

**Mainstreaming Safety Nets in the Social Protection Policy Agenda:  
A New Vision or the Same Old Perspective?**

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**Abstract.** During the past few years, social protection strategies in developing countries underwent significant analytical and operational changes. Social protection aims to provide a national agenda for making a smooth transition from the chaotic collection of safety nets programmes to a more reliable and regularized system for risk management. However, while risk is an important factor in explaining chronic poverty, it's not the only one. There are also non-risk factors to be considered, and social protection should be calibrated to respond to both. New social protection strategies are a collection of interrelated measures ranging from social prevention policies to social insurance and social assistance options – the latter including the social safety nets. This comprehensive set of measures is aimed not only at protecting livelihoods, but also at enhancing the potential of the poor in contributing to the national socioeconomic development. Social protection has to face particular challenges in chronically poor, shock-prone countries. In these settings, the distinction between the chronic and transitory poor is often blurred, and the need for relief and development can and often do occur in the same spatial environment at the same time. Social protection's focus on both ex-ante measures and ex-post responses can help to both address the causes of chronic poverty while making the efficient use of scarce resources. Indeed, social protection interventions seem to better respond if organized as a cross-cutting theme and when spread across a range of policy sectors rather than as one-sector approach. At the same time, mainstreaming safety nets into social protection may result in a more developmental and cost-effective approach to relief. While the actual policy scenario of social protection strategies looks promising, further applied research is needed in several key areas.

## *1. Introduction*

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After a period of relative stagnation, social protection in developing countries is moving up on both the international and national development agendas. This growing interest has triggered new exciting initiatives including the World Bank's social protection discussion papers and social safety net primer series, the social policy research programme at the Sussex Institute of Development Studies (IDS), and special issues in scientific journals like *Development Policy Review*. This Chronic Poverty Research Centre (CPRC) conference itself will contribute in the expansion of the resonance and influence that social protection will have on the development agenda - and not as a theme per se, but rather as an integrated part of the strategies that developing countries should encourage for pursuing the Millennium Development Goals. Theories developed in other contexts have been taken 'on loan', and then applied to social protection themes while, at the same time, original research has increasingly been commissioned or undertaken by governments, universities, specialized research institutes, international development agencies and NGOs. In practice, social protection is potentially the place where different disciplines, issues and actors are gathering together. However, a jeopardized panorama of definitions on what social protection actually means and what should address exist. This is reflected in different analytical floors, unresolved caveats and possible implicit biases.

Indeed, while in past decade social protection strategies in developing countries underwent significant analytical and operational changes, there are also those who look at the new social protection agenda with a degree of scepticism. They are not denying the importance of an institutionalized system for creating, protecting and multiplying households' sources of livelihoods, but rather questioning whether there is an-ongoing tendency of 'repackaging' old-fashion solutions with new trendy labels.

Indeed, there are not only challenges in narrowing actors' perceptions on the theme (e.g. the linkages with the sustainable livelihoods approach), but also in articulating a comprehensive framework that places social protection as an

organizing framework – a crucial bridge between themes like pro-poor economic growth and poverty reduction strategies and, on the other hand, issues that are often underdeveloped in such fora, namely malnutrition, food insecurity and hunger (and in general how to reach and better serve people ‘beyond the development mainstream’).

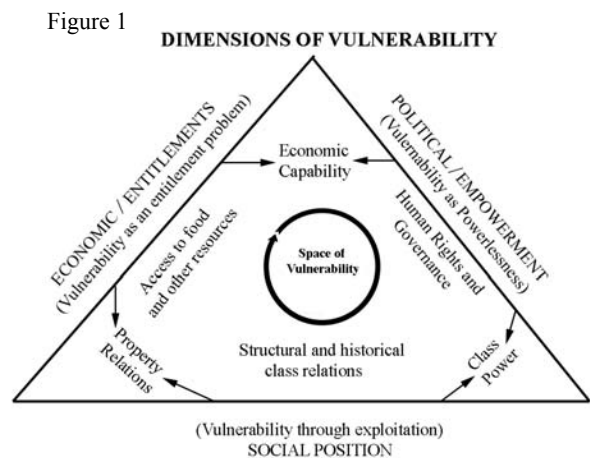
While recognizing the existence of both differences and common themes among social protection frameworks, this paper explores, investigates whether social protection strategies underwent to significant changes during the last decade, analyzes current thinking for better integrating *ad hoc* safety nets into the social protection agenda, and highly recommends further applied empirical research in several key-areas.

## 2. Understanding Poverty Dynamics: Vulnerability, Risk Management, and Non-Risk Factors

In recent years, the concept of vulnerability has stimulated new analytical refinements and original empirical research which have greatly contributed to a better understanding of the processes that lead to poverty<sup>1</sup>.

Vulnerability arises from a complex web of economic, political and social conditions (see figure 1), a process of cumulative conditions which vary over time and space depending largely on the changing processes through which individuals, households and communities fulfil their immediate subsistence needs

and invest in medium and long reproduction of their social system (Siegel *et al.*, 2003; WFP, 2002; Alwang *et al.*, 2001). While complexity underlies such a



definition, 'living on the edge' provides a graphic image of the livelihood circumstances that the vulnerability definition conveys. Living on the edge evokes the sense of a small push sending a person or people over the edge, and it is just this knife edge between ability to survive and thrive, and sudden loss of ability to do so, that vulnerability seeks to describe (Ellis, 2003). However, assessing vulnerability is like "trying to measure something that is not there, making the search for a visible reference point a difficult task" (Webb and Harinarayan, 1999, p.298). In other words, while there are concepts that have a standard to refer to (e.g. anthropometrics<sup>2</sup>), vulnerability can be addressed only by adopting a relative approach without referring to a defined benchmark or 'gold standard' (Hoddinott and Quisumbing, 2003; Ligon and Schechter, 2002; Maxwell *et al.*, 1999).

Vulnerability needs to be defined in relation to specific threats, and the concept per se can be analyzed through a wide set of related but not identical lens (e.g. vulnerability to poverty, to malnutrition, to food insecurity, or to natural disasters) affecting different people in different ways, times and magnitude.

Single measures of deprivation (e.g. poverty or food insecurity) are ex-post and atemporal, usually treated in static, non-probabilistic terms (Barrett and McPeak, 2003). They capture the basic information on present conditions, while vulnerability seeks to capture the underlying causal processes that led to the actual status, and which will probably influence future conditions (Lautze *et al.*, 2003). According to Frankenberger (2003, p.21), "poverty and food insecurity are essentially static concepts whereas vulnerability is dynamic and describes how people move in and out of poverty and food insecurity. [They] often are a snapshot in a point in time that will not be able to capture dynamics of the vulnerability dimension".

