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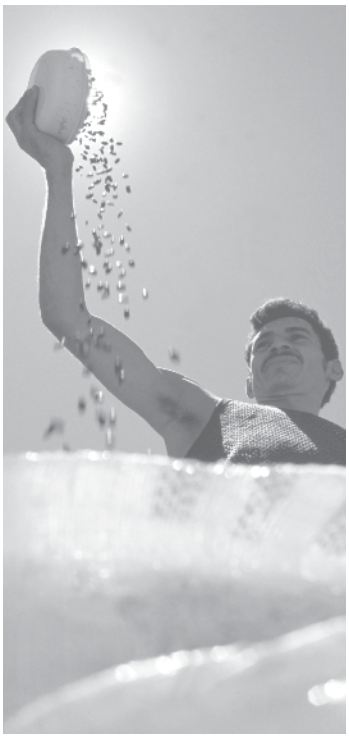
# Social Protection in Fragile and Conflict-Affected Countries

## Trends and Challenges

Mirey Ovadiya, Adea Kryeziu, Syeda Masood and Eric Zapatero



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# Social Protection in Fragile and Conflict-Affected Countries: Trends and Challenges

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**Abstract:** This study examines the role of social protection programming, and programming design and implementation features, that are prominent in fragile and conflict-affected states. The main objective is to build on existing, available information from a sample of fragile and conflict-affected countries and develop operational guidance that addresses policy, design, and implementation issues and offers operational solutions for social protection programming and policy making in different fragile settings. The analysis showcases the universe of social protection objectives that are evident in these countries as well as the programming trends, types, coverage, and expenditure patterns. The paper also examines dimensions specific to fragile and conflict-affected settings in implementing social protection and labor programs, such as social cohesion, the role of community-driven development, and postwar benefits. Finally, the study highlights social protection and labor program delivery in seven different country contexts, and discusses the country-specific programming options chosen to achieve the objectives and overcome capacity and operational constraints.

**Keywords**: Social protection and labor, fragile and conflict-affected states, capacity, enabling environment, social assistance, social insurance, labor market programs, community-driven development (CDD), trends, challenges.

**JEL classification**: H53, H54, I38

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## Abbreviations

| | |
|---|---|
| ASPIRE | Atlas of Social Protection—Indicators of Resilience and Equity |
| CPIA | Country Policy and Institutional Assessment |
| GDP | gross domestic product |
| PMT | proxy means testing |

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## 1. Introduction

This discussion paper is the first output under the umbrella of the programmatic work on social protection in fragile and conflict-affected states. This work aims to develop operational guidance to teams on the likely determinants of effective social protection programming and policy making in fragile and conflict-affected settings.

This paper elaborates on the role of social protection programming, and programming design and implementation features, that are prominent in fragile and conflict-affected states. In particular, the paper describes the universe of social protection objectives in these countries, reflects on their revealed objectives, and discusses programming options chosen to achieve those objectives as well as how several countries have overcome particular operational and capacity constraints.

It is important to understand how social protection works in these settings, which often feature a combination of circumstances such as the following:

- Acute poverty either concentrated or widespread (areas affected by conflict have lagged behind) and vulnerability to shocks
- Lack of social cohesion/weak social fabric
- Weak or destroyed infrastructure (physical, financial, etc.)
- Implicit need for conflict management among special groups (e.g., war veterans)
- Implicit need for developing citizen trust in the state

Despite many common characteristics, fragile and conflict-affected states are actually quite diverse, particularly with regard to metrics of state capacity and the extent to which they have an enabling environment. This paper presents a methodology that has been devised to group countries based on income, capacity, and extent of enabling environment. Use of this

methodology will aid in understanding trends, patterns, and key factors in policy making and programming choices—good and bad.

## 2. Basic Concepts: Social Protection and Fragility

One and a half billion people (nearly 30 percent of the world's poor) live in areas affected by fragility, conflict, or large-scale organized criminal violence. To date, no low-income fragile or conflict-affected country has achieved a single United Nations Millennium Development Goal. While much of the world has made progress in reducing poverty in the last 60 years, areas affected by cycles of conflict have lagged economically and have not advanced their human development indicators (World Bank 2011h).

Poverty and fragility become mutually reinforcing in such settings. In this regard, "fragility" should be recognized as a dynamic and multidimensional concept. Fragility extends over a broad spectrum of circumstances that manifest in a range of countries, including Iraq, Malawi, Myanmar, Sierra Leone, and Timor-Leste, among others. As suggested in the literature, perhaps a better way of approaching fragility is to differentiate among contexts by considering an entity's level of resilience. Resilience is defined (e.g., in OECD 2008 and World Bank 2011h) as a political and social system's capacity to adapt to shocks. Unlike the more amorphous concept of fragility, this is a highly useful concept, in that it is more aligned with the process any entity—a person, a family, a community, a country—must go through when facing multiple challenges.

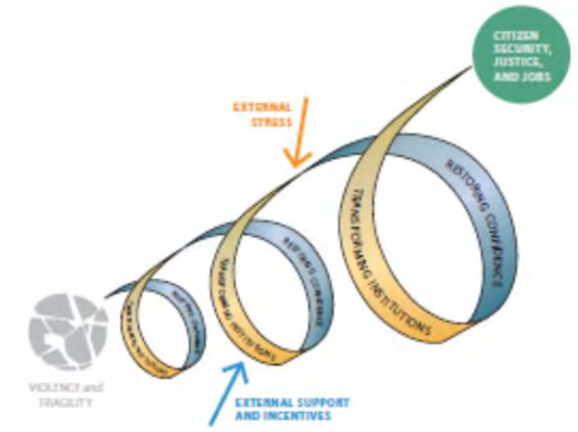
One of the main mechanisms to help build resilience and protect the poor and vulnerable is context-specific, effective social protection programming. However, it is often the case that ''the greater the need for social protection, the lower the capacity of the state to provide it" (Devereux 2000); this is particularly true in fragile contexts. Government capacity is likely to be even weaker in terms of social protection than for social services such as health and education, since line ministries often retain some capacity even in postconflict and fragile situations. These realities highlight both the *need* for social protection in fragile and conflict-affected states, as well as the *difficulties* in setting up programs with limited capacity, funding, and—at times—political will.

## 2.1. Social Protection

By definition, social protection plays an important role in providing income support and access to basic social services to populations most at risk of being affected by systemic shocks, such as cycles of conflict and violence. In fragile settings in particular, social protection often has a dual and simultaneous role of contributing to state building and to reducing social inequalities and exclusion. By design, social protection policies can provide income security to individuals through income support, access to employment opportunities, and insurance mechanisms. These policies then lead to improved social cohesion and reduced probabilities of social conflict and violence. Governments often rely on short-term youth employment, entrepreneurship support, and/or input or food distribution programs (e.g., as in Iraq, Liberia, Sierra Leone, South Sudan, and Timor-Leste), as they realize the political and social significance of these programs in building confidence, including disenfranchised groups, and reducing social tensions.

The 2011 *World Development Report* (World Bank 2011h) argues that strengthening legitimate institutions and the ability of a state to provide stability, justice, security, and jobs lessens the probability of conflict and fragility. Social protection thus plays an important role in restoring confidence; transforming the institutions that provide security, justice, and jobs; addressing external stresses; and mobilizing international support to overcome fragility, violence, and conflict (figure 2.1). For instance, through the provision of short-term employment to disenfranchised individuals, public works programs have the potential to restore a sense of identity to individuals and confidence in the ability of the state to deliver services and improve social inclusion and equity (Andrews and Kryeziu 2013). This, in turn, contributes to the objective of state building.

**Figure 2.1: Moving from Fragility to Institutional Resilience, Security, Justice, and Jobs**




Source: World Bank 2011h.

While evidence on the impact of social protection programming and policies on social cohesion is scant, international experience suggests that social protection can be an important platform for

- Promoting voice and participation through program processes,
- Improving social inclusion and equality through temporary labor market participation, and
- Smoothing social tensions and building trust in response to sudden shocks as well as longer-term fragility (Andrews and Kryeziu 2013).

A recent stocktaking exercise of World Bank–supported community-driven development operations implemented in fragile and conflict situations notes that, even though many operations do not explicitly have peace-building objectives and emphasize service delivery instead, the implicit theory of change is one of short-term service delivery outcomes improving voice; instilling trust, confidence, and cohesion; and leading to improved governance and a compact between citizens, service providers, and the state (de Regt, Majumdar, and Singh 2013).

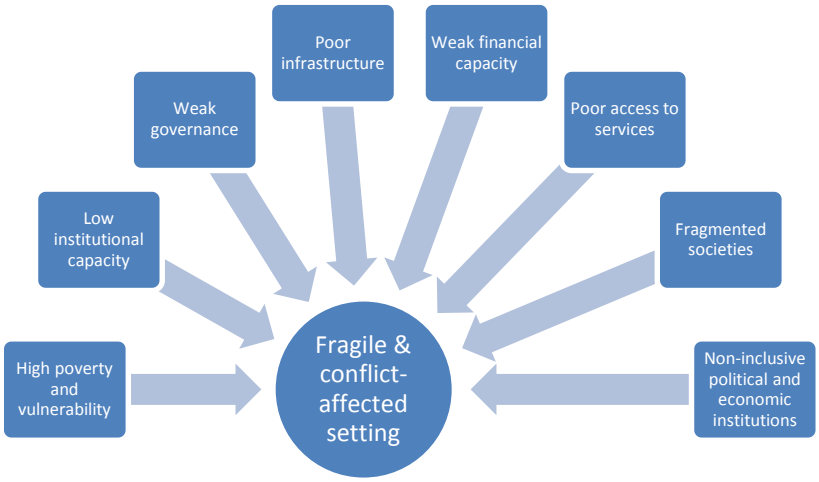
Yet, particularly in emergency situations, immediate relief and long-term social cohesion may be contradicted by the need to rebuild the state quickly. Some interventions that may be necessary to provide assistance quickly may trigger unintended consequences, inequalities, and tensions. Thus, while social protection can make an important contribution toward state building and conflict reduction, it must also be acknowledged that not every type of social protection program or policy can or does contribute effectively, and in a timely manner, to these objectives.

