



One Step  
Forward  
Two Steps Back

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## Today's session:

- Identifying the vulnerable
- Designing social protection in Senegal
- The role of the civil society with experiences from Mali
- Using climatic data to scale up SP programs in the Sahel

To think about during today's session:

- What is jeopardizing development gains in your country? (Risks)
- Who are the people at risk? (Vulnerable)
- What mechanisms are there to support them?
- How can we make them more adaptive? (Combining information on risk and vulnerability)
- Other challenges?



# Identifying the Vulnerable

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Moving beyond poverty headcounts – introducing vulnerability to poverty



How much of vulnerability to poverty is due to risks?



What kind of risks? Idiosyncratic and covariate.



Who are the vulnerable?



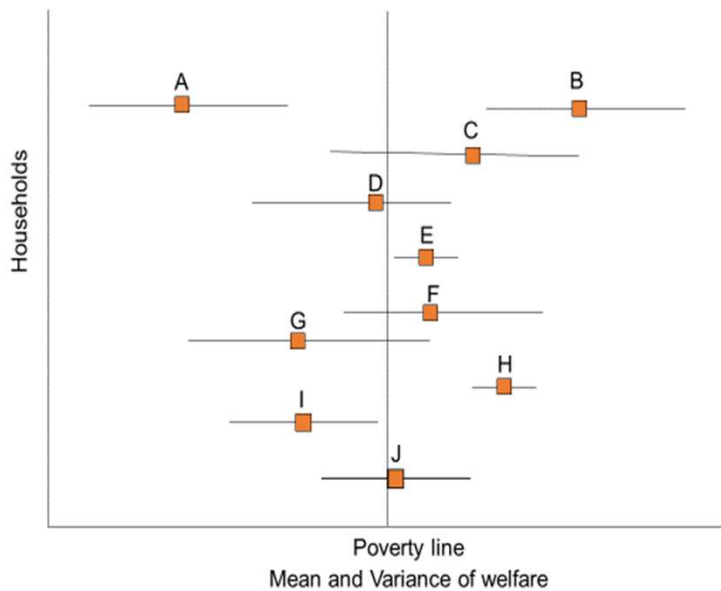
Based on this analysis: Pick a Social Protection system and targeting strategy fit for your country



# **Social Protection**

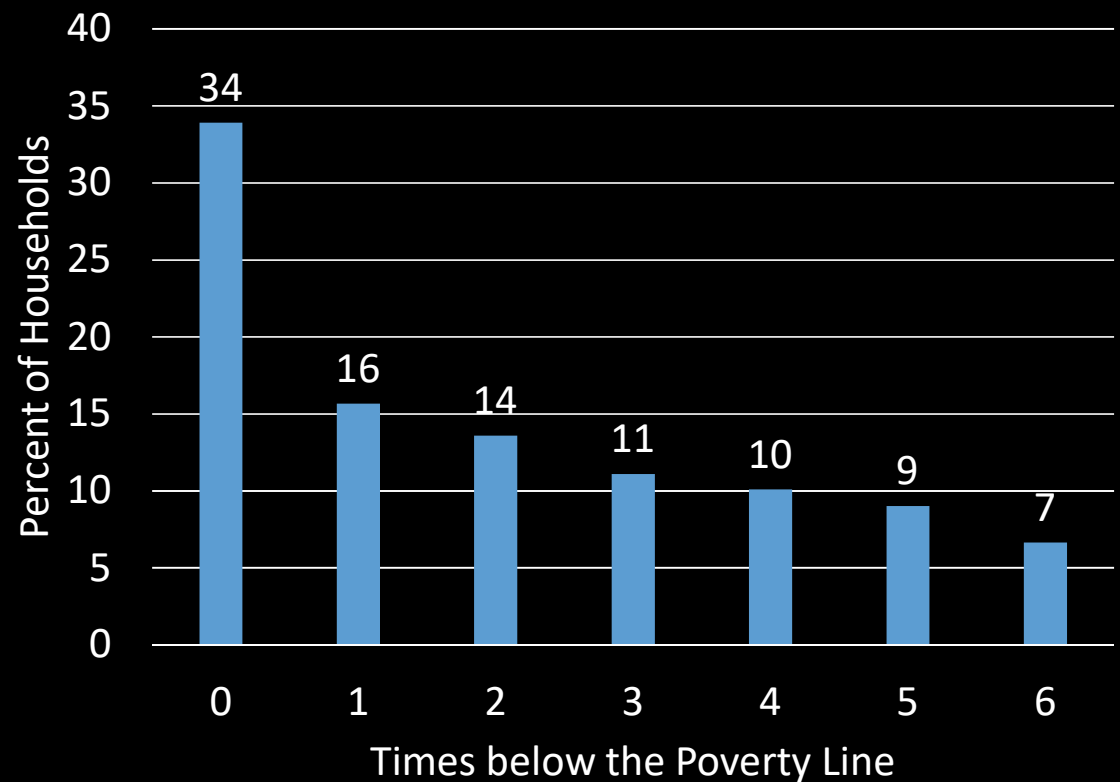
- To support the poor**
- To strengthen resilience**

