Institutions Matter for Safety Net Interventions

Social Safety Net programs will fail if inadequate attention is paid to the institutional arrangement and organizational design of the program as well as the general institutional environment.

This toolkit offers guidance for institutional assessment, institutional design, and capacity strengthening for safety net systems, programs, or components. The toolkit focuses on cash and in-kind transfers, public works, feeding programs, and waiver programs for basic social services, though it can serve as a guide to other types of programs.


There are a number of safety net-specific institutional features and service provision characteristics which need to be considered during the design of safety net interventions:

- safety net actors and social services ministries are generally weak, uninfluential groups;
- beneficiary groups are diverse, weak and often voiceless;
- public goods with the consumption characteristics of private goods necessitate alternative accountability mechanisms;
- the relative difficulty in monitoring service delivery can lead to corruption etc; and
- there are significant opportunity costs affecting demand for services (such as prohibitive distance to service delivery points or stigma).

Furthermore, given the multi-dimensional facets of poverty and the range of different interventions, several line ministries or agents are usually in charge of safety net activities making it difficult to identify a single “institutional home”. In other words, safety net systems are pluralistic, comprised of the public, private, and voluntary sectors.

Often, various governmental levels (central, regional, local) are involved, and this necessitates a further analysis of the local administrative structures. Finally, community structures and social capital are also important factors in evaluating the potential for community targeting and the role of community participation.

These aspects pose major challenges for the safety net system in coordinating itself and managing and governing the resulting inter-organizational and intergovernmental relationships. There are issues of supervision, regulation (e.g., for subsidized food, food stamps), coordination, cooperation, and contracting, as well as concerns about trust and the prevailing nature of interactions between policy-makers and providers. Altogether, these have crucial implications for the institutional design of safety net interventions and will require specific institutional capacity strengthening approaches.

Objectives of an Institutional Analysis

1) To **assess** the prevailing situation—to discern which organization(s) could best deliver services or interventions effectively and efficiently by analyzing the (potential) institutional and organizational setup and by assessing which institutions and institutional linkages as well as organizational factors are critical to successful service delivery. This also includes the analysis of the policy making and coordination processes;

2) To **propose the design** for the most appropriate institutional setup—to ensure that the institutional and organizational arrangements required will be available in the given country; and

3) To **develop measures to help strengthen the institutional capacities** for the organizations and actors involved in order to ensure an appropriate institutional set-up for program performance.
The Toolkit: Nuts and Bolts

The toolkit contains three tools and outlines the logic, methodology and steps of how institutional design (Tool 2) and institutional and organizational capacity strengthening (Tool 3) follow from institutional assessment (Tool 1). The toolkit:

- describes the rationale of each module,
- illuminates potential institutional gaps and guides the analysis of the implications of these gaps;
- explains when, and how to apply the three Tools and modules;
- proposes appropriate data collection methods for institutional analysis; and
- helps to formulate terms of reference for institutional assessments.

A case study example is included in the toolkit to illustrate its application as well as the type of information which should be collected.

The Tools

### Tool 1: Institutional Assessment

This tool serves to assess the institutional adequacy for service provision, and the institutional and organizational capacity of safety net actors and the safety net system. Particular focus is put on service provision processes by depicting the various production steps involved in key safety net provision. The eight modules help the user assess:

1. Country information related to safety net interventions
2. The country’s safety net system and its actors
3. Institutional and organizational capacity of the policy development/planning unit
4. Administrative structure(s)
5. Service provision processes
6. Organizational and institutional capacity of (potential) implementing agencies
7. Community characteristics and their capacity
8. The NGO sector and inter-organizational relations

### Tool 2: Institutional Design

This tool helps identify the necessary steps for institutional (re)design by taking into account the results from institutional assessment. The four modules examine the following institutional (re-) design issues:

1. Strengthening policy-making and coordination
2. Establishing an institutional home for safety net systems
3. Enabling provider choice and improving institutional arrangements for safety net service provision
4. Achieving harmony within and also with other programs beyond the safety net system

### Tool 3: Institutional Capacity Strengthening

Based on the above analysis and considerations, appropriate approaches for capacity strengthening can be derived. Capacity strengthening involves the provision of technical and financial support, including change management facilitation, in order to modify the incentive structure for individuals and organizations.

This tool provides a list of possible institutional capacity gaps and recommends entry points for institutional change and institutional capacity strengthening. Prior to implementing these measures, their effect on service provision and system performance must be identified through institutional assessment.

Below are illustrative examples of common challenges in institutional design and institutional capacity and respective recommendations:

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<tr>
<th>Challenges</th>
<th>Recommendations</th>
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<tr>
<td>Intra-ministerial communication is poor, thereby resulting in foregone coordination and cooperation benefits as well as program coherence.</td>
<td>Foster organizational development process, initiate problem analysis of communication structures, and facilitate a solution-finding process.</td>
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<td>The safety net coordination unit is marginalized by, and not connected with, other ministries— it lacks political support and suffers from rivalry.</td>
<td>Facilitate meetings and discussions among the safety net actors on inter-organizational relations; create an inter-ministerial committee to involve other ministries.</td>
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<td>Eligibility criteria of a safety net program are unclear.</td>
<td>Support clarification and formalization process of eligibility criteria, anticipate possible (dis-)incentives resulting from these criteria, and adjust accordingly.</td>
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