There is much to be learned about social protection in fragile states, particularly in the move away from fragmented programs and toward effective institutions and systems. Many operational challenges remain. For example, quite a number of fragile countries may have long-standing, politically difficult-to-revoke social protection policies that are ineffective, regressive, and benefit very small and/or fairly well-off populations; or that may have spawned a plethora of small and fragmented programs that do not inform or complement one another. Common logistical issues include low coverage, high costs, information gaps, and poor administrative infrastructure and physical settings.

### 2.2. Characteristics of Fragility

The World Bank categorizes countries as fragile if they have a harmonized average Country Policy and Institutional Assessment (CPIA) rating of 3.2 or the presence of a United Nations and/or regional peace-keeping or peace-building mission during the past three years. A total of 36 countries constituted the list of fragile states in 2014. They are generally characterized by weak institutional capacity, weak governance structures, fragmented societies and competing elites, a tendency to repeated cycles of conflict, poor infrastructure, poor access to services, often very high poverty and vulnerability to multiple sources of shocks, and weak financial capacity (figure 2.2). They also often have non-inclusive political and economic institutions (Acemoglu and Robinson 2012).

**Figure 2.2: Characteristics of Fragile and Conflict-Affected Situations**




Source: Adapted from World Bank 2012a.

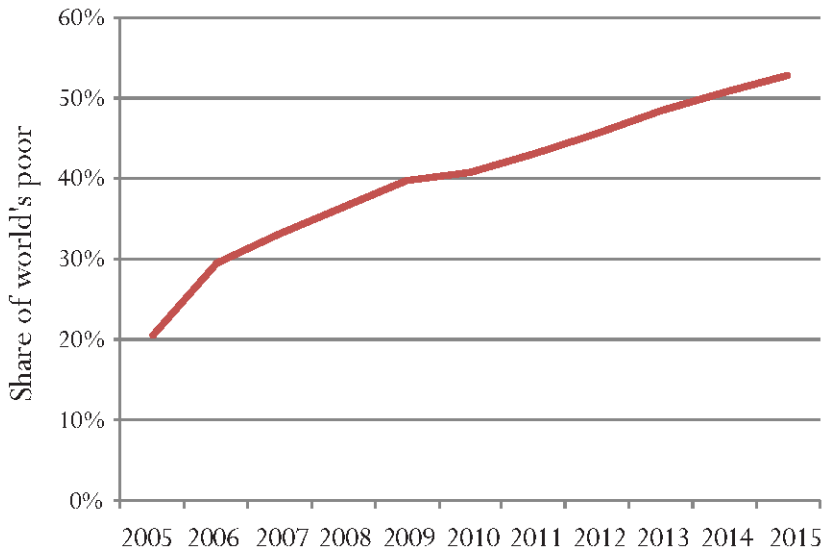
Although many non–fragile and conflict-affected countries may face most of these issues, what exacerbates the situation in fragile and conflict-affected settings is that deficiencies exist across multiple issues at the same time and the deficiencies are mutually reinforcing (Andrews et al. 2012). In these environments, building social protection systems requires an analysis of the above constraints, as well as of context-specific challenges to identify suitable objectives and solutions. It is important to analyze how a combination of various fragile and conflict-affected country characteristics affects the needs of the population, the universe of possible policy and programming responses, and—ultimately—the trajectory to building social protection systems in different settings.

## 2.3. Fragility and Poverty

Recent analysis of global poverty trends suggests that poverty is increasingly becoming an issue closely associated with fragility (Chandy and Gertz 2011; Sumner 2012). High prevalence of poverty in fragile states is a by-product of fragility, but it is also a *cause* of fragility. This conclusion is consistent with the 2011 *World Development Report*'s finding that the gap in poverty is widening between those countries affected by violence and other countries (World Bank 2011h). The poor are disproportionately found in fragile states, regardless of the list of fragile states used (i.e., the Fund for Peace's Fragile States Index or the World Bank's Harmonized List of Fragile

Situations). It is estimated that while less than one-fifth (about 18.5 percent) of the world's population lived in fragile states in 2010, these countries hosted about one-third of the world's poor (400 million out of 1.2 billion). This makes for a more than twofold difference in the prevalence of poverty between fragile states and nonfragile states: about 40 percent compared to 20 percent (OECD 2013; Sumner 2012).[1] This trend is likely to continue (figure 2.3).

**Figure 2.3: The Share of the World's Poor Living in Fragile States**




Source: Chandy and Gertz 2011.

As expected, human development indicators in fragile contexts are some of the worst. "No fragile country has yet achieved a single MDG [Millennium Development Goal], and fragile states are home to half of all children not in primary school and half of all children who die before reaching their fifth birthday" (Chandy and Gertz 2011). As the list of fragile and conflict-affected states and territories covers a broad spectrum from low income to middle income, the nature of poverty is quite varied. However, vulnerabilities are more acute for children and women in most of these settings. Child poverty and malnutrition are very high, often resulting in increased morbidity and

[1] These calculations are based on a list of fragile countries in the "Alert" category of the Fragile States Index.

poor educational outcomes. A third group that is most affected is youth, a demographic comprising large numbers of working-age populations in many fragile and conflict-affected countries.

## 3. Arriving at a Typology

To more precisely characterize social protection programming in fragile and conflict-affected settings, the universe of fragile and conflict-affected states, as listed by the World Bank in its 2014 Harmonized List of Fragile Situations, was divided into five different clusters.[2] Figure 3.1 illustrates these groupings. The two key variables used to map the clusters are

- **Capacity**, which is here approximated by (1) the CPIA index, which rates countries against a set of 16 criteria in four clusters: economic management, structural policies, policies for social inclusion and equity, and public sector management and institutions; and (2) country per capita income, grouped according to 2012 gross national income per capita, calculated using the World Bank Atlas method;[3] and
- **Enabling environment**, approximated by the Corruption Perception Index.

Other measures, including resource wealth and net developmental assistance (i.e., official development assistance) as a percentage of gross national income, and the Organisation for Economic Co-operation and Development/Development Assistance Committee International Network on Conflict and Fragility classification of fragile and conflict-affected countries,[4] have also been factored into the cluster analysis.

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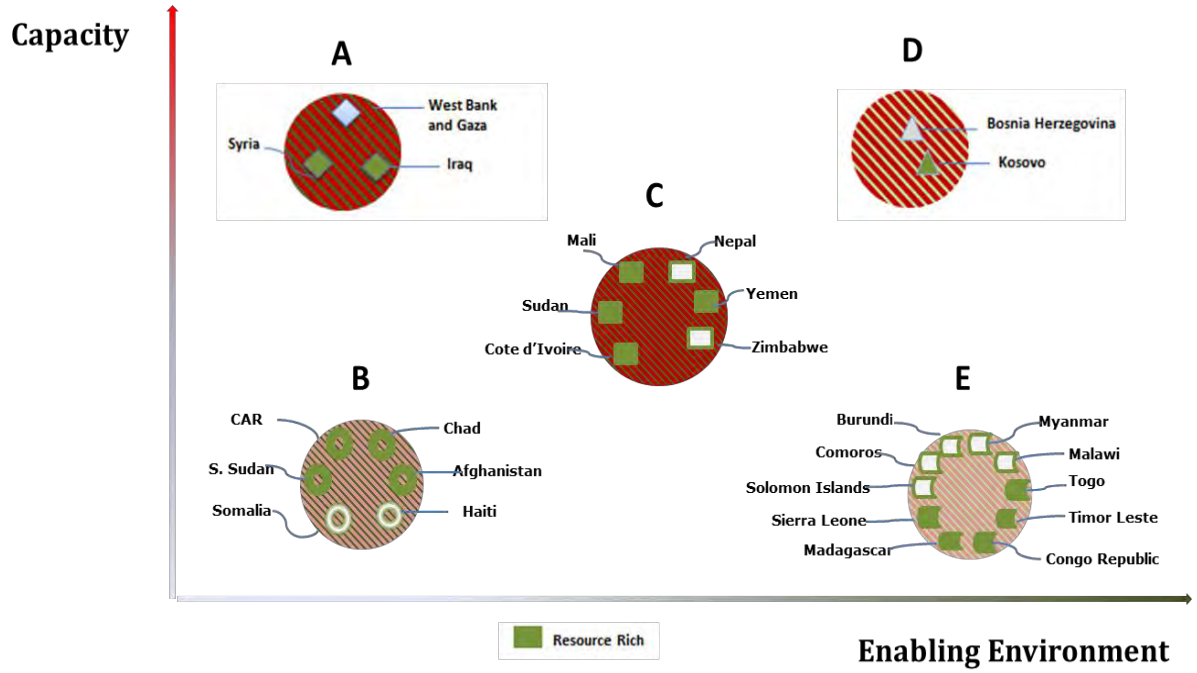
[2] The classification was arrived at based on (1) cluster analysis of the fragile and conflict-affected country data set (using STATA), (2) updates based on recent political and economic developments from the literature, and (3) the team's judgment on countries' overall positions vis-à-vis their capacity and enabling environment.

[3] The groups are low income, $1,035 or less; lower middle income, $1,036–$4,085; upper middle income, $4,086–$12,615; and high income, $12,616 or more.

[4] This classification is as follows:

**Figure 3.1: Typology of Fragile and Conflict-Affected States**




Note: The typology represents the authors' rendition based on (1) a cluster analysis of the fragile and conflict-affected country data set (using STATA), (2) updates based on recent political and economic developments from the literature, and (3) the team's judgment on countries' overall positions vis-à-vis their capacity (using the CPIA index as a proxy) and the enabling environment. Resource-rich countries are determined based on wealth in hydrocarbons and/or minerals.

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(1) *Deterioration (deteriorating governance environment/ongoing conflict):* States where the ability (or willingness) of the state to perform its functions is in decline. This poor performance frequently springs from chronic low capacity and is often associated with very weak rule of law and territory beyond the control of government. These countries are often experiencing conflict or are highly vulnerable to conflict.
(2) *Prolonged crises or impasse (arrested development):* States that fail to use their authority for pro-poor outcomes. The state's ability to exert its will might be very weak, or very strong donors are typically unwilling to deal with the state directly.
(3) *Postconflict/crisis or political transition:* The states offer a window of opportunity for stakeholders to work together with government on a program of reform. However, the transition is fragile, with the prospect of return to conflict remaining high.
(4) *Early recovery/gradual improvement:* Countries where some effort is being made to improve performance but where performance is patchy. These countries might be postconflict or countries where conflict is not the primary driver. Often, there is no strong leadership championing reform within government, and capacity to implement reforms is weak.
Frequently, countries can move from one category to another in a short amount of time.
http://www.gsdrc.org/go/fragile-states/chapter-1--understanding-fragile-states/definitions-and-typologies-of-fragile-states

**Cluster A:** The first group comprises countries with relatively high administrative capacity, lower/upper-middle-income status, and a weak enabling environment. Countries are characterized by recent or ongoing political conflict, violence, or instability. Iraq, Syrian Arab Republic (resource rich), and West Bank and Gaza are included in Cluster A.