## Moving beyond chronic poverty: toward a better understanding of the dynamics of poverty



- In very poor places or regions, people are living in **chronic poverty** (household A) and need help to escape poverty
- But as countries become richer and poverty is reduced, **shocks** explain an increasing share of poverty (households C, D, F, G, J).
- These shocks are driven by two categories of risk:
  - **Idiosyncratic shocks**, such as accidents or health shocks: each household moves independently.
  - **Co-variate shocks**, such as natural disasters, change in commodity prices, or epidemics: every household moves together.

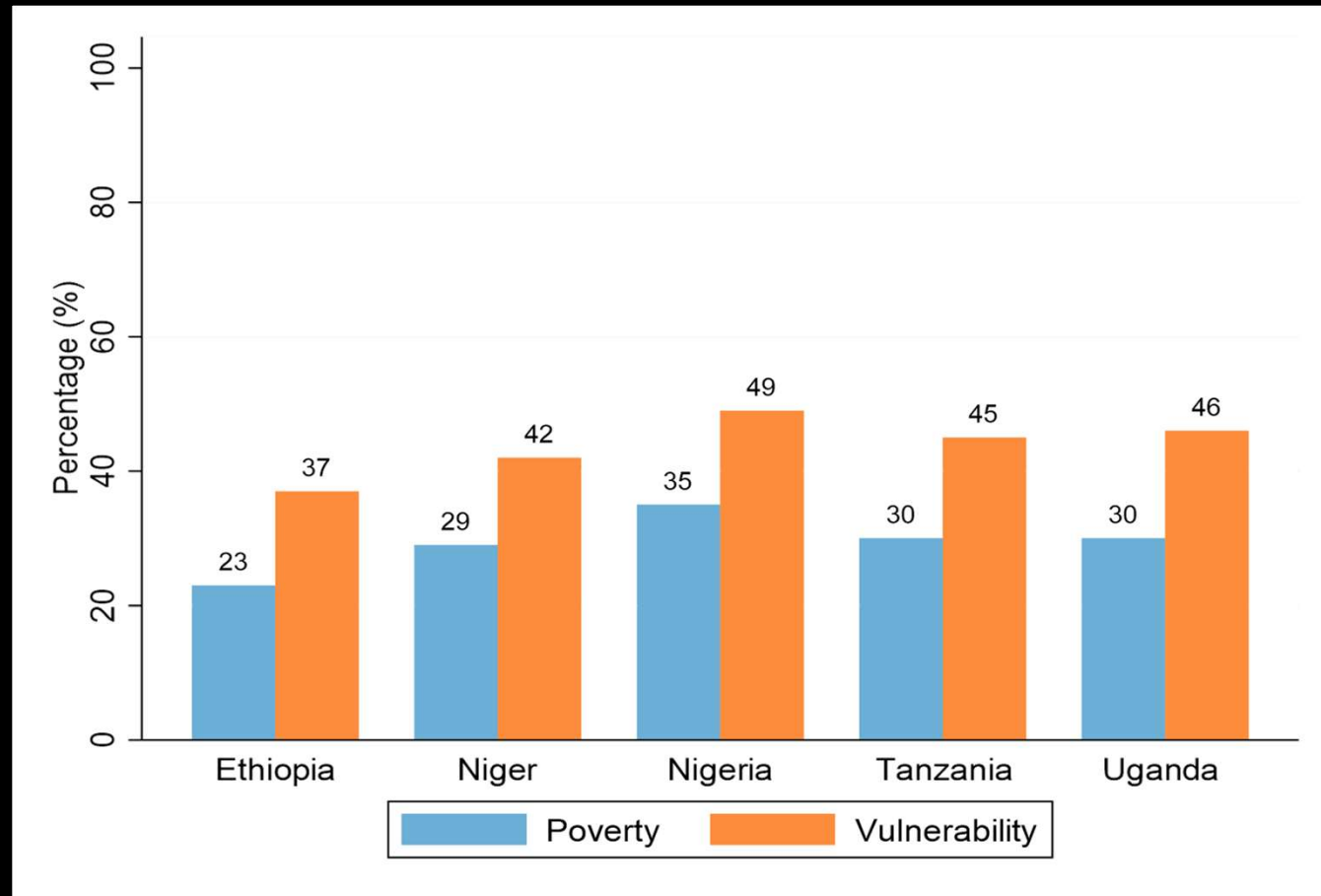
**Example in Nigeria: most people spend one year or less in poverty; only 26 percent spend 4 years or more.**