It is now widely recognized that vulnerability can be lessened through effective *risk management* strategies aimed at (1) reducing the exposure to risks, (2) increasing in the ability to manage risks, or (3) both<sup>3</sup> (Haddad and Frankenberger, 2003). While (1) enshrines the likelihood that individuals or households will be affected by a shock (i.e. the realized risk), (2) captures individual's or household's

ability to manage such threats - either before or after they occurred (Heitzmann *et al.*, 2002).

Risks and shocks are not the same phenomena because not all the risks materialize and hit people. However, when they do (and for whom they do) they become a shock which can be analyzed from many different points of view<sup>4</sup> (Morduch and Sharma, 2002; Tesliuc and Lindert, 2002; Davies, 1996). Some risks cannot be actually eliminated (e.g. most of the natural ones), while other risks can be de facto eradicated (e.g. malaria). Then – and in particular in the case of natural disasters – the burden of risk management often relies on the active provision of effective instruments to “to find a way to live with these phenomena” (ISDR, 2002, p.5). The number of volcanic eruptions have held fairly steady, but disasters related to water and weather have increased dramatically, and their effects are likely to become even more devastating as populations at risk increase (Hutton and Haque, 2004; ICRC, 2003). This means that “even when a prime mover in famine is a natural occurrence such as floods or droughts, what its impact will be on the population would depend on how society is organized” (Dreze and Sen, 1989, p.46). In other words, “enhancing resiliency does not mean reducing the number of shocks. [...] Reducing vulnerability rests on helping communities better manage the many risks that they face on a daily basis” (Webb and Rogers, 2003, p.8).

Apparently, there is an increased tendency to consider almost all the events of the poor’s lifecycle as risks. While much does correspond to reality, an ‘abuse’ of the concept or simplistic generalizations emerge from several sources. In this regard, Coates *et al.* (2003) and Webb and Harinarayan (1999) suggest to look beyond conventional categories of people at risk, while Frankenberger (2003) stresses the importance of looking at the factors causing assets and coping capabilities to deteriorate (rather than assets and coping strategies themselves). Also Devereux and Sabates-Wheeler argued that “...if rather than focusing on risk as an exogenously given factor to be managed, vulnerability is conceptualised as emerging from and embedded in the socio-political context, then our attention would no longer be focused on how to design a policy so that various groups face

less risk in a given context, but on how to change this context to minimise risk for a range of vulnerable groups” (p.6).

On the risk management side, three broad classes are usually identified, namely ‘prevention’, ‘mitigation’ and ‘coping’ strategies (Heitzmann *et al.*, 2002; Holzmann and Jorgensen, 2000; Alderman and Paxson, 1992). While prevention and mitigation strategies are both *ex-ante* (i.e. undertaken before the shock materializes), the prevention ones reduce the probability of the shock from occurring, whereas mitigation strategies are aimed at reducing the potential impact of the shock when it occurs, for example through portfolio diversification or insurance mechanisms. Such *ex ante* risk management actions may come at high cost, as demonstrated by Walker and Ryan (1990) who found that households in semi-arid areas of India may sacrifice up to 25% of their average incomes to reduce exposures to shocks. Therefore, effective public action that reduces such costs and makes *ex ante* options more accessible is recommended.

On the other hand, coping strategies – undertaken to relieve the impact of shocks once they occurred – may even be more costly than the *ex ante* ones. These *ex-post* strategies, now widely documented, usually concern the depletion, erosion and dis-saving of financial, physical, human and natural capital. Poor households may be unable to fully cope or recover from a shock, becoming even more vulnerable to the next shock. Their asset holdings may be minimal (in the extreme case they may have accumulate assets for their entire lifetime) and thus they are rendered destitute by the smallest income loss, running the risk of irreversible damages to their wealth base (Behrman, *et al.*, 2004; Alderman *et al.*, 2003). Following Maxwell and Frankenberger (1993, p.29), “coping may be a misleading positive word, implying that food insecure households survive period of high risk unscathed: in fact, households may survive only at cost of significant impoverishment”.

Many related concepts belonging to the neo-classic economics have been taken ‘on loan’ (such as risk attitudes, decisions under uncertainty, portfolio management, income and consumption smoothing), and important insights for understanding

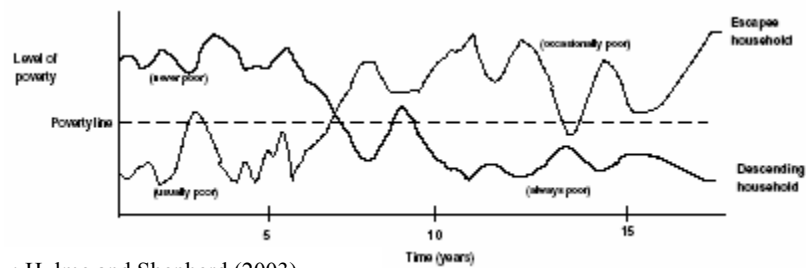
poverty dynamics have been provided<sup>5</sup>. Indeed, a growing body of literature is now showing that the poor is not an homogeneous group, and that vulnerability is a key-factor in scrutinizing the distinction between chronic and transitory poverty<sup>6</sup>.

Transitory poverty is defined as a temporary inability to meet basic needs or smooth consumption levels due to periodical and cyclical fluctuations in incomes or unexpected temporary shocks. Households that persistently face deprivations over a significant timeframe (conventionally 5 years) are considered chronically poor. Chronic poverty is strongly associated with structural disadvantages that are difficult to quickly reverse, typified by lack of assets, high dependency ratios, residence in remote locations, working in low-return occupational categories and chronic sickness and/or social barriers (CPRC, 2004; Bird *et al.*, 2002; McKay and Lawson, 2002). Some of the chronic poor may remain in such conditions for most of their lifetime and may transmit income and related deprivations to next generation (Moore, 2001).

The literature shows that, on the one hand, the transitory poor are usually considered highly dynamic (move in and out a fixed benchmark) – they are the so called ‘vulnerable’ (to a worsening condition). At this point one would expect the chronic poor to be ‘highly vulnerable’, but apparently this is not reflected in many studies. Indeed, the chronically poor are implicitly considered more static, even if they still have a transitory component. From this perspective, they are considered trapped into their day-by-day life, and hence relatively less dynamic and vulnerable. In reality, they are not only moving ‘up and down’ well below a defined threshold, but what makes them even more vulnerable to starvation than the transitory poor is not only the tiny distance from a survival line, but also the downward trajectory that they often show. With the terminology of Hulme and Shepherd (2003), this may be the part of the ‘always poor’ with a pattern similar to the one ‘descending’ households (see figure 2).