**Cluster B:** The second group consists of countries with low capacity, low income, and a weak enabling environment. Countries may still be in conflict and/or move in and out of conflict with certain regions/territories outside government control or weak rule of law, and highly fragile due to institutions' weakness. This group includes Afghanistan, the Central African Republic, Chad, and South Sudan (resource rich); and Haiti and Somalia (resource poor).

**Cluster C:** The third group is a set of countries with medium capacity and average (or medium) enabling environment. This is a mixed group with countries that may have faced sporadic violence due to prolonged political impasse, or sporadic conflict. This group includes Côte d'Ivoire, Mali, Sudan, and the Republic of Yemen (resource rich); and Nepal and Zimbabwe (resource poor).

**Cluster D:** The fourth group comprises relatively higher-income countries (i.e., lower-middle income), with relatively high administrative capacity and a strong enabling environment. Among the countries in this cluster are Bosnia and Herzegovina and Kosovo.

**Cluster E:** The final group includes two subsets of countries based on their resource status, all of which are low capacity and have a relatively strong enabling environment. Countries may have been out of conflict over an extended period yet still face a variety of governance challenges. The countries in the resource-rich group include Burundi, Republic of Congo, Madagascar, Sierra Leone, Timor-Leste, and Togo; the resource-poor group includes Comoros, Malawi, Myanmar, and the Solomon Islands.

Countries classified as having a weaker enabling environment in the typology (mainly Clusters A and B) also have a higher total ranking in the 2013 Fragile States Index. Fragile and conflict-affected countries are generally characterized as facing numerous demographic, economic, and social pressures. In terms of demographic pressures (including high population density relative

to the availability of food, settlements that restrict human freedoms, border disputes and occupied lands, skewed population distributions, natural disasters, epidemics, and environmental hazards), most fragile and conflict-affected countries have a ranking of 8 or above in the Fragile States Index—e.g., Chad, 9.5; Haiti, 9.6; and Sierra Leone, 9. By way of contrast, the nonfragile states of the United Kingdom and the United States have rankings of 2 and 3, respectively. Not surprisingly, most fragile and conflict-affected countries suffer from uneven development (with real or perceived economic and social disparities), weak human rights records, highly (or completely) illegitimate governments, and weak and divided political ruling elites.

Using the typology, this paper intends to contribute to the discussion on social protection policy making in fragile and conflict-affected countries by presenting some of the trends and challenges. Going forward, some of these experiences will be further studied and developed in-depth to identify key processes and factors that can lead to successful social protection programming and policies.

The analysis in section 4 is based on a review of experiences of a representative sample of fragile and conflict-affected countries. The sample was chosen from data available in the World Bank's ASPIRE (Atlas of Social Protection: Indicators of Resilience and Equity) database. The analysis describes the mix of social protection policies and programming, delivery mechanisms, and likely determinants of success in delivering or scaling up social protection programming in fragile and conflict-affected countries. The trends presented are based on analysis done using available data in ASPIRE for a group of fragile and conflict-affected states and supplemental research on seven countries.

The analysis should be caveated by noting the scarcity of data and empirical evidence on social protection across fragile and conflict-affected countries, including labor force surveys and poverty and demographic data. Accurate or up-to-date data on total national expenditures on social protection are also unavailable, mostly due to the fragmented and externally sourced nature of social protection in fragile and conflict-affected countries. Finally, and perhaps most importantly, it should be noted that social protection programming in fragile and conflict-

affected countries could greatly benefit from rigorous impact evaluations on those interventions that have been successful in reaching their objectives.

## 4. Trends and Findings on the Role of Social Protection in Fragile and Conflict-Affected Countries

Social protection programs and policies in fragile and conflict-affected settings occupy an especially broad spectrum, balancing short-term emergency needs (i.e., in response to conflict or natural disaster) with longer-term needs of reducing chronic poverty and inequality.

Though interest exists in building systems, most social protection interventions in fragile and conflict-affected countries remain somewhat ad hoc and opportunistic. The World Bank's social protection assessment review reveals that, in most low-income countries, there are serious challenges at the policy level to strategic visioning, often entailing a lack of coordination mechanisms and high dependency on donor funding (Honorati and Rodriguez forthcoming). In addition, the majority of programs are fragmented by design, with poor administrative linkages between them. Across all 36 fragile states, there is a noticeable trend in social protection programming toward cash transfers, public works, and skills development programs/self-employment support; maintained support for community-based services; and a shift away from in-kind interventions. The balance between social assistance and social insurance varies, but social insurance is much lower on average.

Research suggests that the composition of social protection is not static, and the mix of programming and the emphasis of social protection changes with shifts in the degree of fragility and the distance from conflict. The typology captures a snapshot in time; transitions continually occur, and there is steady movement between the various clusters as emergencies recur. This fluidity is most apparent in Clusters A and B, but is also observable in the other clusters in response to multiple and arising challenges such as Ebola, weather events, political upheavals, and others.

### 4.1. Objectives

**Social protection objectives in fragile and conflict-affected settings are multifaceted**. Although the primary objective of social protection is to protect the individual against life events/risks and economic and other shocks, in fragile and conflict-affected settings, social protection interventions are used—often following a conflict period—to reduce social tensions, promote social cohesion and social inclusion, and serve as a peace dividend for certain parts of the population. *Social cohesion* in this context is associated with sustaining peace and social stability in a country with a history of conflict; *social inclusion* means supporting groups that have historically been marginalized. There are noticeable differences in the social protection objectives of high- and low-capacity countries (as per the typology developed above) as well. In high-capacity countries (Clusters A, D, and to some degree C), the scope of social protection is broader and used as a platform to develop a rights-based social contract between the citizens and the state. In low-capacity states, social protection has a more limited scope and mostly serves to help the poor and vulnerable. Similarly, in resource-rich countries with low capacity and low income per capita, social protection policies often seem to be used to maintain social stability.

In Cluster D countries (high capacity and strong enabling environment), social protection has a strong legal basis and is viewed as a right. For example, Kosovo provides a noncontributory pension to all its citizens over the age of 65 regardless of whether they are rich or poor. Cluster E countries (low capacity and strong enabling environment) mostly use social protection for supporting the most vulnerable. Togo, for example, spends 59 percent of its social protection expenditures on food and in-kind transfers. In resource-rich Cluster E countries, social protection is used to promote social cohesion.[5] In Timor-Leste, most of the social protection spending goes

[5] The 2010 International Institute of Social Studies' Indices of Social Development, which are measures of social cohesion and fragility, illustrate that fragile and conflict-affected countries have lower civic activism scores (and in turn, lower awareness and information on political processes) than nonfragile developed states, among other measures (http://www.indsocdev.org/). The range of civic activism scores is between 0.41 in Chad (a low-capacity country with a weak enabling environment) to 0.51 in Bosnia and Herzegovina (a high-capacity country with a strong enabling environment). This finding reflects the fact that civil societies in fragile and conflict-affected countries have a lower level of engagement in civic activities, such as peaceful protests. In terms of intergroup

to provide cash transfers to volatile groups such as the veterans of the freedom struggle. In Cluster C countries (moderate capacity and average enabling environment), social protection is mostly used for social inclusion. For instance, Nepal provides social assistance to low-caste individuals and widows, both historically marginalized groups. The Republic of Yemen, a resource-rich Cluster C country, has used social protection to maintain social and political stability. The government has been reluctant to abolish the financially unsustainable petroleum subsidies, because any indication of doing so triggers protests. In addition, it has substantially scaled up the Social Welfare Fund, a cash transfer program, in the aftermath of the anti-government protests and crisis in 2011/12. In countries with weak enabling environments (Clusters A and B) which face sudden bursts of violence or political turmoil, social protection is still fairly strongly associated with emergency humanitarian aid; in Cluster A countries with higher capacity, there is a more noticeable transition or attempts toward systematic social protection approaches. For example, West Bank and Gaza have been progressively transitioning from in-kind to cash transfers and to better delivery systems such as registries, targeting, and payment systems.

### 4.2. Programming Choices

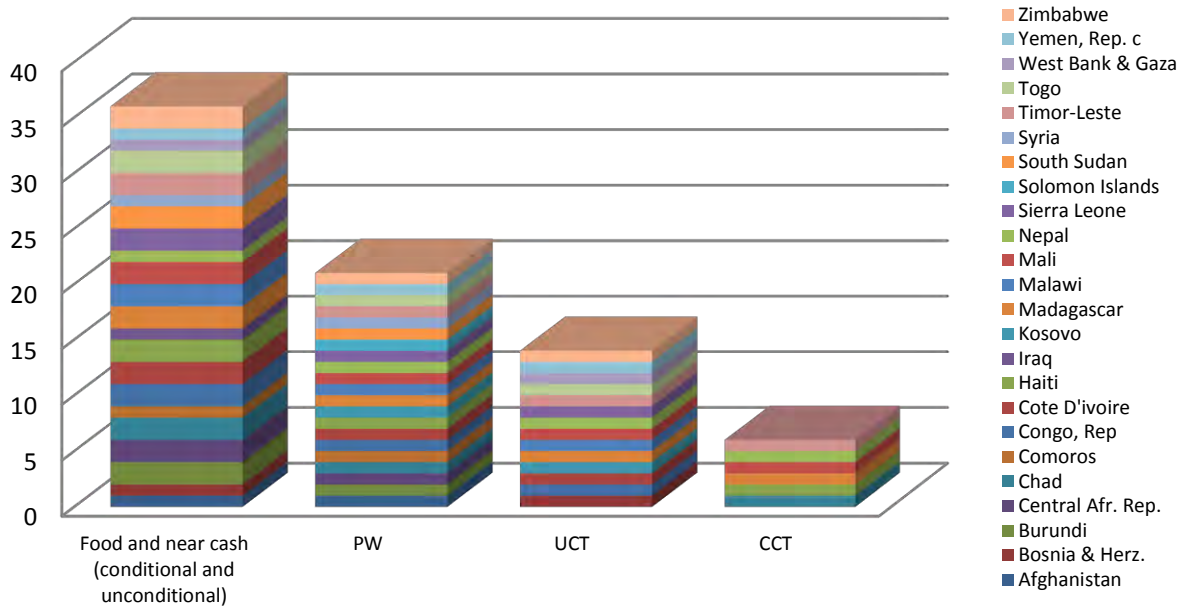
**Overall, fragile and conflict-affected states tend to have a stronger focus on social assistance than any other type of social protection programming, though there are notable cases—such as Kosovo, Nepal, and West Bank and Gaza—where more is spent on social insurance than on social assistance.** Social insurance coverage is typically limited to public sector employees or the unemployed. Within social assistance, most of the fragile and conflict-affected countries analyzed in this programmatic work have unconditional cash transfer programs or in-kind assistance programs with categorical benefits being prominent. A few countries also have cash transfer programs with soft conditionalities in place. Labor programs are scarce and serve very