# A new concept to explore poverty dynamics: the vulnerability to poverty

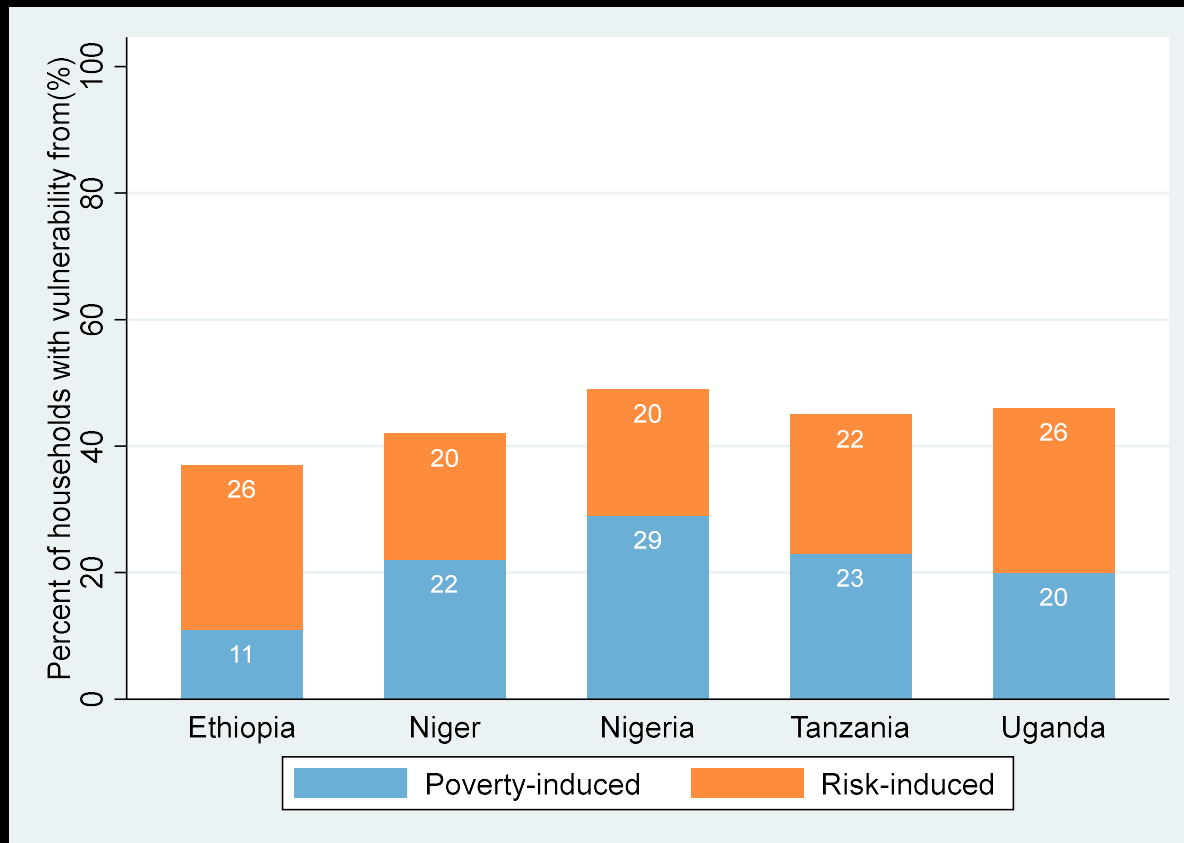
People vulnerable to poverty defined as people with a probability of falling in poverty larger than 50% percent over 2 years.