Figure 2



Source: Hulme and Shepherd (2003)

This trend represents a slow-but-inexorable livelihood erosion over time, causing the collapse of the resilience capacity of entire communities<sup>7</sup> (SCN, 2004). For example, this is the pernicious trend that took place in Malawi over the last thirty years (CARE, 2003b).

However, while the extent to which the always poor are also descendent remains an empirical question, the case for more effective social protection is evident and more attention should be also be paid on the dynamics of chronic poor households. Following Devereux (2003, p.9), "... in the aftermath of a food crisis, it is all too easy to focus on 'coping' interventions, designed to assist affected households and communities first, to survive and second, to rebuild their livelihoods. These are important ameliorative measures, but they do nothing to reduce vulnerability to future shocks that will require more ex post coping interventions. A strong case can be made for thinking now about strategies. (...) This requires a more holistic view of social protection than is usually adopted, and implies making strong linkages with 'developmental' policies without neglecting the immediate needs of the vulnerable".

The literature shows that are different frameworks for conceptualizing vulnerability and risk management (Young *et al.* 2002; World Bank, 2001; CARE, 2003a). While some of the differences in the conceptualization of vulnerability are also reflected into different approaches to social protection, important common themes are emerging. For example, considerable analytical and empirical attention has been deserved on ways to lift household far enough above a survival line to enable them to engage in riskier but higher-return activities, in particular for

livelihoods diversification<sup>8</sup> – a niche particularly developed under the ‘sustainable livelihoods’ framework (Cannon *et al.*, 2003).

Following Webb and Rogers (2003, p.16) “...recent work on diversification serves as a useful bridge between work on agricultural intensification and poverty alleviation, on the one hand, and risks, shocks, and vulnerability, on the other<sup>9</sup>”. Diversification patterns reflect individual’s voluntary exchange of assets and their allocation of assets across various activities with different risk profiles so as to achieve an optimal balance between expected returns and risk exposure<sup>10</sup> (Barrett *et al.*, 2001; Block and Webb, 2001). However, the poorest and marginalized households still face high barriers to entry in such niches (Webb *et al.*, 2002; Dercon, 2001; Hashemi, 2001; RESAL, 2000). The themes of diversification and its multiplier effects are also present in the food policy literature, and recent work on the rapid rise of supermarkets in developing countries is a point in case (Timmer, 2004; Maxwell and Slater, 2003; Reardon *et al.*, 2003).

A recent body of literature is arguing that while risk plays an extremely important role in shaping our understanding about poverty dynamics, it may not be the only factor to be considered. In other words, vulnerability should be complemented with other analytical approaches that provide additional insights especially on issues that risks alone can probably not explain (CPRC, 2004; Barrientos *et al.*, 2004). Following Barrientos and Shepherd’s discussion on the lives of the chronic poor (2003, p.7), “... it is likely to be grinding, relentless poverty and deprivation and the day to day relationships and experiences that structure their lives which shapes their behaviors just as much as, if not more than calculations of risk<sup>11</sup>”. The capacity of vulnerability to explain the daily silent emergency of hundreds of million people through the risk vicious cycle (i.e. risk exposure and realization - inability to manage risks - shock impact - behavioural change - increased vulnerability in the long run) is increasingly questioned. While risk tells an important part of the story, it is not complete.

### 3. *Old and New Directions in Social Protection.*

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Policy makers, academics and practitioners often equate social protection to welfare, social security, safety nets or social insurance mechanisms. While these items *are* part of social protection strategies, individually they *are not* equal to social protection per se. Social protection is now perceived as the overarching policy framework of all these single components, and the World Bank's social protection sector strategy or the studies undertaken at IDS and ILO have clearly stated the need to move beyond mere transfers towards comprehensive forward-looking policies<sup>12</sup> (Cannan, 2004; Dercon, 2004; GTZ, 2004; Devereux, 2003; Van Ginneken, 2003; World Bank, 2001a).

In the past, social protection systems have been often perceived as costly policies that merely perpetuate dependency among beneficiaries and public action was increasingly called to limiting the scope for interventions to “what is feasible” rather than “what is desirable” (Ravallion, 2003; Smith and Subbarao, 2003; Haddad and Zeller, 1996). The social protection panorama was characterized by a ‘projectization’ of social protection (lacking a coordinated ‘system view’), which in turn increased vulnerability to shocks and livelihood erosions during time due to the (CARE, 2003b; Devereux, 2003; Ellis, 2003). In this scenario, safety nets *alone* have often been expected to reduce chronic vulnerability in a context where households’ coping capacity was already overwhelmed<sup>13</sup>.

While much of these facts holds true even today, lessons learned and new empirical evidence suggest that the enhancement of resiliency among vulnerable households requires a more forward-looking and comprehensive social protection strategies. Also from a semantic point of view, even the term social ‘protection’ may result inadequate, as what it aims to achieve is not only to protect livelihoods, but to promote and invest on the potentialities of the poor, thus making them *active* contributors of their own national socioeconomic development.

A very interesting workshop was organized by the Overseas Development Institute (ODI) with the aim of laying out the broad conceptual and strategic issues involved in the definition of social protection strategies taken by donors (Conway *et al.*,

2000). The major outcomes were some of the key-issues in current thinking about social protection issues, namely that: (a) a broad range of potential actors and partnerships needs to be explored, and it's essential that international agencies collaborate; (b) it is crucial that a social protection perspective is developed in a way that facilitate and stimulate a productive dialogue with the government for help guide choices, prioritizing and sequencing interventions, better clarifying and mapping the capacities of different actors with regard to different social protection tasks, and enabling national ownership of the programmes; and (c) the institutionalization of social protection in donor structures is strongly needed. Today, social protection provides an agenda for making a smooth transition from the chaotic collection of humanitarian projects to a more reliable and regularized system that protect the population as a whole, and moving the centre of its activity to the government (Darcy, 2004, Christoplos, 2004, TISA, 2002).

Conway and Norton (2002) argued that 'what is new' about the concept of social protection is the link it makes between social assistance and wider objectives such as vulnerability, growth and rights. Following Barrientos and Shepherd (2003, p.3), today "the challenge is whether and to what extent or in what way a narrow approach to social protection developed in the 1990s and designed predominantly to prevent the poor from becoming destitute can also play a role in creating conditions for persistently poor people to emerge from poverty, and can even interrupt some of the structural patterns which maintain people in poverty".