cohesion, fragile and conflict-affected countries are very heterogeneous. This is because the index measures the probability of violence and terrorism in the country; thus, a fragile and conflict-affected country with recent or ongoing violence such as Iraq has a very low score (0.18), while Togo has a rating (0.72) on a par with the United Kingdom and the United States.

few people. They have a narrow focus on public works, employment, or entrepreneurship support programs; and a very limited focus on job brokerage or formal employment services.

As shown in figure 4.1, food, in-kind, or near-cash programs are most prominent in fragile and conflict-affected countries, followed by public works and cash transfers.

**Figure 4.1: Total Number of Social Assistance Programs in Fragile and Conflict-Affected Countries, by Program Type**




Sources: World Bank 2014e, annex 5; and readily available information on ASPIRE for fragile and conflict-affected countries.

Further insights on the dynamics of social protection programming emerge on analyzing coverage by program type:

- Cash transfers are most prevalent among Cluster D countries, which have high capacity/strong enabling environments; they are also common in Cluster A countries, which have challenging environments of current or partial conflict.

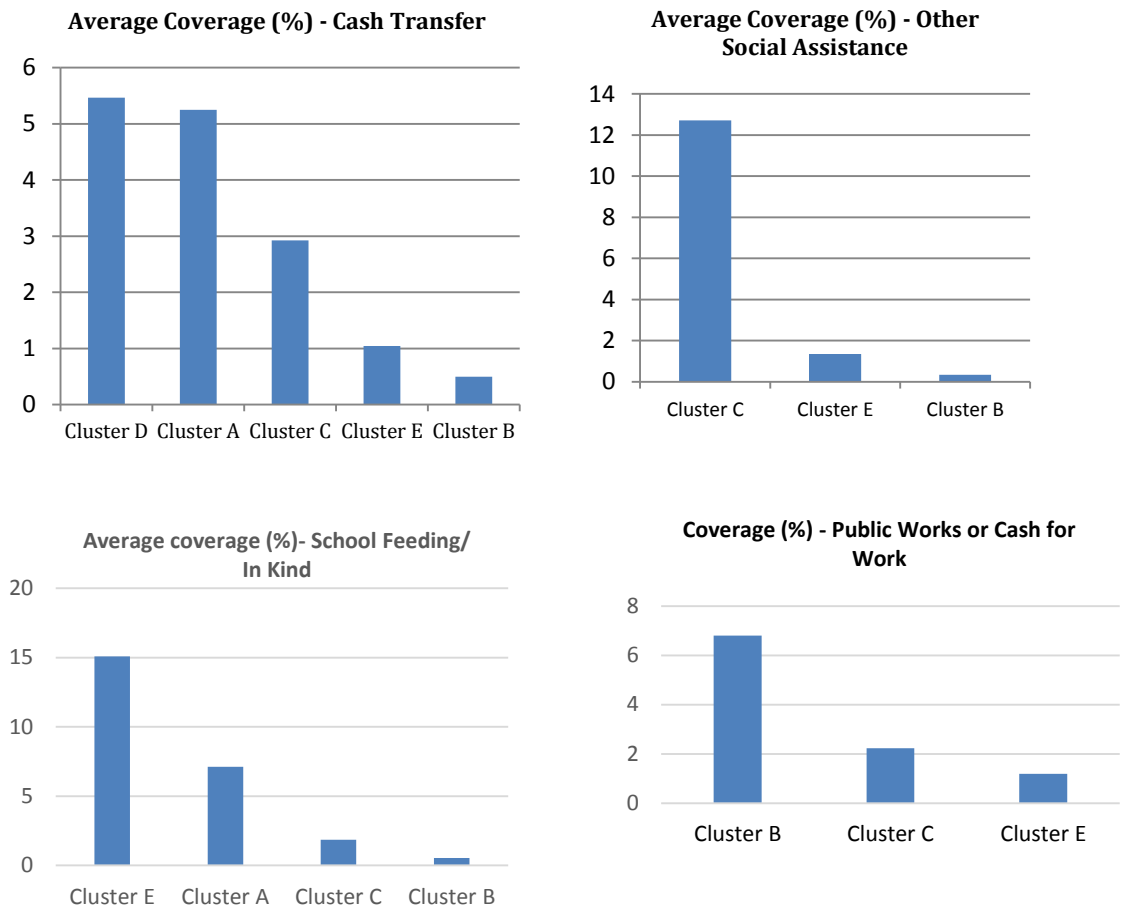
- In high-capacity countries with strong enabling environments (Cluster D), social protection is largely systematic and delivered through a few social assistance programs and social insurance. For example, in Kosovo, the basic pensions program covers almost

all of the targeted population (over the age of 65), in line with the concept of the program being a citizenship right provided by the state.

- Other social assistance (primarily subsidies for fuel and food) is most prevalent among resource-rich countries in Cluster C (e.g., Sudan and the Republic of Yemen). Nevertheless, In Cluster C (moderate capacity and average enabling environment), a number of countries appear to be moving toward cash transfers as the preferred method of social assistance despite a continued reliance on subsidies. The Republic of Yemen recently and considerably expanded its Social Welfare Fund—which provides unconditional cash transfers to the elderly, orphans, and other vulnerable groups—from 100,000 beneficiaries in 1996 to 7 million in 2011. On the other hand, coverage of subsidies appears to be three times higher than any other social assistance program (figure 4.2).

- School feeding/in-kind assistance is most prevalent among Cluster E countries comprised of primarily low-income, low-capacity countries with low human development indicators. These countries have also successfully used community structures to provide social assistance to target populations. The village chiefs in Timor-Leste are instrumental in helping with beneficiary selection; in Togo, an already existing social institution of *femmes-mamans* has been used to deliver food for the school feeding program. Both Sierra Leone and Togo have active community-driven development programs.

**Figure 4.2: Total Number of Social Assistance Programs in Fragile and Conflict-Affected Countries, by Program Type**




- In countries with weak enabling environments (Clusters A and B) and those prone to frequent emergencies, infrastructure breakdown, and dysfunctional markets, social protection is largely in the form of in-kind social assistance. Haiti has a Targeted Nutrition Program in place, which provides food-based assistance to the vulnerable. Numerous countries in Clusters B, C, and E (e.g., Afghanistan, Madagascar, Sierra Leone, South Sudan, Togo, and the Republic of Yemen), which have lower capacity settings, make use of community structures to deliver social protection—in particular, to facilitate access to services and to implement public works, livelihood support, or school feeding programs.

  Such approaches have supported significant postdisaster reconstruction efforts, and have helped shape new dynamics at the community level by working to restore social cohesion.

Sierra Leone's community-driven development project assisted fragile and vulnerable war-affected communities in reducing poverty and building local capacity for collective action, thereby contributing to the country's stability, peace, and sustainable growth. In the Republic of Yemen, under the Social Fund for Development, 4.5 million poor and vulnerable individuals (representing 65 percent of the population living in extreme poverty) benefited from over 2,000 community projects. Among the positive impacts were an increase in girls' schools, an increase in enrollment rates, improved access to rural roads, and reduced travel costs and times. Through Afghanistan's National Solidarity Program, community development councils allocated funds to rebuild infrastructure, repair schools, and install water pumps to the benefit of over 13 million people countrywide, promoting the state's credibility and local governance.

- Regarding labor market interventions, about half of all countries and territories in fragile situations (19 out of 36 on the 2015 list) have some type of youth employment programs in place. Globally, 62 youth employment programs out of 733 (8 percent) are in fragile and conflict-affected states. These interventions are most commonly used in Africa and the Middle East and North Africa, and have a strong focus on skills training and entrepreneurship promotion.

### 4.3. Coverage

Typically, fragile and conflict-affected countries suffer from low coverage of social protection programs; this is particularly true for social insurance and labor market programs. A high percentage of the population in these countries generally lives below the poverty line, and access to services is often limited. Moreover, usually due to less-than-optimal targeting mechanisms, a high number of benefits accrue to the nonpoor. This last is borne out by ASPIRE data: the global average for benefit incidence for the poorest quintile for all social protection is calculated at about 23 percent; among fragile and conflict-affected countries, it is only about 14 percent (table 4.1). The remainder of this section examines trends in coverage of social assistance and social insurance programs in fragile and conflict-affected countries, using data from ASPIRE where available.