**In our five countries, vulnerability to poverty is on average 50% higher than poverty**





# Households can be vulnerable because they are poor, or because they are exposed to large risks



Composition of vulnerability by country

In Ethiopia, **large risk levels** explain why people are vulnerable to poverty.

It is less so in Nigeria, where people are primarily **vulnerable due to low human capital and assets.**

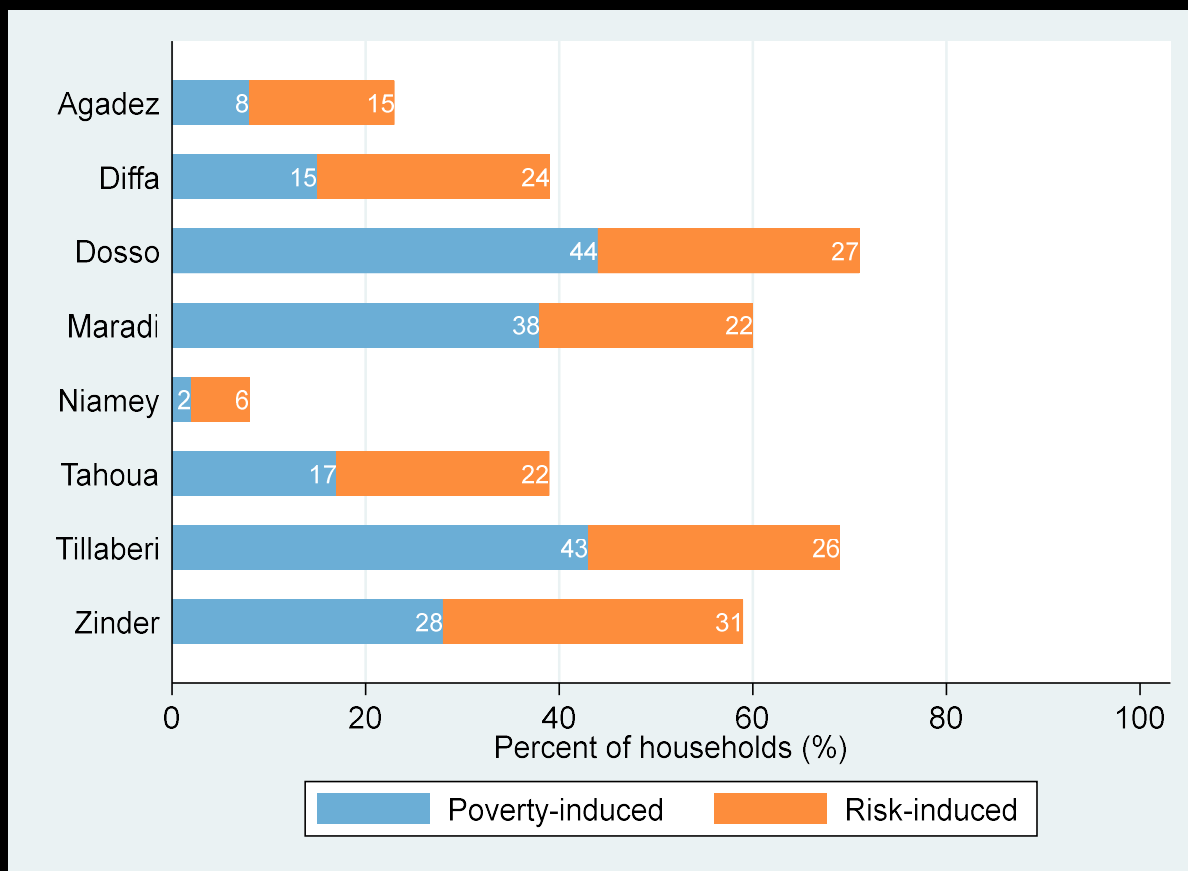
**Why is it important?**

# Because understanding the dynamics of poverty is critical to design poverty-reduction strategies

Social protection has two complementary roles:

- **Social assistance** targets the chronically poor to help them accumulate financial, physical, and human capital, and escape poverty.
  - E.g., assets transfers, Cash transfers
- **Social insurance** helps people cope with and recover from shocks
  - Help people who are vulnerable to poverty cope with the volatility of assets and capital
- **The design of a social protection system (in terms of targeting and budgeting) will depend on the importance of shocks, and of the type of shocks that people are facing. And this is context specific.**
  - Poverty and Poverty-induced vulnerability dominates – focus on social assistance
  - Risk-induced vulnerability dominates – focus on social insurance
  - Idiosyncratic shocks dominate – focus on protecting the individual, need for individual rapid data collection, stable social expenditures
  - Covariate shocks dominate – focus on protecting the community, need for collective rapid data collection, volatile social expenditures

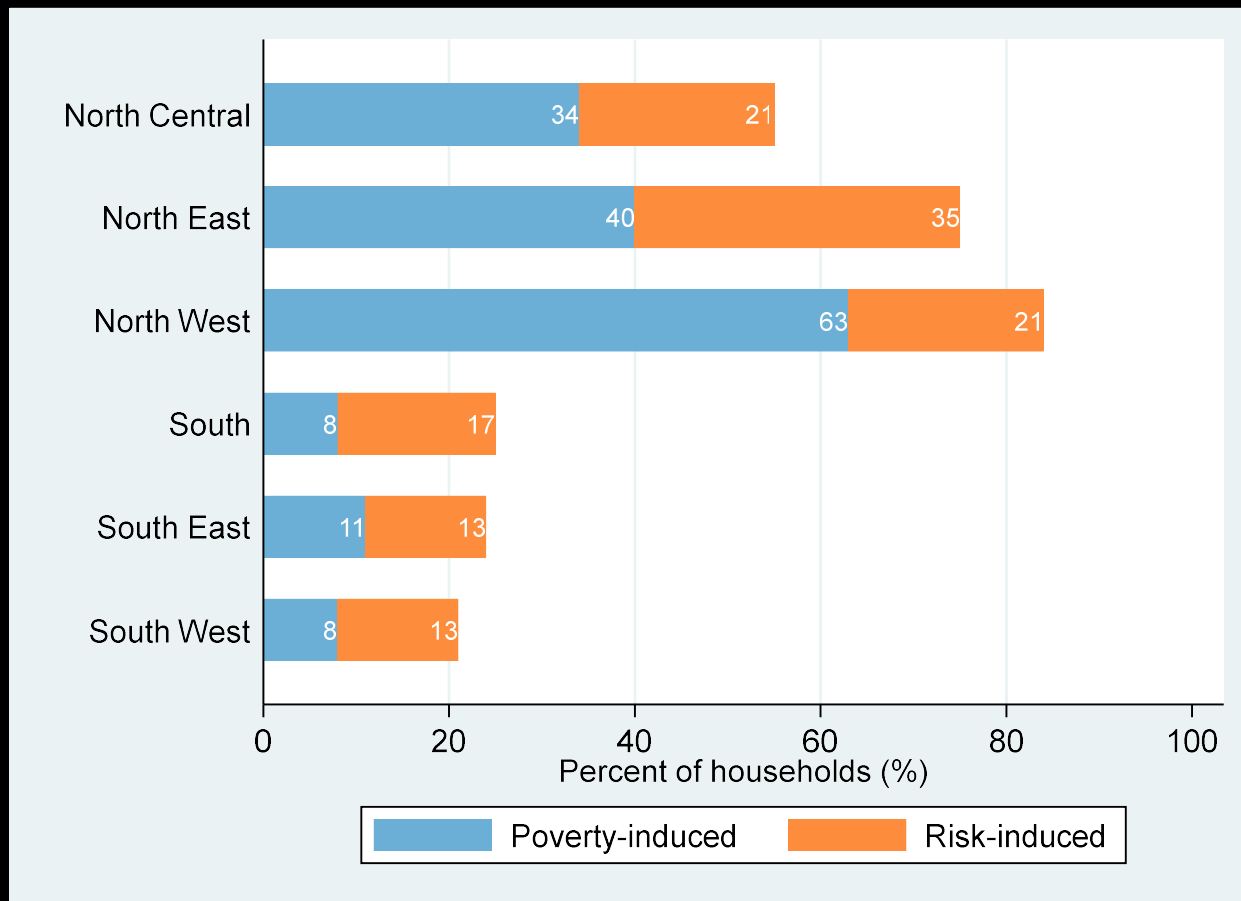
## Social assistance or social insurance? The cause of vulnerability varies within countries – here in Niger