The new discourse of social protection recognises that in the absence of effective collective arrangements to manage risks, individuals and households are forced to engage in micro-level, informal risk management strategies which frequently impose very high costs of their own, as already discussed. Interventions by the governments act on risk management systems that already exist, and the objective of such interventions should therefore be to support functional behaviour and institutions and weaken dysfunctional behaviour and opportunities<sup>14</sup> (Shepherd, 2004; Conway and Norton, 2002). In other words, the function of public risk management strategy would be "to combine the best of private strategies with

various public transfer programmes” (Webb, 2003a, p.16). Therefore, effective policymaking requires a nuanced understanding on poor people’s temporal decision framework and the ways they make a living, so that transfers can crowd-in sustainable benefits to their livelihoods. This crucial (quantitative and qualitative) information is provided by sophisticated diagnostic products such as WFP’s VAM or World Bank’ RVA. These tools can in fact reveal very much on households’ sources of risk, the ability to manage them and the social relations that shape the features of chronic poverty.

While these important features are present in almost all social protection papers, there are differences in the interpretation of social protection across institutions, reflecting in large measure their particular backgrounds, specific priorities as well as theoretical and operational approaches (GTZ, 2004; ILO, 2004; Shepherd, 2004; WFP, 2004; Conway and Norton, 2002; ADB, 2001; Norton *et al.*, 2001; World Bank, 2001a). In particular, how to base a social protection strategy – whether on needs, rights, or risks – is of serious concern, but in the actual scenario there is also room for some reasonable degree of optimism, as recently demonstrated by Devereux and Sabates-Wheeler (2004)<sup>15</sup>.

The World Bank’s Social Risk Management (SRM) framework has been at the center of analytical disputes. The framework has many merits, not last it enriched the social protection discourse with the concepts of uncertainty, asymmetric information and uninsured risks. In other words, it “drawn together and systematized a large body of pre-existing work on vulnerability and risk with more recent thinking on the relationship, at the macro level, between risk management and the prospects for growth and poverty reduction” (Conway and Norton, 2002, p.534). It has also significantly contributed to pay attention to the multiple social protection providers and to shift thinking from ex-post to ex-ante measures. With the words of Holzmann *et al.* (2003, p.15) “social protection and the way it is conceived underwent significant changes: from an afterthought to economic and human development it has moved to its center and is likely to stay there”. However, criticism to this framework exists. Indeed, part of the literature does not

see the SRM as an open-minded approach, which is necessary when approaching human development issues. For instance, the SRM's heavy concentration on just income poverty is one of its most cited conceptual fallacies (MacKinnon, 2002). Devereux and Sabetes-Wheeler (2004) also argued that the SRM reflects a limited conceptualization of vulnerability<sup>16</sup>, does not explicitly address the chronic poor<sup>17</sup>, concerns itself predominantly with formal social protection strategies and encourages a limited role for government in social protection provision. The SRM may have also underestimated the advantages in providing in-kind transfers in certain circumstances – basically the food vs. cash debate (crucial for designing a more fluid shift between social protection components) is underdeveloped. In addition, it implicitly considers the chronically poor as non-vulnerable, as opposed to the vulnerable-transitory poor who may be seen as more economically active potential contributors to the growth process (see also the discussion in the previous paragraph). However, a considerable body of evidence is accumulating showing the benefits in breaking and reversing lifecycle and intergenerational aspects of deprivation, also in terms of future or forgone growth (Behrman *et al.*, 2004; Haddad *et al.*, 2002; McCharty *et al.*, 2002; FAO, 2001; Horton, 1999). Social protection arrangements should facilitate social development and promote more extended horizons, and often do have the potential to enhance the scope for including marginalized groups into the mainstream. As noted by Shepherd (2004), social protection needs to include measures "... that increase the chances that individuals and households will be in a position to contribute positively in future, otherwise its proponents could be accused of perpetuating poverty on a massive scale" (p.9). The author also highlighted that SRM's presumption that prevention, mitigation and coping strategies are enough to automatically recover from shocks is empirically not well grounded, as a "risk of non recovery" has been documented and needs to be taken into account (Bird and Shepherd, 2003).

The following simple table<sup>18</sup> enshrines the potential social protection components in developing countries<sup>19</sup>. From a static point of view, there are three basic pillars: social prevention, social insurance and social assistance. Social prevention policies

comprise the set of instruments aimed at both preventing risks from occurring and creating the (often legislative) environment for social and economic development.

Table 1. A social protection framework in developing countries: a static taxonomy

Social protection component	<i>Social Prevention</i>	<i>Social Insurance</i>	<i>Social Assistance</i>	
			<i>Safety Nets</i>	<i>Welfare</i>
Risk management strategy to enhance	Prevention/Not necessarily risk-based	Mitigation	Coping	Coping/Not necessarily risk-based
Examples	Labour market policies	Microfinance Portfolio diversification opport. Health insurance	Food-for-training Cash-for-work Food-for-education	Basic health services Fee waivers Non-contrib. pensions
Examples of targeted beneficiaries	Poor and non-poor	Transitory poor	Chronically poor	Chronically poor unable to work, socially marginalized
Example of instruments (transfers)	Legislation	Cash	Cash, Food	Near-cash, services
Livelihood effect <sup>20</sup>	Promotional/Preventative	Preventative	Protective	

Source: author's re-elaboration from World Bank (2001, 2000); Holzmann and Jorgensen (2000, 1999); CARE (2003a); Devereux (2002); Devereux and Sabates-Wheeler (2004).

Social insurance options include two main classes, namely 'truly' insurance mechanisms (i.e. paying a premium and getting a payout when a predefined event occurs) in countries that are at a development stage that can manage them, and portfolio diversification opportunities. Insurance should be available ex-ante a shock, usually for the transitory poor (the vulnerable) that nevertheless already have some degree of capacity to manage risks<sup>21</sup>. The social assistance pillar includes two elements that are often confused: safety nets and welfare mechanisms. The safety nets are targeted to the chronically poor able to actively participate to social life, the welfare ones are aimed at better serving chronically poor people who are nor able to work (e.g. elderly) or maybe socially marginalized. The next paragraph will analyze more in depth safety nets' static and dynamic effects and objectives.

This model of social protection seems generally consistent with Devereux and Sabates-Wheeler (2004) who argued that "...other forms of 'social protection' would address distinct problems of 'social vulnerability', not necessarily through resource transfers, but through delivery of social services, and through measures to modify or regulate behaviour towards socially vulnerable groups" (p.9). Therefore, social protection strategies have important roles to play in contributing to the creation of opportunities, in enabling people to join such opportunities, in ensuring that development gains are not wiped-out by the next shock, and in general in making societies a better place where live for everybody.