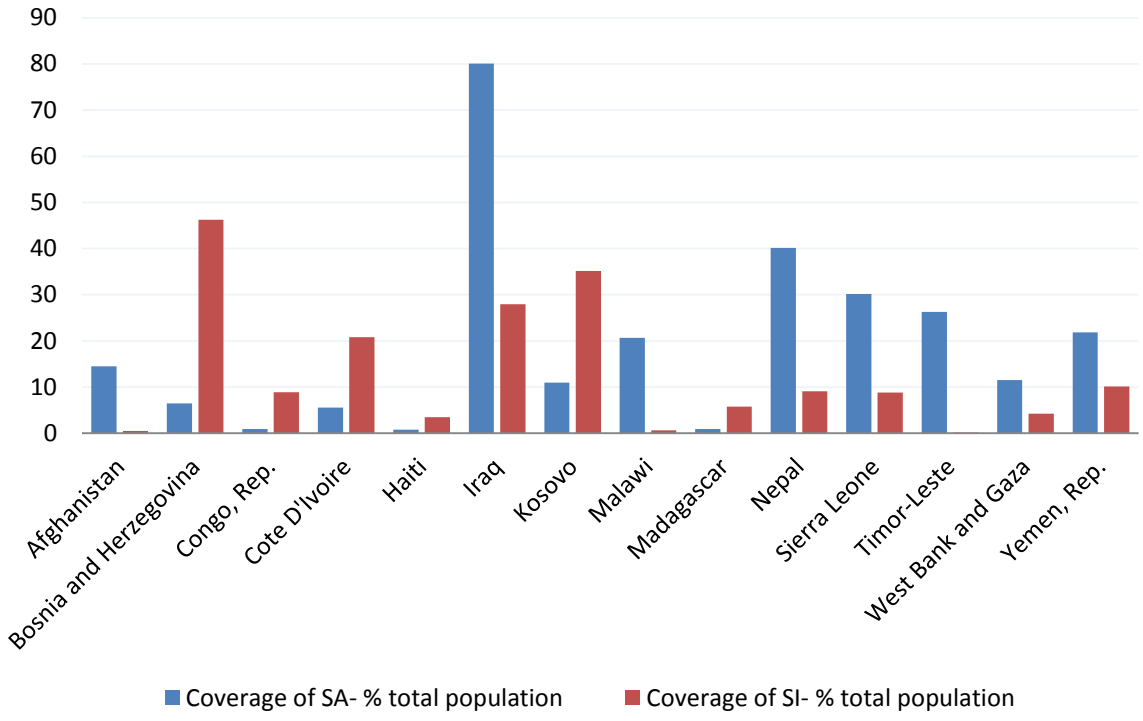
**Table 4.1: Benefits Incidence of Social Protection in Selected Fragile and Conflict-Affected Countries**

| Country/economy | Benefits incidence in poorest quintile (%) all social assistance | Benefits incidence in poorest quintile (%) all social insurance | Benefits incidence in poorest quintile (%) all social protection |
|---|---|---|---|
| Afghanistan | 8.24 | 3.76 | 7.02 |
| Bosnia and Herzegovina | 30.58 | 14.13 | 14.63 |
| Iraq | 17.93 | 10.18 | 12.22 |
| Kosovo | 43.38 | 19.02 | 25.35 |
| Malawi | 6.44 | 0.57 | 2.88 |
| Mali | — | 0.47 | 0.47 |
| Nepal | 15.76 | 0.94 | 6.24 |
| Timor-Leste | 1.39 | — | 1.32 |
| West Bank and Gaza | 63.65 | 45.30 | 62.57 |
| Yemen, Rep. | 19.08 | 17.15 | 10.96 |
| **Average** | **22.90** | **12.30** | **14.30** |

Source: ASPIRE data retrieved January 2015.

On average, coverage of social protection programs in fragile and conflict-affected settings is around 27 percent, compared to a global average of 43 percent. Note, however, that this rate can be misleading, as there is large variation within and between social insurance and social assistance programs. Overall, coverage of social insurance lags that of social assistance (figure 4.3), and the poor are more likely not covered by either social assistance or social insurance schemes. Bosnia and Herzegovina and Kosovo are the main exceptions in this regard, primarily due to their inheritance of the Yugoslav pension schemes. In Iraq, which has social assistance coverage of 80 percent, universal food vouchers account for the high coverage rate.

**Figure 4.3: Social Assistance and Social Insurance Coverage in Fragile and Conflict-Affected Countries, as a Percentage of Total Population**




Source: ASPIRE data retrieved January 2015.

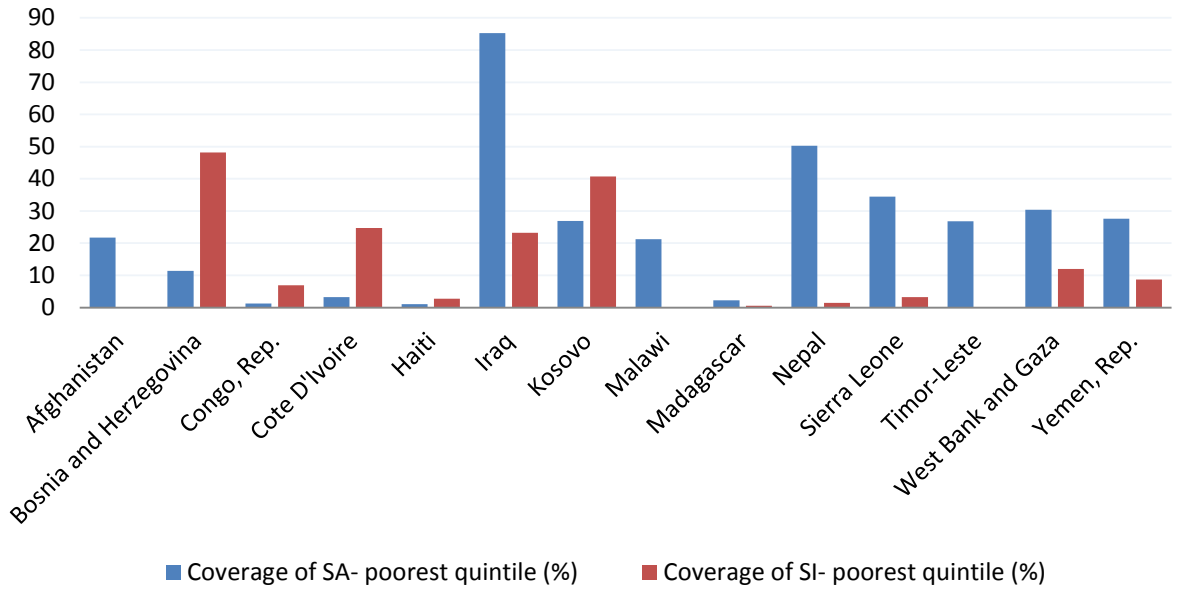
Note: Coverage data corresponds to different years for each country/economy, as follows: Afghanistan, 2007; Bosnia and Herzegovina, 2007; Republic of Congo, 2005; Côte d'Ivoire, 2002; Haiti, 2001; Iraq, 2006; Kosovo, 2006; Madagascar, 2010; Malawi, 2010; Nepal, 2010; Sierra Leone, 2011; Timor-Leste, 2007; West Bank and Gaza, 2007; and Republic of Yemen, 2005.

Figure 4.4 goes one step further in explaining the low coverage of the poor in fragile and conflict-affected countries. Looking at the poorest quintile of the population, of the 14 countries included in the figure, 10 have social assistance coverage of less than 30 percent. The range of social insurance spending is from 0 to 48 percent, with nine countries spending less than 10 percent, for an average of 3 percent.

For fragile and conflict-affected states, it is not uncommon to see such low coverage of social insurance, given the relatively small percentage of the population in formal employment and the unavailability of contributory social protection schemes beyond the civil service (which accounts for a small percentage of the total population). Also, there are often large information and

capacity gaps mitigating effective maintenance of such systems; moreover, records are lost during conflict/fragile situations, and the organizations and institutional settings tend to be damaged. Especially in Middle East and North African fragile and conflict-affected countries, where social insurance schemes exist, they impose an enormous financial burden. Consequently, the schemes tend to have low coverage, be fragmented, yet still account for a high level of spending—for example, in West Bank and Gaza, pension schemes equal 4 percent of gross domestic product (GDP), and cover only 15 percent of the population.

**Figure 4.4: Social Assistance and Social Insurance Coverage, as a Percentage of the Poorest Quintile**




Source: ASPIRE data retrieved January 2015.

Note: Coverage data corresponds to different years for each country/economy, as follows: Afghanistan, 2007; Bosnia and Herzegovina, 2007; Republic of Congo, 2005; Côte d'Ivoire, 2002; Haiti, 2001; Iraq, 2006; Kosovo, 2006; Madagascar, 2010; Malawi, 2010; Nepal, 2010; Sierra Leone, 2011; Timor-Leste, 2007; West Bank and Gaza, 2007; and Republic of Yemen, 2005.

Among the countries analyzed, key determinants of social protection coverage are level of administrative capacity and government policy/vision. For instance, in Sierra Leone (Cluster E), a country classified as a low-capacity setting with a relatively strong enabling environment, the government established a series of social assistance programs to address the most urgent needs of the population following the decade-long civil war. The programs, however, suffer from low

coverage, high leakage, and inefficient administration. Programs remain small, underfunded, and highly dependent on donors. Similar experiences are evident in Nepal, where the government has not been able to consolidate programming and prevent the inclusion of the nonpoor in social assistance programs.

In contrast, in West Bank and Gaza (Cluster A), with a high capacity and a very weak enabling environment, 16 existing social safety net programs cover more than half of the poorest quintile—a rate above the world average. The West Bank and Gaza's cash transfer program, which uses a proxy means testing (PMT) formula to ensure greater inclusion of the poor, reached 65 percent of the poor population in 2013 (97,000 households). The World Food Programme also distributes food aid to about 800,000 beneficiaries, with the help of the Ministry of Social Assistance and other nongovernmental organizations; this accounts for nearly a third of all safety net spending. In Kosovo, another high-capacity case, coverage is relatively high for social insurance/pensions, with the basic pension reaching 35 percent of the population. However, the country lags with regard to social assistance and labor programs: social assistance reaches 11 percent of the entire population, and 30 percent of the poorest quintile (Gassmann and Roelen 2009).

Timor-Leste (Cluster E) and the Republic of Yemen (Cluster C) (low capacity–strong enabling environment, and medium capacity–average enabling environment, respectively) have also managed to cover larger portions of their populations. In the Republic of Yemen, the Social Welfare Fund reaches close to 7 million beneficiaries or 1.5 million households, which represents 7 percent of the population. In Timor-Leste, 53 percent of the population receives some sort of social assistance. However, in both countries, the benefits tend to accrue more to the nonpoor. In the Republic of Yemen, 70 percent of the beneficiary population was not in the intended target group; of these untargeted beneficiaries, 75 percent were not classified as poor. Similarly, in Timor-Leste, the three major social assistance programs fail to reach 60 percent of the bottom two quintiles. Thus, inefficient targeting (to undeserving or unintended groups) in social protection programming remains a serious issue, even in fragile and conflict-affected countries where coverage is relatively high.