In Dosso, vulnerability to poverty is primarily due to poverty, while risk-induced vulnerability dominates in Agadez.

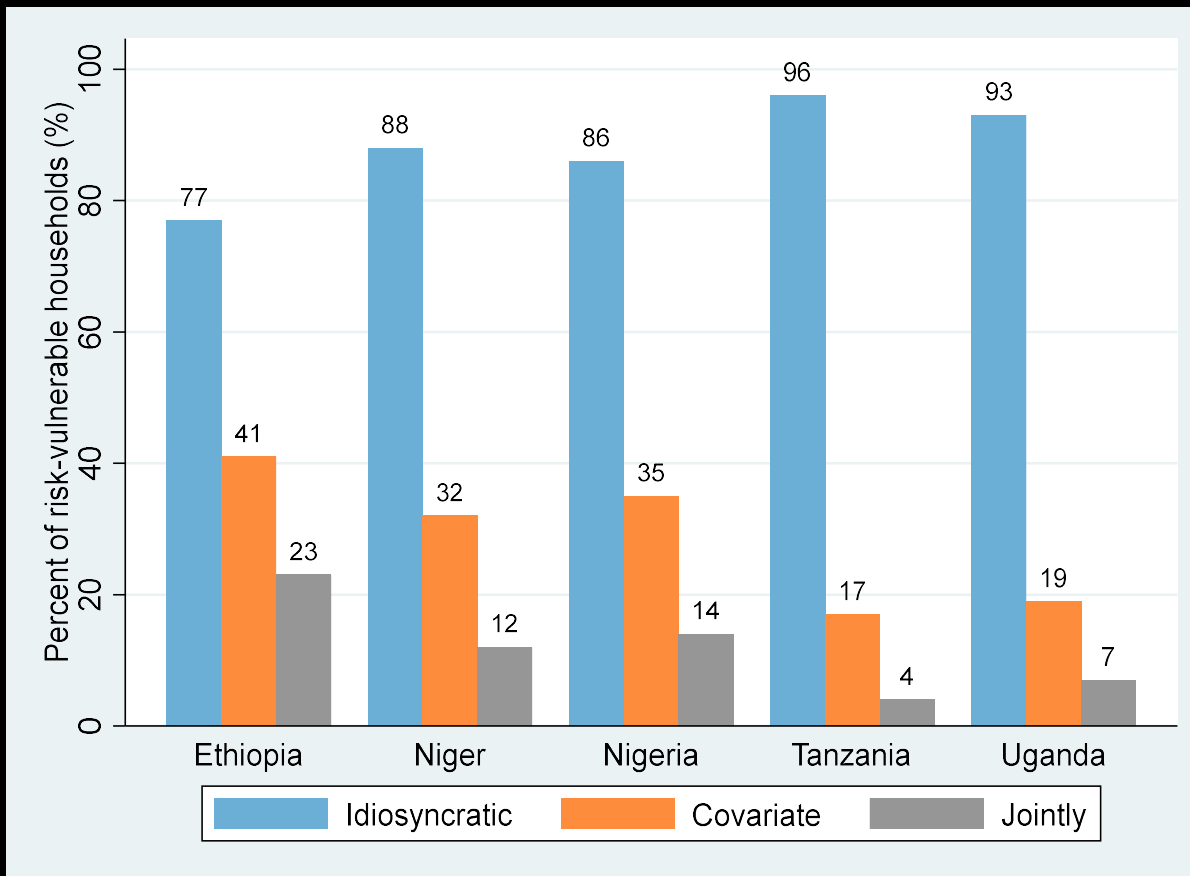
It means that shocks are playing a more important role in Agadez.