#### *4. Mainstreaming Social Safety Nets into Social Protection*

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During the past decade, there has been a widespread disillusionment with social safety nets which were criticized as mere welfarist mechanisms that reduced the poor to *passive* recipients of handouts and made little *contribution* to broader development goals or to sustainable poverty reduction. Safety nets' association with the "adjustment with a human face" approach doesn't play a minor role in creating scepticism around this term (Stiglitz, 2001). People often define safety nets as 're-packaged old solutions', as naïve approaches to poverty, or in extreme cases as a way of transferring western models into developing countries' realities; even the term itself may evoke negative images – poor people engaged in dangerous acrobatic exercises. While taking into account all these relevant concerns, in this paper I will just concentrate on the substance on the concept and its potentialities.

Social safety nets have been particularly highlighted in the development agenda after the 1990 WDR (World Bank, 1990), which defined social safety nets as "forms of income insurance to help people through short-term stress and calamities" (p.90). During the following years there has been an increasingly tendency to use interchangeably the term 'social safety nets' with the broader concept of 'social protection'. For example, Subbarao *et al.* (1997) defined safety nets as "programs which protect a person and household against two adverse



economic outcomes in welfare: chronic incapacity to work and earn (chronic poverty) and a decline in this capacity from marginal situation that provides minimal means for survival with few reserves (transient poverty)” (p.2). Also Haddad and Zeller (1996) assumed that “... in the broadest sense of term, social safety nets are synonymous with social security which encompasses social insurance and social assistance functions<sup>22</sup>” (p.2). From a static point of view, safety nets are income and consumption transfers for the able-bodied chronic poor (chronically vulnerable) who cannot positively cope with livelihood shocks, often caused by uninsured risks<sup>23</sup>. However, safety nets should be available (‘ready to go’) *before* a shocks occur – they should be designed during good times. This is particularly important for the discussion in the next paragraph on the need for more predictable safety nets and the related potential developmental gains.

Safety nets can be cash-based or food-based. An extensive analysis of the advantages and disadvantages between cash and food goes beyond the scope of this paper<sup>24</sup>, but it’s worth to acknowledge that while the debate has focused very much on the ‘food vs. cash’ debate, guidance the right *balance* between the two remained empirically underdeveloped. Indeed, it is important to bear in mind the crucial role played by adequate non-food resources for complementing food-assisted programmes and ensuring that delivery can be guaranteed to the most remote areas (Webb, 2003a). Nevertheless, a few of the specific pros of these transfers (often cons of the other) are summarized in table 2.

Table 2. Food vs. Cash Transfers: A Naïve Overview of Advantages and Disadvantages

<i>Food Transfers</i>	<i>Cash Transfers</i>	<i>Cross-Cutting Issues</i>
where administrative capacities are weak where markets are disrupted more likely to be self-targeting more impact on HH nutrition if given to women can be enriched with micronutrients	where capacities to manage them are in place where markets are well functioning less costly to manage are fungible easier to combine with near-cash transfers	administrative costs political sensitivity targeting mechanisms and errors disincentives and distortions crowding-out effects
<i>Source:</i> Barrett and Maxwell (forthcoming); Abdulai <i>et al.</i> (2004); Coady <i>et al.</i> (2004); Hoddinott <i>et al.</i> (2004); Bezuneh <i>et al.</i> (2003); MacMillan and Davis (2003); Subbarao (2003); Barrett (2002); Bonnard <i>et al.</i> (2002); Del Ninno and Dorosh (2002); Devereux (2002b); Rogers and Coates (2002); Tabor (2002); Hashemi (2001); Castaneda (2000); von Braun <i>et al.</i> (1999); Reutlinger (1999); Edirisinghe (1998); Haddad <i>et al.</i> (1997); Slesnik (1996); Faminow (1995); Fraker <i>et al.</i> (1995); Coate (1989); Sen and Dreze (1989).		

In a more dynamic perspective (over time), it's difficult to find out safety nets that may not have second-round effects in terms of, for example, social insurance or welfare<sup>25</sup>. That's why the World Bank (2001a) affirmed that "...in most developing countries today, risk management emphasizes interventions after a disaster strikes. (...) Safety nets put in place before adverse shocks hit can serve both risk mitigation and coping purposes". The longer run offers a more comprehensive safety nets analysis in terms of *degree*, where safety nets range from welfare-oriented to more prevention-oriented transfers. This means that safety nets should be a *way* of providing livelihood support, rather than just a set of transfers. Following Haddad and Frankenberger (2003, p.2), "...safety net transfers are not just residual to the growth process - they should be an integral part of a growth strategy".

In dynamic terms, food-for-education programmes (including school feeding and take-home rations) may be more prevention-oriented due to the relation between education and capabilities. An excellent example of mitigation-oriented safety nets is provided by food-for-training programmes, particularly in Bangladesh<sup>26</sup>. These programmes address the unique constraints faced by the ultrapoor, enable people to join opportunities otherwise inaccessible, offers pathways out of poverty and serves as a bridge between risk coping instruments (food aid) and risk mitigation opportunities (microcredit). Another example of mitigation-oriented safety nets is provided by cash-for-work programmes, in particular when aimed at building assets to mitigate the effect of covariate risks<sup>27</sup>. Examples of welfare-oriented safety nets may be the provisioning of fortified foods to poor lactating or pregnant mothers, or to food aid transfers to orphanages in poor communities. Also targeted near-cash transfers (i.e. subsidies, stamps and vouchers) may represent an example of welfare-oriented safety nets. The literature documenting the multiple safety nets functions is very (Coady *et al.*, 2004; WFP, 2004b; Morley and Coady, 2003; Subbarao, 2003; Alderman, 2002; Barrett, 2002; Devereux, 2002a; Rogers and Coates, 2002; Tabor, 2002; Castaneda, 2000; Subbarao *et al.* 1997; Grosh, 1994). For example, one of the most important and documented objectives that safety

nets pursue is consumption smoothing. However, evidence shows that pursuing this objective has been documented to have an impact in contexts of high poverty mobility (Zimmermann and Carter, 2003; Baulch and Hoddinott, 2000; Jalan and Ravallion, 2000; Yaqub, 2000; Sinha and Lipton, 1999; Morduch, 1995). The problem then is whether safety nets are the best instruments in situations of endemic, ‘structural’ and widespread poverty. In other words, the difference between different livelihoods profiles may not only be tiny in theory, but even blurred in practice.