### 4.4. Expenditures

**Trends.** Most fragile and conflict-affected countries—especially those with low capacity and those that lack natural resource wealth—rely on external funding for social protection. This dependency raises concerns regarding the financial sustainability of social protection in such countries. Some high- and medium-capacity countries like Kosovo (Cluster D) and Nepal (Cluster C) or resource-rich countries like Timor-Leste (Cluster E) are the exceptions to this generalization.

The majority of fragile and conflict-affected countries also direct a large proportion of social protection expenditures to social insurance programs and categorical benefits, though the coverage of these programs remains low with poor benefit incidence, as shown above. Social insurance programs, in particular, can be regressive in many fragile and conflict-affected countries because they cover civil servants (sometimes solely) and, in high-capacity countries, formal sector employees; these are typically nonvulnerable groups. In fragile and conflict-affected countries with an aging covered population, the cost of social insurance will rise quickly and soon. The coverage of pension systems in most fragile and conflict-affected countries remains overwhelmingly low, and the populations are predominantly young. This combination leads to pension system dependency ratios (beneficiaries/contributors) that are fast increasing. Although the rationale behind social assistance programs and subsidies in fragile and conflict-affected countries—as in many other countries—is that they would support vulnerable groups, the nonpoor benefit disproportionately, making these programs and expenditures highly regressive and ineffective. Nonetheless, they fulfill political and social objectives.

**Sources of financing.** In Kosovo, a Cluster D country (high capacity and strong enabling environment), the government budget finances social protection schemes apart from the social insurance program, which is funded by employers (Including the government for public sector employees) and employee contributions. These schemes constitute 5.8 percent of GDP, which is almost the same as the global average at 6 percent. Cluster E (low capacity and strong enabling environment) consists of both resource-rich and resource-poor countries. Timor-Leste, a resource-rich country, funds all social protection programming through its $7 billion petroleum fund. Togo a resource-poor country, funds only 25 percent of its social protection programming

through its own revenues. In Cluster D (low capacity and weak enabling environment) countries, most social protection programming is externally funded and off budget, as in Haiti. In Cluster A countries (high capacity and weak enabling environment), social protection financing is mixed: ranging from, e.g., West Bank and Gaza with a high dependence on external sources to Iraq, which has less dependency. Nevertheless, spending is within a budget framework and concentrated around national programs.

**Remittances.** Overall, empirical evidence suggests that remittances represent an important source of income for many fragile and conflict-affected households, and that the impact of changes in remittances due to shocks (such as a conflict) can be large, at least for those households that benefit from them (World Bank, n.d.). Remittances tend to serve as insurance against risks and help mitigate vulnerability (as in Haiti and Pakistan in response to natural disasters). Unlike foreign aid, remittances tend to have a countercyclical nature, as they increase during downturns in the recipient countries. They can constitute a high level of household income; however, they cannot be a substitute for domestic growth and employment-generation efforts. In Mali, remittances are saved for unexpected events and serve as a private safety net (Ratha 2013).

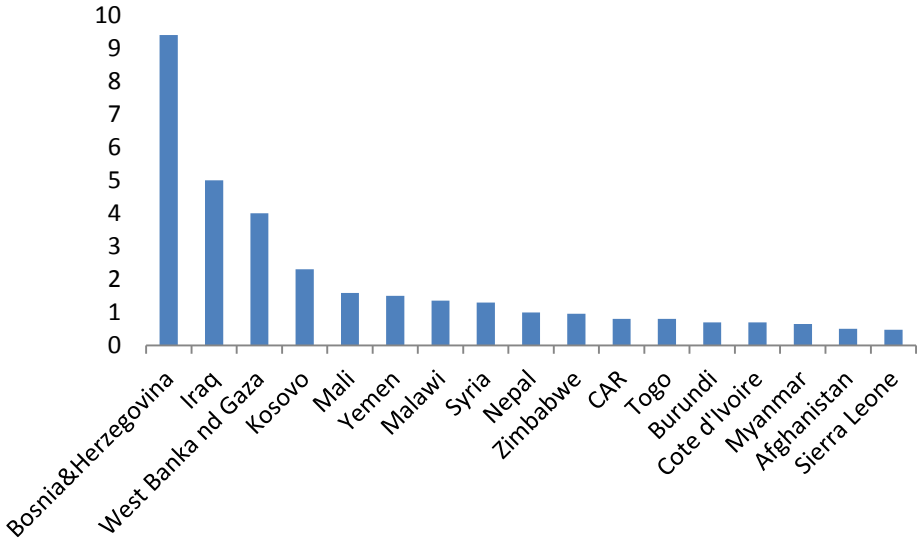
While the Organisation for Economic Co-operation and Development's list of fragile states differs slightly from the World Bank's, the trends it portrays regarding remittances in a recent report mirror those noted above (OECD 2014). It finds that in many fragile and conflict-affected countries, particularly middle-income ones, remittances have outpaced aid as the major source of development funding; this is in contrast to nonfragile developing countries, where foreign direct investment constitutes the larger share.

**Level of expenditure.** In many fragile and conflict-affected countries, expenditures on social protection (including government and fairly substantial external sources) are close to the global average as a percentage of GDP. However, a large majority of these expenditures are skewed toward categorical benefits and social insurance. Within social protection spending, there is considerable heterogeneity with regard to expenditure by category of social protection. For example, social insurance spending ranges from 0.4 percent to 9.4 percent of GDP, with the

average pension spending among the fragile and conflict-affected countries at about 2 percent of GDP (of the representative sample shown in figure 4.5). This level of expenditure is unsustainable, considering the low coverage and young demographic profile in most of these countries, where an average of less than 5 percent of the population is over 65 years of age. Comparisons to other countries with similar proportions of an elderly population confirm the heavy burden of pension expenditures in many fragile and conflict-affected countries.

Bosnia and Herzegovina is an outlier with respect to its spending on social insurance, as figure 4.5 shows. While its spending is nearly 10 percent of its GDP, its coverage is also quite high at 30 percent (total old-age beneficiaries/population over 65 years).

**Figure 4.5: Social Insurance Expenditures in Selected Fragile and Conflict-Affected Countries as a Percentage of GDP**




Source: Data retrieved from HDNSP (Human Development Network Social Protection) Global Pensions Database (http://www.worldbank.org/en/topic/socialprotectionlabor/brief/pensions-data), January 2015.

In Cluster C countries (moderate capacity and average enabling environment), there has been a noticeable increase over the last few years in social protection spending. For example, Nepal increased its social protection spending from 1.5 percent of GDP in 2008 to 2.5 percent of GDP in 2012 following its period of conflict; 95 percent of the expenditures were financed by tax

revenues. Mozambique and Rwanda, although not formally classified as fragile and conflict-affected countries, have also increased allocations to social protection in the aftermath of conflict. Mozambique's expenditures rose from 0.2 percent of GDP in 2010 to 0.5 percent in 2014.

In many fragile and conflict-affected countries, social protection programming is used to benefit former "freedom" fighters/war veterans and their survivors. Due to low coverage, these schemes and benefits are highly regressive and absorb significant portions of social protection spending.

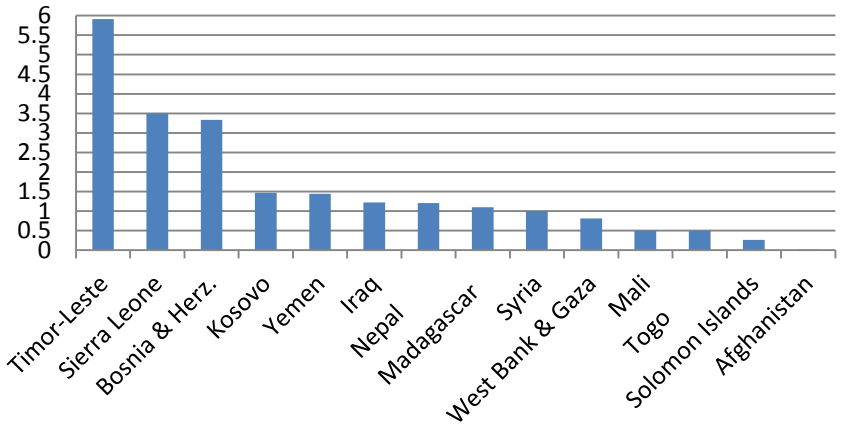
The recent *State of Social Safety Nets 2014* report (World Bank 2014e) illustrates the range of spending patterns across fragile and conflict-affected countries, with most relying on external sources of funding for their social safety net expenditures. Table 4.2 and figure 4.6 show the variation in this spending as a percentage of GDP across 14 countries with comparable data available from 2008 onwards.

**Table 4.2: Safety Net Spending as a Percentage of GDP in Fragile and Conflict-Affected Countries**

| Country/economy | % of GDP | Data as of |
|---|---|---|
| Timor-Leste | 5.91 | 2009 |
| Sierra Leone | 3.50 | 2011 |
| Bosnia & Herzegovina | 3.33 | 2010 |
| Kosovo | 1.47 | 2012 |
| Yemen | 1.44 | 2008 |
| Iraq | 1.22 | 2009 |
| Nepal | 1.20 | 2009 |
| Madagascar | 1.10 | 2010 |
| Syria | 1.00 | 2010 |
| West Bank and Gaza | 0.81 | 2010 |
| Mali | 0.50 | 2009 |
| Togo | 0.50 | 2009 |
| Solomon Islands | 0.26 | 2009 |
| Afghanistan | 0.02 | 2009 |

Source: World Bank 2014e.

**Figure 4.6: Share of Safety Net Spending of GDP in Fragile and Conflict-Affected Countries**




Source: World Bank 2014e.

