during crises while promoting early recovery approaches
 - Development programs promoting disaster-risk-informed initiatives are inclusive of the poor and build the capacity of vulnerable groups to become economically independent and able to overcome sudden shocks as well as step out of poverty

Social protection systems are affordable

Cost of covering Safety Net systems:

- The annual cost of the PSNP in Ethiopia is equivalent to 1.2 percent of GDP, while safety net coverage in Kenya is equivalent to 0.80 percent of GDP.
- International evidence suggests that it is possible to achieve national coverage for a target population with a single program for 1-2 percent of GDP.

Cost of covering vulnerable population in the dryland areas in 2030 in a regular year or in the case of mild, moderate and severe drought in percentage of GDP



Resources invested in social protection are allocated between safety net-type programs designed to help chronically poor households meet their consumption needs and develop the skills and build the assets needed to emerge from poverty over the longer term and those designed to help transiently poor households recover from shocks in the short run. (SP in the Dryland Call-Black, del Ninno, Fallavier)

The MDFT ASP Program in the Sahel

- An opportunity to *support adaptive social protection systems for poor and vulnerable populations in the Sahel* (Burkina Faso, Chad, Mali, Mauritania, Niger, and Senegal).
- The envisioned adaptive social protection systems in the Sahel would consist of a combination of **policies and programs to help poor and vulnerable households reduce the impact of climatic change and other shocks** to build household and community resilience, and foster access to income earning opportunities
- The activities and programs financed will include: (i) knowledge and impact evaluation; (ii) Technical assistance and capacity building; (iii) grants to governments for piloting promising learning and innovation approaches with the objective of building institutions and procedures for setting up social protection systems

Thank you!