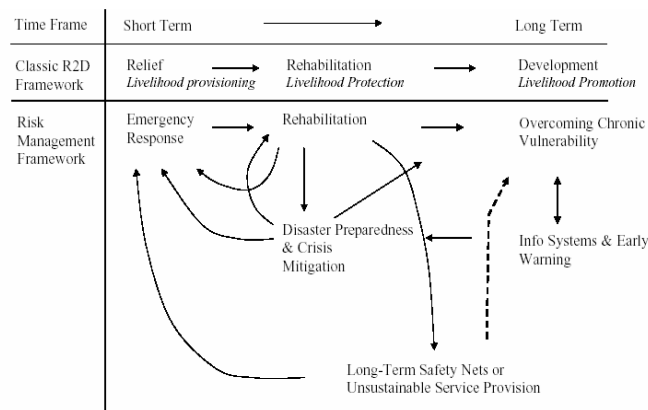
Also Barrientos and Shepherd (2003) argued that countries where chronic poverty is more of a residual phenomenon are probably in the best position to address the issue through redistributive policies. On the other hand, countries where there are large numbers of chronically poor may have least resources and capacities to develop and implement relevant policy frameworks. In these contexts the chronically poor and food insecure are more likely to benefit from more naïve welfare-oriented programmes (e.g. universal subsidies or basic health services) which may seem as old-fashion but are de-facto much needed (Devereux, 2003; Ravallion, 2003).

On the empirical side, much less have been analyzed in terms of putting safety nets in a social protection perspective and in the holistic nature of its framework. This is a very exciting field of research, as not only social protection components are related each other<sup>28</sup>, but the overall social protection framework per se can have positive poverty reduction and development outcomes – at both the micro and macro levels – and often at an affordable cost. As mentioned in the previous paragraph, many governments are facing the “Catch-22” of social protection – the greater the need for social protection, the lower the capacity of the state to provide it. Fiscal unaffordability, lack of information, structural asset deficit, low administrative capacity are all identified as binding constraints in very poor countries (Smith and Subbarao, 2003). Underpinning to this situation is that where risk management instruments are most needed may not be where returns to investment are highest<sup>29</sup> (Webb and Rogers, 2003; Bird *et al.* 2002; Ravallion and

Wodon, 1997). Social protection has to confront with these issues, and this will take a long time as the public sector capacity is low. Therefore it is crucial to not abandon humanitarian programmes before reliable alternative livelihood options are in place, but rather to make them more ‘productive’ (i.e. based on reciprocity, such as when transfers are given in exchange of a defined behaviour - labor, attending trainings or going to school), where appropriate.

Social protection’s focus on both ex-ante measures - its developmental part - and ex-post response - its humanitarian part - *can* potentially help to both address the causes of long term vulnerability as well as deal with the “Catch-22” itself<sup>30</sup>. Indeed, the reality of many shock-prone, chronically poor countries is that relief and development can and often do occur in the same spatial environment at the same time<sup>31</sup> (TANGO, 2004a; USAID, 2003; CARE, 2003a; Haddad and Frankenberger, 2003; WFP, 2003). That’s why the relief-to-development (R2D) framework adopted in the 90s has not been effective - its sequential nature did not reflect the reality in the field and didn’t provide a clear way to proceed from emergency programs to development-based activities, and vice versa (figure 3).

Figure 3. From the Relief-to-Development Continuum to Risk Management



Source: CARE (2003a)

The challenge that social protection has to face in shock-prone settings is that “...chronic vulnerable populations require interventions that are stable and multi-year. Right now many programs are either large scale emergencies, which don’t

see productive results, or smaller scale development programs, which don't reach significant scale" (TANGO, 2004, p.12). Where humanitarian action is ad hoc, the development of a social protection system provides an opportunity to transform haphazard safety net programmes into a nationwide system to support communities, households and individuals in achieving secure livelihoods<sup>32</sup>.

Indeed - on the one hand - mainstreaming safety nets into social protection may result in a more developmental and cost-effective approach to relief. For example, Owens and Hoddinott (1999) estimated that the redistribution of relief aid given to Zimbabwean households in 1995-96 as development aid in 1992-93 would have reduced the incidence of poverty by 6% and its' severity by 9%: "...cuts in development budgets to fund relief operations are therefore likely to incur in an opportunity cost in terms of forgone poverty reduction". With the words of Shepherd (2004), "partnerships between humanitarian organizations and parts of the state designed to take up the social protection mandate could ensure a degree of accountability to ordinary people, if the process is designed with accountability in mind" (p.13). On the other hand, social protection interventions seem to better respond if organized as a cross-cutting theme and when spread across a range of policy sectors rather than as one-sector approach. This is what Conway *et al.* (2000) meant when they affirmed that social protection "is more appropriately perceived as a perspective" (p.69). In this way there is a strong possibility of reasonable implementation, and an additional dimension in a number of sectors would be less expensive than developing new administrative structures. Farrington *et al.* (2003) explored this issue with the lens of potential synergies between agriculture and social protection, and argued that "there is substantial unexploited scope for introducing the perspectives of the one into the design and implementation of the other".

New promising experiences are emerging worldwide where predictable safety nets are often explicitly designed to promote graduation of households out of chronic food insecurity<sup>33</sup>, while the graduation itself will be further maximized as safety nets are integrated into the national social protection schemes<sup>34</sup>. Examples include

the widely documented Mexican *PROGRESA/Oportunidades*<sup>35</sup>, or the more recent Ethiopian Productive Safety Net Programme, Afghanistan's Livelihoods and Social Protection Public Investment Programme, Malawi's Joint Integrated Safety Net Programme, and Ecuador's social protection strategy implemented under the newly-established *Frente Social*. While the overall direction looks promising, most of these strategies are at the very first stages and therefore caution must be paid in making fast conclusions.

### 5. Conclusions

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If we look at safety nets from a social protection angle (i.e. the 'system view'), then I think there could be some good news. Institutionalizing a coordinated social protection strategy could entail having the building the basis for a common analytical floor. Actors are more likely to 'speak the same language', a country and its citizens could benefit from synergies between different options, programmes may be more supportive rather than competitive, efforts are more likely to not be duplicated, and advocacy opportunities could be expanded. In this sense, we already have some good examples, and new experiences are emerging.

However, social protection has to face many challenges in the coming years, for example in terms of considering both risk and 'non-risk' factors, to rightly balance ex-ante and ex-post interventions, and to address the long-term causes as well as short-term effects of poverty. Therefore, in order to better frame strategies, calibrate policies and better design and implement programmes, this paper highly recommends further applied especially in the following five areas: (i) when to make the shift between different social protection components and how to make this process smoother; (ii) how to better mainstream social protection across different ministries and how to better coordinate them; (iii) the specific design of social protection strategies in different country contexts; (iv) how to improve mechanisms to reach and better serve people living in marginalized, remote rural areas; and (v) how to better mainstream humanitarian action into national social protection strategies. In addition, advocacy efforts are also needed to make sure

that social protection is adequately covered in national poverty reduction strategies, where it can ultimately play an active role for both human and economic development.