### 4.5. Delivery Mechanisms

**Targeting.** Administrative capacity plays a crucial role in the ability of a government to target the poor or other deserving populations. Several countries—including Mozambique, Sierra Leone, and the Republic of Yemen—use a combination of targeting methods including categorical, geographical, community, and self-selection to select beneficiaries for social protection programs. In Sierra Leone and the Republic of Yemen, there has been a move away from simply using categorical, community, or self-targeting toward adding PMT so as to minimize inclusion errors. The West Bank and Gaza Cash Transfer Program uses a single registry and fully functioning PMT system. Nepal and Timor-Leste have less administrative capacity; they continue to rely primarily on categorical and community targeting, respectively. Overall, it is evident that longer-term and better-established programs, in attempting to target a higher percentage of the poor, are turning to PMT methods to minimize inclusion/exclusion errors and establish more sophisticated mechanisms for targeting (e.g., West Bank and Gaza, the Republic of Yemen).

**Payment systems.** As with other administrative processes, capacity and financial infrastructure are needed in order to use effective methods of payment. However, the availability of mobile technology has allowed many low-capacity countries with relatively weak enabling environments

to overcome the challenge of low administrative capacity. Although sophisticated payment methods are available in Cluster B countries—such as Haiti and Somalia—coverage remains quite low. Higher-capacity countries, such as Kosovo, rely on financial institutions and primarily electronic payments to transfer social insurance benefits. West Bank and Gaza has recently switched from post offices to banks in delivering cash benefits, as has Nepal. At the other extreme, Mozambique and Timor-Leste still use trucks or person-to-person methods to deliver cash benefits.

**Monitoring and evaluation.** While building an evaluation base can take years and substantial resources, few impact evaluations associated with the countries discussed here have been completed. Evaluations do exist of the Republic of Yemen Social Welfare Fund (see box 4.1), the West Bank and Gaza Cash Transfer Program, the Togo School Feeding Program, and the Sierra Leone Public Works Program. The impact evaluations, by nature, are not systematic; thus, it remains difficult to build evidence on the effectiveness of programs in fragile and conflict-affected countries. When they are available and show positive results (as in West Bank and Gaza, Sierra Leone, and the Republic of Yemen), they provide a strong basis for scaling up and systematizing programming.

**Box 4.1: Evaluation Results for the Yemeni Social Fund for Development**

The Republic of Yemen's Social Fund for Development focuses on pro-poor long-term development through Community and Local Development, Capacity-Building, Small- and Micro-Enterprise Development, and Labor-Intensive Public Works Programs. The Labor-Intensive Public Works Program played a crucial role in cushioning beneficiary communities from the economic shock of 2010–11, and averted potential longer-term consequences related to selling off assets and incurring debt. The public works program was scaled up to increase relief and humanitarian responses. By employing community members in public works activities, the program effectively reached a large number of rural households, increased average wages, shifted the structure of the workforce away from work in the lowest-paid sectors and caused a significant increase in the probability of female employment.

Similarly, the Rain-fed Agriculture and Livestock Program has helped improve agricultural productivity by fostering the formation and training of small producer groups in the country's rural regions. The program allowed villagers to self-select into participation in project groups where they would make investments in agriculture, receive training in organization and agricultural best practices, and receive

subsidies for the purchase of livestock. The program had strong impacts on increasing community solidarity and—to some degree—female empowerment.

**Grievance and redress mechanisms.** These mechanisms seek to capture complaints related to program functions (e.g., targeting of program beneficiaries) and provide redress. Such mechanisms are available in three forms: government agencies, independent redress institutions, and the courts. In many Latin American countries with mature social protection programs—including Brazil, Colombia, and Mexico—beneficiaries have the option of utilizing different channels for complaints, both at the national and program levels. Because such systems require dedicated administrative capacity, they tend to be less available in fragile and conflict-affected states. A few of these countries with long-standing programs are attempting to incorporate grievance mechanisms to the extent possible. In the Republic of Yemen, the public works program under the Social Welfare Fund offers a complaint box for any issues raised by program beneficiaries. The issues are compiled and discussed, and measures are taken each month to respond to the beneficiaries.

## 5. Highlights of Social Protection Program Delivery in Fragile and Conflict-Affected Countries

This section presents lessons learned from selected policies and programs applied in various fragile and conflict-affected settings and illustrating different social protection approaches. The intent is to provide a sense of what is happening on the ground to bring to life the data presented in section 4. It is also intended to provide an understanding of the challenges and issues confronting social protection in fragile and conflict-affected settings.

**Categorical Benefits May Be Critical for Social Cohesion and Political Stability, but Are Unsustainable.** Veterans' pension programs are a common part of social protection programming in a number of fragile and conflict-affected countries, regardless of income or capacity levels. Often, these programs are deemed critical for maintaining social balance in the aftermath of a conflict, and providing a dividend to those who took part in liberation wars. Timor-Leste, an oil-rich East Asian state, has such a program. The Timorese fought a war of independence from Indonesia between 1975 and 1999. At that time, the leaders of the movement promised the fighters jobs and a better life after independence. This commitment was also reflected in the constitution when the country was formed in 2002. However, after independence, there was a feeling that these promises were not being fulfilled. Mass riots in 2007 and an assassination attempt on the prime minister in 2008 are largely attributed to this sense of discontent.

In response, the government expanded its social protection efforts. The increasing size of the Petroleum Fund played a role in this decision as well. Timor-Leste uses its natural resource wealth for social protection funding. It spends 15 percent of non-oil GDP and 5.9 percent of total GDP on social protection, a majority of which goes to veterans' pensions. The current level of funding appears financially unstable. A 2011 fiscal sustainability analysis undertaken by the National Directorate of Budget of the Ministry of Finance shows that the fund will reach zero in 2026 if growth in expenditure is not constrained and non-oil economic growth is below expectations. Out of the total social assistance spending in Timor-Leste, 60 percent goes to veterans' benefits, covering only 1 percent of the population. Despite concerns regarding financial sustainability, veterans' pensions are used to contain a volatile group and maintain political stability.

**Rapid Scale-Up Is Possible If There Is Political Will, Relative Capacity, and Financing.** The Republic of Yemen has been very successful in rapidly scaling up its Social Welfare Fund, which today provides cash benefits to close to 7 million people (28 percent of the population) in all 21 governorates. The fund has expanded its coverage from 100,000 beneficiaries at its start, to almost 1 million poor and vulnerable Yemeni households over a 10-year period; it expanded to 1.5 million households during the political crisis in 2011. The fund's budget has grown from $4

million at the outset to $200 million in 2008/09 and around $300 million in 2012. This is a clear example of how—with moderate capacity and an average enabling environment—rapid scale-up is possible, provided there is political will.

Sound technical assistance from the World Bank also helped improve targeting. Technical assistance in 2009 funded by the Bank introduced PMT as a targeting method and applied it to the 2008 Social Welfare Fund beneficiary and applicant survey. PMT helped the country identify existing nonpoor beneficiaries and new poor beneficiaries, thereby improving targeting; although there are still problems with inclusion errors.

**Programs Can Be Successful If Based on Pre-Existing Social Institutions.** Togo has used an existing informal social mechanism for its school feeding program, which has proven to be successful in a low-capacity setting and has reached a large number of beneficiaries. The program benefits approximately 20,000 children annually in the most deprived, geographically isolated, and disaster-prone areas of the country. Its aim is to provide adequate calories to children vulnerable to malnourishment. The meals are prepared by selected village women, or *femmes-mamans* (Andrews et al. 2011). These *femmes-mamans* are a familiar feature in Togolese villages preparing and selling food in the market or on the street. By employing these women to cook the school meals in the beneficiary schools, the program also provides income-generation opportunities for the poor.

The program has made an important contribution toward attracting and retaining beneficiary children in school, providing school access to children who are older and have not yet enrolled, and—increasingly—attracting young girls. Results show increases in enrolment, decreases in dropout and absentee rates, and a reduction of the age at entry in primary school in all regions; the findings have been particularly positive among girls. An increase in new enrolments in beneficiary schools in 2009–10 was 16 points higher than in the group of control schools. The dropout rate was 0.9 percent in beneficiary schools compared to 1.4 percent in control schools. The retention rate expressed in terms of percentage of children attending school every day is 2 percent higher than that of the control schools. Further, the meals served provide necessary calories to the children. A nutritional assessment of the food served at beneficiary schools shows

that school meals are providing between 60 and 90 percent of the daily caloric intake needed for primary school–age children.

**Proxy Means Testing Can Improve Targeting Efficiencies of Existing Social Protection Programs.** The West Bank and Gaza's dramatic shift in social safety net policy in 2004 emphasized the need to provide assistance to extremely poor households and the importance of using a PMT mechanism to verify the eligibility of beneficiaries. With the help of the World Bank, the Cash Transfer Program in West Bank and Gaza has been able to effectively—and in a relatively short time—develop, implement, and secure donor and Palestinian Authority buy-in for an effective and objective poverty-based targeting system. The system accurately identifies and provides regular and timely cash transfers to poor households, using benefit levels that are tailored to household composition and poverty levels. The use of PMT has been found to be highly accurate, having identified almost 70 percent of target cases correctly; a large majority of the beneficiaries are extremely poor. The inclusion/exclusion errors are lower than other programs that are widely considered to be successful (e.g., Bolsa Familia in Brazil and Oportunidades in Mexico). As such, the Cash Transfer Program is highly efficient, with cost-benefit ratio analyses showing that for each unit of currency spent on transfers by the Ministry of Social Affairs, 0.66 units goes toward reducing the extreme poverty gap. Many partners of social protection programs in West Bank and Gaza—including the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the World Food Programme, and UNICEF—have had access to, and many rely on, the PMT database managed by the Ministry of Social Affairs for designing and targeting their own programs.

The West Bank and Gaza Cash Transfer Program benefits close to 100,000 households and 600,000 individuals (about 14 percent of the total population). It is considered one of the most advanced cash assistance programs in the Middle East and North Africa region, using a sophisticated management information system and a uniform payment modality. Moreover, West Bank and Gaza provides a best practice example regarding the creation and use of a unified registry of beneficiaries across social safety net programs which has significantly improved targeting accuracy and crisis response capacity. In normal times, unified registries can reduce

costs and facilitate coherence and convergence because all agents work with the same database. In times of crisis, unified registries can be used to quickly disburse additional benefits to the target population or quickly expand coverage by adjusting eligibility criteria.

Note that PMT is not used in postconflict or emergency situations, as in such cases, the extreme poor are not the only targeted households and most PMT indicators (i.e., household assets) are difficult to calculate and may have been affected by the conflict.