# Social assistance or social insurance? The cause of vulnerability varies within countries – here in Nigeria



Conflict-affected North-East suffer from risk-induced vulnerability while North-West sees more poverty-induced vulnerability.

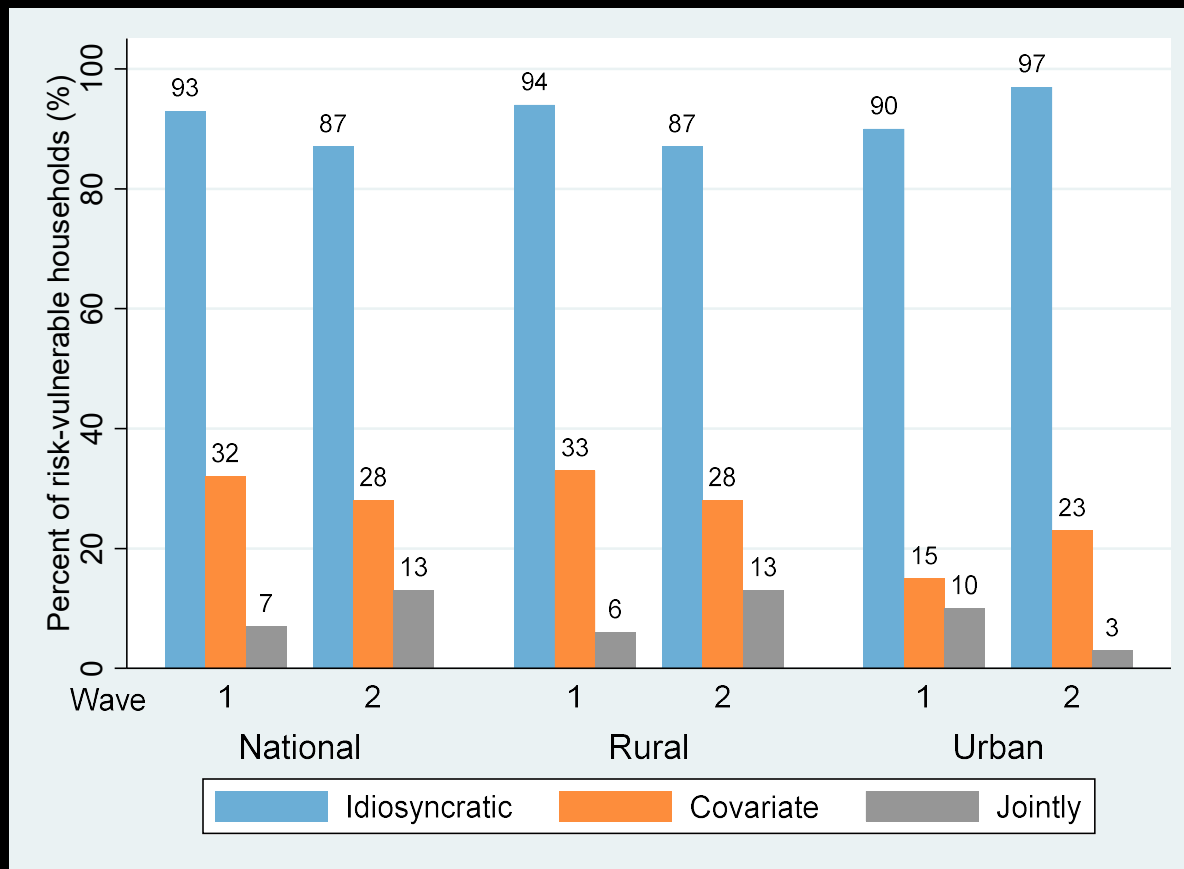
# Individual or community social insurance? The share of idiosyncratic vs. covariate shocks varies across countries



Idiosyncratic shocks are always more important than covariate shocks.