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## Ending Notes

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<sup>1</sup> It is important to highlight that this paper deals with poverty because much of the empirical work has been undertaken in relation to this dimension, especially on the dynamics during time (Dercon, 2004; Skoufias and Quisumbing, 2003; Chaudhuri *et al.*, 2002; Sumarto *et al.*, 2000). However, food insecurity is a *crucial* dimension to be considered in poor countries. While recognizing that poverty and food insecurity are related but not identical, important lessons can still be drawn and applied to the food insecurity context.

<sup>2</sup> For example, child stunting is defined as low height-for-age at <-2 Standard Deviations of the mean value of the NCHS/WHO.

<sup>3</sup> Public risk management can occur at various levels (at individual, household, community, national and regional level).

<sup>4</sup> Distinctions can be made between various types of shocks: ‘natural’ (e.g. flood) or ‘manmade’ (e.g. war); ‘subjective’ and ‘objective’, where the former is based on the decision-maker perception about the probabilities of events and outcomes, while the latter is based on reliable data; ‘idiosyncratic’ or ‘covariate’, where idiosyncratic shocks are household-specific (e.g. the death of the family head), while the covariate are widespread (e.g. drought); ‘single’ or ‘repeated’ shocks, where the difference lies in the recurring nature, also referred to as the degree of autocorrelation between shocks following one another (e.g. drought followed by sickness); ‘temporary’ or ‘permanent’ shocks, depending whether or not they perpetuate across seasons or years; ‘catastrophic’ and ‘non-catastrophic’ events, where the former occur with low frequency/severe effects (e.g. disability), while the latter with high frequency/non-severe effects (e.g. transient illness); and finally, ‘predictable’ and ‘non predictable’ shocks, depending by the degree of uncertainty surrounding the risk. However, different types of shocks should not be analysed as compartmentalized strands, but in a holistic way. For example, recent evidence from rural Indonesia shows that a covariate shock of economic nature has caused idiosyncratic nutritional outcomes.

<sup>5</sup> For example, extensive multidisciplinary research reveals that conservative or even inert entrepreneurship that traps its practitioners into low risk/low return activities is not necessarily evidence of their irrationality, incompetence or backwardness, but may well be a manifestation of a finely balanced survival algorithm. Analyzing qualitative data from Ethiopia, India and Uganda, Mosley and Verschoor (2003, p.25-26) suggested that “...hit after hit after hit will lead to a depletion of the (physical, human and social) capital buffer and thereby to an increased probability of income poverty in any given year, and thereby to an increased probability of chronic poverty. Chronic poverty itself, through its reign of terror on health and strength, self-esteem and optimism, reinforces the risk avoidance that is prescribed at any rate by a long-term survival strategy. Avoidance of risky investment opportunities that offer an escape from poverty completes the circle”.

<sup>6</sup> The distinction between chronic and transitory poverty is not always neat in practice and different measurement methodologies coexist.

<sup>7</sup> These situations often happen outside the circuits of the highly-visible emergencies. That’s why they are also called ‘daily silent emergencies’ (Webb, 2003b).

<sup>8</sup> Livelihood diversification is the process by which families construct a diverse portfolio of activities and social support capabilities in order to survive and improve their standard of living (Ellis, 1998). Thus, in theory, the situation faced by rural households can be linked to that of an investor considering a range of opportunities and aiming at building up a portfolio of assets, and “...rural families increasingly come to resemble miniature highly



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diversified conglomerates” (Toulmin et al, 2000, p.10). But why do the poor diversify? We can distinguish between “push” and “pull” factors. The former concerns the limited risk bearing capacity in presence of rural market failures, and this create the incentive to select a portfolio of activities in order to stabilize income and consumption. In other words, LD is a strategy for reducing risk and a response to diminishing factors returns. The “pull” factors comprise a strategic integrations and complementarities between activities (i.e. crop-livestock production integration), and specialization according to comparative advantages.(i.e. proximity to urban areas creates potentialities for production-expenditure linkage activities)

<sup>9</sup> Indeed, the authors argued that “the intensification literature generally focuses on potential multipliers between agricultural productivity and the rest of the rural economy since a vibrant non-farm rural sector allows for greater farm specialization as well as higher demand for farm products. By contrast, the livelihoods literature focuses on the importance of spreading risk through covariate insurance strategies where households seek to protect themselves against the vagaries of climate and shocks. This dual characteristic of livelihood diversification - generator of wealth as well as smoother of consumption - has led a number of development agencies, governments and non-governmental organizations to promote income and asset diversification as a key strategy for countries facing repeated income and consumption shock”.

<sup>10</sup> For instance Dercon (2001) argues that different income sources are not perfectly covariate, then there will be a reduction in total income risk from combining two income sources with the same mean and variance. As long as mean income is the same, there appear to be no costs involved.

<sup>11</sup> Interestingly, this debate seems to follow the causal distinction between ‘individualists’ and ‘structuralists’ schools of thought made by Humphreys (1997) in his historical review.

<sup>12</sup> However, this does not mean that in certain circumstances ‘pure’ transfers without any reciprocity are inappropriate (e.g. the welfare component of table 1, presented later in the paragraph). Moving from narrower social assistance programmes to broader social protection strategies doesn’t deny the importance of social assistance per se, but *does* emphasize the need for expanding the policy *perspective* (and consequent operational linkages).

<sup>13</sup> Intuitively, the level of complexity for designing and implementing effective risk management programmes drastically increases in chronically food insecure environments.

<sup>14</sup> It is often argued that public action should obviously not ‘crowding out’ informal risk management mechanisms (Ahmed and Arends-Kuenning, 2003), which however – in certain and well defined circumstances – may seem a contradiction when the objective is to stimulate a behavioural change (e.g. lessening risk aversion). Following Conway and Norton (2002, p.537), “... the rationale for state action to reduce households’ exposure to risk and to help ameliorate the effects of shocks which do occur is at least partly to provide, through more efficient and equitable collective arrangements, a less onerous means of protection against vulnerability. (...) Furthermore, state action may also include ‘crowd in’ other transfers”.

<sup>15</sup> Indeed, the authors showed that a combination of the three elements into social protection frameworks seems feasible. They advocate for a ‘transformative’ role for social protection – “where ‘transformative’ refers to the need to pursue policies that relate to power imbalances in society that encourage, create and sustain vulnerabilities” (p.9), so that the role of social protection is extended “to arenas such as equity, empowerment and

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economic, social and cultural rights rather than confining the scope of social protection to targeted income and consumption transfers” (p.3).

<sup>16</sup> Interestingly, the authors argued that “...if rather than focusing on risk as an exogenously given factor to be managed, vulnerability is conceptualized as emerging from and embedded in the socio-political context, then our attention would no longer be focused on how to design a policy so that various groups face less risk in a given context, but on how to change this context to minimize risk for a range of vulnerable groups”.