**PMT and Unique Identifiers Are Effective Tools to Curtail Inclusion Errors.** In fragile and conflict-affected countries with high capacity and a strong enabling environment such as Kosovo, best practice processes can be employed to reduce inclusion errors. The Kosovo Social Assistance Program covers 11 percent of the total population and 13 percent of all children; coverage rates are higher for the poorest quintile (30 percent) and 35 percent of the poorest children (Gassmann and Roelen 2009). Using a combination of eligibility criteria and proxy means and means testing to target beneficiaries, Kosovo has only a very small inclusion error in the program. The majority of benefits are awarded to families in the two poorest quintiles, and only a small share of benefits is awarded to nonpoor families. Over 70 percent of spending on the social assistance scheme went to households in the bottom quintile, while less than 3 percent in the top quintile benefited. This compares favorably with regional averages of 62 and 4 percent, respectively. The combination of eligibility criteria, PMT (asset), and means testing (income) works well in differentiating between the poor and the nonpoor. Moreover, the unique identification system that has been put in place allows rapid and accurate verification of beneficiaries with little room for fraud and misuse of benefits.

Certainly, the reasons for the relatively successful delivery of social assistance programs through PMT and a common registry are the institutional legacy of social protection in Kosovo and the resulting relatively high administrative capacity and number of qualified staff. Also, distance from conflict has been an important factor in building and maintaining delivery systems over time. It would be difficult to administer PMT or establish a reliable registry in an ongoing or recent conflict situation in which many households may be displaced or difficult to locate or identify; or that may lack the assets needed to build a PMT mechanism and measure relative welfare.

**Mobile Technology Can Overcome Implementation Challenges and Improve Community-Based Programs in Low-Capacity Settings.** Sierra Leone is characterized as having low capacity and a strong enabling environment, with resource wealth. Despite its low administrative capacity, the country provides an example of how mobile technology can help improve community-based programs and make implementation processes more efficient.

Mobile technology is being used in the Sierra Leone Youth Employment Support Project. The project—which seeks to provide capacity building to youth institutions, to finance policy studies and analysis, and to promote the effective national coordination of all youth employment support initiatives in Sierra Leone—has benefited about 10,000 youths each year over the last three years and has helped them become more employable and/or to transition into the labor market. Beneficiaries of the Sierra Leone Youth Employment Support Project have adapted easily to the new mobile technology. As in many other countries, e-payments have proved to work well, despite low capacity and a fragile setting. Communities have played a pivotal role in ensuring these successes.

Under the Youth Employment Support Project, and its Cash for Work component in particular, several implementing challenges were identified, including registry, payment system, and monitoring and evaluation. In tackling these implementation issues, the use of smart phones/mobile technology proved to be a very cost-efficient solution. Smart phones were used to register a comprehensive range of information/inputs. The phones were also operated on- and offline and used to upload data in real time, provided the beneficiaries had a SIM card and network coverage.

Given the low capacity and absence of efficient beneficiary targeting and registry mechanisms, there was a general lack of identification documents, and the existing paper documentation suffered from errors and was difficult to access (Rosas and Martin 2014). Mobile technology was introduced in order to find a solution to the lack of documentation. Staff members were quickly trained to use smart phones to collect information on potential beneficiaries and to take photos for the beneficiary IDs. Each subproject registration with mobile technology lasted one day. Thus far, more than 6,600 beneficiaries have been registered in over 86 subproject sites. Where paper

documentation existed, smart phones were used to digitize the information, which resulted in a digital beneficiary database. The database allows for enhanced coordination among different social protection players and institutions, by allowing for data sharing and comparison of information (Rosas and Martin 2014).

The use of mobile technology in improving beneficiary registration resulted in a better payment system as well, through better data and payment flows. Upon registration, all beneficiary information is added to an electronic timesheet, wherein the payment amount is directly computed and beneficiaries receive their SIM cards which are registered to be used for electronic payments.

**Social Protection Can Be Used as a Peace-Building Tool.** Following the end of its armed conflict and the signing of a peace agreement, Nepal has expanded its social protection coverage considerably from 2006 on to forge social unity and ease tensions, targeting social protection programs in particular conflict-affected regions. Spending has increased from 0.5 percent of GDP in 2004/05 to about 2.5 percent of GDP in 2012. Social protection investments have concentrated on various categorical cash transfer programs, school feeding, and public works.

The commitment of the Nepali state to social protection and social inclusion can be inferred from the interim constitution drafted in 2007. The document views employment and social security as fundamental rights of every citizen. The state especially aims to ensure the socioeconomic security of marginalized and vulnerable groups through such measures as child grants, scholarships, and senior citizen and disability allowances. The current programs aim to support vulnerable groups including the elderly, women, and children, especially in remote parts of Nepal, as a way of reducing structural inequities in the country.

Despite the numerous programs and policies in place, the breadth and depth of social protection remains quite low. Existing social assistance programs reach less than a quarter of the most vulnerable populations; and, in particular, cash transfer programs do not appear to be as efficient or effective as they could be. Total coverage of the cash transfer programs does not exceed 3 percent of the Nepalese population, while poverty rates are 31 percent nationally.

In the context of transition and peace building, the visibility of the state in social protection policy and programming in Nepal is something needs to be viewed positively. The majority of the country's social protection schemes are in the fiscal budget and are funded through tax revenues (rather than through external aid). They could thus be interpreted as elements in a nascent social contract between citizens and the state. The government has demonstrated a greater commitment to social protection than many other, richer, surrounding countries—an attempt at addressing socioeconomic security in a systemic manner.

## 6. Conclusions

**Social protection plays a significant role in fragile and conflict-affected settings in maintaining or regaining social balance, but the cost can be significant.** Although there is weak empirical evidence on the impact of social protection in promoting and improving social cohesion, measures such as subsidies and categorical cash benefits are widely used in fragile and conflict-affected countries to ease political and social tensions and as rewards to certain population groups following an episode of conflict. In some countries, such as Mozambique and Rwanda, qualitative studies and anecdotal evidence point to social protection including measures that promote voice, social inclusion, and more equitable access to services and benefits. Nepal has instituted several categorical programs that increase coverage dramatically, even though they do not always benefit the poorest.

**History, social dynamics, and in-place institutional structures predetermine social protection policy and programming choices.** Countries often make policy and programming choices as a response to the situation on the ground. Social protection objectives and interventions are influenced by a country's social needs and the relationship it has had with its citizenry (i.e., in Bosnia and Herzegovina and Kosovo, long-standing programs, particularly social pensions, have created strong ties with the citizens. Similarly, in resource-rich countries, subsidies have helped shape relationships and set long-term trends. To a large extent, existing institutions, informal networks, and cultural understanding of government responsibility to social welfare determine the social protection agenda.

**Programming choices and balance between social assistance, social insurance, and labor vary widely in fragile and conflict-affected countries, and depend on the capacity, income, and extent of an enabling environment in the country.** Level of administrative capacity, together with the relative strength of institutions and rule of law in the country, determines the type of interventions that are possible to implement in fragile and conflict-affected countries. Low-capacity countries with weak enabling environments have a concentration of emergency-type and fragmented policies and programs with low coverage and coherence, which are largely in kind. High-capacity countries with strong or moderately strong enabling environments have been able to establish longer-term social assistance, social insurance, and some labor programs. Additionally, such countries are working on first- and second-generation design and implementation issues such as increasing coverage, reducing targeting errors, and establishing more effective management information systems, as well as rationalizing policies and programs. Frequently in fragile and conflict-affected countries, the populist measures undertaken to support the poor and vulnerable tend to have regressive outcomes and to suffer from major errors of exclusion (e.g., categorical benefits, subsidies).

**Financing sources are critical determinants for the direction of social protection policy and programming in fragile and conflict-affected settings**. A large majority of fragile and conflict-affected countries are low income and resource poor, and face serious budget constraints for social programming. External financing is a major source for social protection expenditures for the medium term. In many cases, external financing steers and shapes the medium- to long-term policy discourse. Although with different income and capacity levels, Kosovo, Sierra Leone, West Bank and Gaza, and the Republic of Yemen have all forged, to varying degrees, a national social protection vision with strong technical support and financing from external partners. All of them have reformed, rationalized, and scaled up their social protection programming following emergency situations and long-standing conflict.

**Political leadership is a critical determinant of the direction of social protection policy and programming in fragile and conflict-affected settings.** Reforms and rapid scale-up in program coverage in fragile and conflict-affected settings have been possible with enabling institutional

environments. More important, however, is political leadership that is willing to bear the financial, social, and institutional costs and to mobilize public opinion. West Bank and Gaza and the Republic of Yemen have moved forward in reforming their targeting mechanisms and cash transfer programs, while Bosnia and Herzegovina and Timor-Leste have resisted rethinking categorical benefits for war veterans and their families—programs that are highly regressive.

**Design and implementation choices, and particularly the delivery of social protection programs, vary widely depending on country capacity and the enabling environment.** It is possible to use modern technology successfully (e.g., for payments) even in very high-risk and low-capacity environments such as Haiti, Somalia, and South Sudan. Such interventions remain small scale, however, and scale-up is difficult in the absence of an enabling institutional environment. To put long-term delivery platforms in place, such as identification and targeting mechanisms, an institutional enabling environment and modest administrative capacity are necessary.

**Social protection in fragile and conflict-affected settings is dynamic, and its composition shifts with changes in country circumstances.** As emergencies occur and recur, or as countries stabilize, the composition of social protection shifts to meet needs. For example, periodic surges in in-kind assistance are common as scale-up of cash transfer programs.

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## Abstract

This study examines the role of social protection programming, and programming design and implementation features, that are prominent in fragile and conflict-affected states. The main objective is to build on existing, available information from a sample of fragile and conflict-affected countries and develop operational guidance that addresses policy, design, and implementation issues and offers operational solutions for social protection programming and policy making in different fragile settings. The analysis showcases the universe of social protection objectives that are evident in these countries as well as the programming trends, types, coverage, and expenditure patterns. The paper also examines dimensions specific to fragile and conflict-affected settings in implementing social protection and labor programs, such as social cohesion, the role of community-driven development, and postwar benefits. Finally, the study highlights social protection and labor program delivery in seven different country contexts, and discusses the country-specific programming options chosen to achieve the objectives and overcome capacity and operational constraints.

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