But covariate shocks still explain between 17 and 41 percent. (And joint shocks, between 4 and 23 percent)

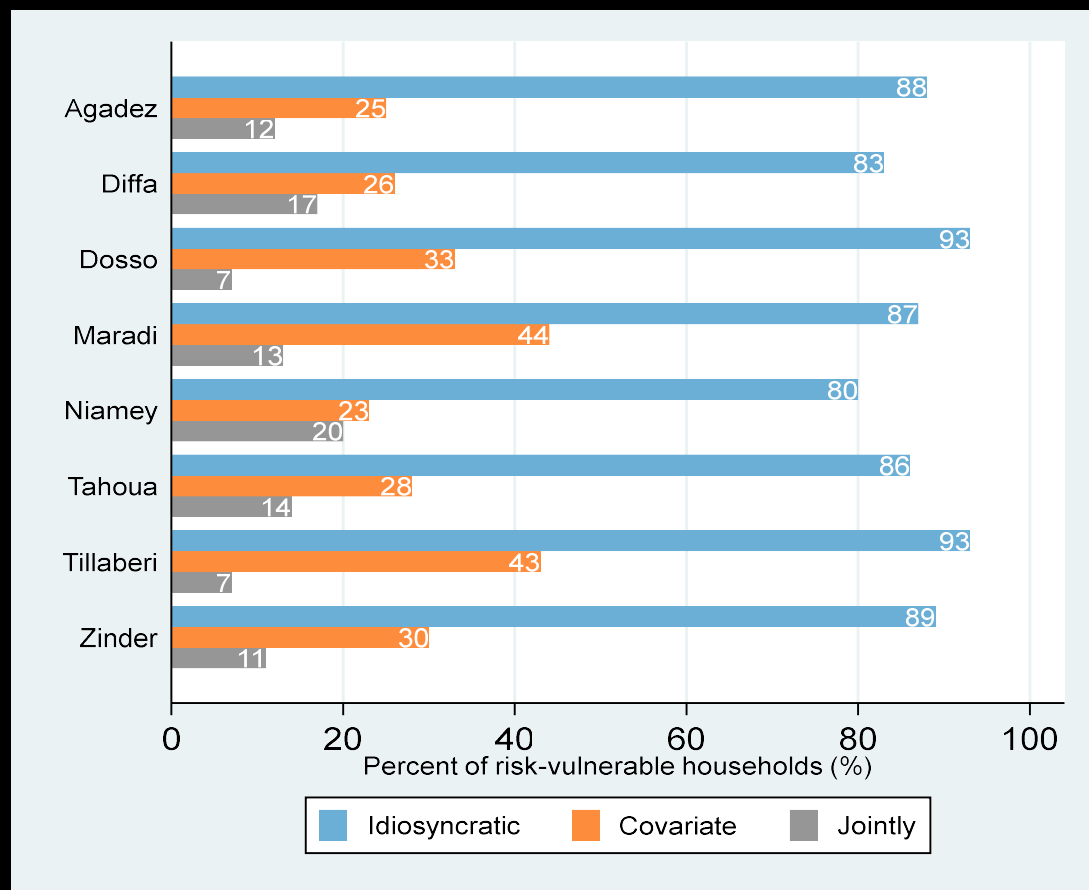
# The share of idiosyncratic vs. covariate shocks also varies within countries – Here in Niger



Covariate shocks play a more important role in rural areas, where collective social insurance more important.

[May be also due to stronger informal risk sharing mechanism in rural communities.]

## The share of idiosyncratic vs. covariate shocks also varies within countries – Here in Niger



Covariate shocks more important in Maradi than in Niamey



# Other Characteristics of the Vulnerable

## Niger:

- Female headed HH
- Larger HH size
- Rural/Farming HHs
- Lower participation in wage work
- Lower access electricity, roads

## Located in:

- Dosso
- Maradi
- Tillaberi and in
- Niamey

## Nigeria:

- Larger HH size
- Rural HHs
- Lower participation in wage work
- Lower access to banking, health facility

- Located in North-West

## Preliminary insight for social protection priorities

- **Where idiosyncratic shocks are more important (e.g., urban areas):**
  - Informal risk-sharing mechanisms can play a large role
  - Targeting is difficult because impact is on an individual level : requires either rapid assessment (e.g., European-style systems), self registration (e.g., Bolsa Familia in Brazil), or self-targeting approaches (e.g., India's NREGA)
- **Where covariate shocks are more important (e.g., rural areas):**
  - A strong case for a scalable social protection system based on community- or regional-scale indicators (e.g., market prices, rainfall)
  - Budget implications for the government, since total social expenditures can vary depending on the realization of covariate shocks