<sup>17</sup> Also Conway and Norton (2002) noted that “... the World Bank approach to social protection can be seen to focus mainly on social insurance, and to leave somewhat underdeveloped the discussion of social assistance” (p.535).

<sup>18</sup> Further refinements distinguish between formal (public or market-based) and informal (individual or group-based) social protection providers.

<sup>19</sup> Of course, the ‘developing countries’ group is not homogeneous. As WFP (2004a) and Shepherd (2004) rightly pointed out, different social protection frameworks are present in different countries accordingly to their stage of development.

<sup>20</sup> Effects of different policies and programmes on livelihoods have traditionally focused on the ‘promotional’ and ‘protective’ outcomes (Dreze and Sen, 1989). Table 1 tries to match the traditional sense of the two terms with the classification made by Guhan (1994) who identifies promotional, preventative, and protective social protection measures. While often blurred in practice, they have distinct analytical features: ‘promotional’ measures aim to improve real incomes and capabilities and may not necessarily be confined to the poor. ‘Preventative’ measures directly seek to avert deprivation in specific ways, and may include direct measures for poverty alleviation. Finally, ‘protective’ measures are even more specific in their objective of guaranteeing relief from deprivation to the extent that promotional and preventive approaches fail to do so.

<sup>21</sup> This does not mean that all those who insure are transitory poor – attitudes towards risk and many other issues influence this choice. But it does mean that transitory poor have a relatively better off asset base (and therefore may have more opportunities to insure) than the chronically poor.

<sup>22</sup> Social security is often associated with public transfers provided by advanced public systems in developed countries. However, Shepherd (2004) developed a definition for social security in developing countries, namely as a specific subset of social protection programmes, namely the one formally provided. This is consistent with the fact that informal social protection in developing countries is extremely important.

<sup>23</sup> The emphasis on the ‘uninsured’ risk is important. It underpins not only that chronic poor people may not have the capacity to insure against many types of risks, but also that this definition is for safety nets during ‘normal’ times. Indeed, when unpredictable covariate shocks hit large portions of a population, safety nets should be flexible enough to temporarily expand to reach those (e.g. transitory poor) who may have insured against risks, but who now have lost everything and are desperately in need.

<sup>24</sup> Assuming that they are both available (which is not always the case), deciding whether a programme should be food or cash-based is not an easy task. When markets are not integrated, reliable infrastructure are not be in place, administrative capacity is weak, food availability is insufficient, effective demand for food is lacking and malnutrition is at high levels, then it may be the case to have a food-based programme, turning to a cash-based when conditions are appropriate to enable such switch. In other words, if it is the case that markets can be made to function more effectively – by improving information flows, reducing transport costs, improving contract design and enforcement mechanisms, making

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entry easier into food markets and distribution – then over time, the need for direct food transfers in particular should fall.

<sup>25</sup> This also confirms the overlapping nature between Guhan’s social protection measures.

<sup>26</sup> An example is the Income Generation for Vulnerable Group Development (IGVGD) programme, jointly run by WFP, national NGOs and the Bangladeshi Government. Using food provisioning as a leverage, training in savings and microcredit is offered to ultrapoor women, thus diminishing their opportunity costs to participate and overcoming the barriers to entry in micro-enterprises initiatives. Considerable impact and success is reported from several studies (Matin and Hulme, 2003; Hashemi, 2001; RESAL, 2000; WFP, 1997). However, there is still scope for improvement in the programme design (Webb *et al.*, 2002).

<sup>27</sup> Public works in general – at the community level or not, with a wage paid in cash or in-kind (food) – can pursue a wide range of objectives. If the asset to be constructed is a road that can better connect markets, than public works may have Guhan’s promotional effects. When for instance they are aimed at achieving positive environmental outcomes, then they may be more prevention-oriented safety nets (see for example the excellent results of WFP’s MERET programme in Ethiopia).

<sup>28</sup> Particularly interesting from both the theoretical and operational sides are issues like how and when to shift from food-based to cash-based transfers and vice-versa, how to scale up successful programmes or how to make social protection options in poor and remote areas.

<sup>29</sup> An interesting body of literature is now showing that competitive rates of return in terms of *both* growth and poverty reduction can be offered by relatively less-favoured areas, where however a certain degree of structural investments was already in place - e.g. India and China (Fan and Chan-Kang, 2004; Ruben *et al.*, 2003; Pender *et al.*, 2001; Fan and Hazell, 1999).

<sup>30</sup> The fact that these measures are accessible in different moments (*ex ante* and *ex post*) should not be confused with the fact that *both* of them should be put in place before a crisis hit. As already mentioned, safety nets should be designed in ‘good times’.

<sup>31</sup> Risk management is an integrating concept that incorporates both emergency response as well as measures for overcoming chronic vulnerability. This is basically the idea underlying the ‘Development-Relief’ approach for food aid programmes – i.e. that emergency and non-emergency interventions can be implemented harmoniously, and even simultaneously (TANGO, 2004a,b,c).

<sup>32</sup> Following De Haan (2000, p.2), “adopting social protection as an organizing framework “helps to re-focus social protection policies, moving beyond a residualist welfare agenda dealing with the negative social consequences of economic changes and transitions, towards holistic approaches that inform the wide range of policies that affect the well-being of the poor”.

<sup>33</sup> These strategies also recognise that a number of chronic poor people will not graduate (e.g. disabled) and for them a welfare-oriented safety net is better suited in addressing their constraints.

<sup>34</sup> Social safety nets should be an integral part of social protection strategies, and therefore they should incorporate the principles that characterize social protection into their conceptual and practical design. They may incorporate additional and particular principles. In my opinion, safety nets should enshrine the following eight principles, which however should not be seen as prescriptive but rather as general objectives to pursue. In order to

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address poverty dynamics during time and have a longer-term impact on the livelihoods of the poorest, safety nets should be:

- *Predictable* ('guaranteed' by donors (ultimately by recipient governments), 'reliable' from beneficiaries' perspective)
- *Institutionalized* (political commitment, national ownership and coordination)
- *Multiyear* (spanning over a single year)
- *Valuable* (tailored to address defined problems, and of highest quality possible)
- *Targeted to the chronically poor*
- *Developmental-oriented* (where appropriate, to the maximum extent possible)
- *Flexible* (expanding/contracting according to needs)
- *Embedded into the overarching national social protection framework* (synergies with other safety nets, with other social protection components and with poverty reduction and development agenda).

<sup>35</sup> See for example Hoddinott and Skoufias (2003) and Behrman and Hoddinott (2001).