



# Social Safety Nets and the Food Security Crisis

The impact of soaring food prices on poor households can be dramatic, exacerbating food insecurity negatively impacting on nutrition and creating social tensions. Therefore, urgent and comprehensive responses are needed. In addition to meeting the immediate needs of vulnerable households, it is necessary to build long-term resilience to contribute to sustainable global food and nutrition security (UN HLTF 2008). The International Labour Organization (ILO) estimates that 80 percent of the world's population lacks access to adequate social protection, and more than half lacks any coverage at all. In response to the food, fuel and financial crisis, the demand for social protection and safety net interventions has increased, as also recognised by the adoption of the UN Social Protection Floor Initiative (ILO-WHO 2009). In fact, social protection and safety net interventions are increasingly deemed important counter cyclical social policies that can minimize the effects of crises and food price volatility, as well as address current and future vulnerabilities.

## Characteristics of social safety nets

Safety net programmes, as part of the broader social protection agenda, aim to address risks, vulnerability and social exclusion. Safety nets help vulnerable households be protected against livelihoods risks, maintain an adequate level of food consumption and improve food security. They also help prevent them from adopting damaging coping strategies and depleting their assets. In the context of agriculture, they might also alleviate liquidity constraints for smallholders, boost demands for farm products, foster income-generating strategies, and create multiplier effects throughout the local economy (Devereux *et al.* 2008).

The following are examples of safety net instruments:

### Cash transfer or food vouchers

- The distribution of cash or food vouchers gives beneficiaries additional resources to purchase food and other goods, which may contribute to maintaining caloric intake and diet quality. Food vouchers may be restricted to certain types of food for nutritional purposes (FAO 2011).
- Cash transfers and vouchers may be conditional or unconditional, universal or targeted to specific groups. Conditional cash transfers consist of regular payments to poor households in exchange for their compliance and participation in health, nutrition and education programmes, thus helping to improve food security while achieving other human development goals (Box 1). Unconditional transfers include measures such as social pensions, child support grants or family allowances. Potentially, they have lower administrative costs and enable poor households to have full command of the resources transferred.
- Transfers and vouchers are appropriate when markets are functioning, and food is available, thus stimulating the local economy. However, if food is not available on the market, they can have inflationary effects (FAO 2011).

#### Box 1: Conditional Cash Transfer: Mexico's "Oportunidades"

Rigorous evaluations show that the programme has contributed to improving the health and nutritional status of children and adults, along with school enrolment rates. In the context of rising food prices, it has enabled the Government to rapidly respond to the crisis. In 2008, the Government increased the budget dedicated to the programme; payments to the poorest households also increased. Although the amount of transfers did not entirely compensate for the increase in food prices, it had a mitigated effect on the crisis (FAO 2009).

### Food distribution in kind

- These programmes entail the distribution of food in kind to beneficiaries. The food distributed can be locally purchased (if available), brought in from other parts of the country or imported through government purchase or food aid (FAO 2011).
- If food is purchased locally, it can help increase demand and stimulate agricultural production. However, when food is in short supply it can have an inflationary effect. If food is brought in from other regions or abroad, it could reduce local prices (FAO 2011).
- School feeding has become an important component of food assistance. In times of food crisis, these programmes may discourage parents from taking children out of school (FAO 2009).

### Universal food subsidy

- These interventions entail providing a subsidy on food items.
- Food price subsidies are generally not recommended, as they are usually costly, difficult to remove and not well targeted to the poor (WB 2008). However, costs may be reduced through indirect targeting, limiting the subsidy to staple food mainly consumed by the poorest households (FAO 2011).
- Careful monitoring is necessary to prevent the development of black markets, distortions in trade and production, and the erosion of the private sector in case food is distributed through public channels (FAO 2011).

#### **Box 2: Ethiopia's "Productive Safety Net Programme" (PSNP)**

The PSNP, launched in 2005, aims to provide transfers to food-insecure households, strengthening livelihoods and shifting away from emergency food aid distribution. The programme promotes "graduation", defined as the moment when households can meet basic food needs and are able to face modest shocks. The number of people covered by the programme has increased from 5 to 8 million in 2008. The programme provides transfers (cash and/or food according to regions) in return for work, and provides direct support to households with no labour or other means of support. Transfers were un-indexed, but in response to rising food prices and declining value of cash transfers in 2008, the payment was raised from Birr 6 to Birr 8 per day (FAO 2009; Sabates-Wheeler and Devereux 2010).

### Employment-based safety nets

- Public works (Box 2) and employment guarantee schemes (Box 3) are the most common employment-based safety nets. They entail a regular payment, in cash or in kind, in exchange for work. Employment guarantee schemes generally refer to long-term rights-based programmes, in which a level of entitlement to work is provided (ILO 2010).
- Public work programmes can offer short-term employment, particularly to address negative impacts of seasonality, economic shocks and cyclical downturn. They have the potential to employ poor and vulnerable workers, thus mitigating the impact of the crisis on employment, but also creating productive assets that poor people can benefit from.
- Public works consist mainly in labour-intensive infrastructure development projects; however, there are increasing examples of work in the social sector, environmental services and community driven programmes. In some programmes, skills and training components have been introduced (ILO 2010).
- Wages in traditional public works are typically set under market rates to ensure self-targeting; however, the promotion of employment guarantee schemes that pay a minimum wage rate are likely to enhance decent work conditions and give rural workers bargaining power (ILO 2010).

Employment guarantee schemes refer to longer-term rights-based programmes which ensure some level of entitlement to work. These schemes can be both universal and targeted; the critical

#### **Box 3: India's "National Rural Employment Guarantee Scheme" (NREGS)**

Launched in 2006, the India's NREGS confers a statutory right to rural people to claim up to 100 days of work per year from local administration, at the minimum unskilled wage rate. In 2008, the programme was scaled up to cover all districts, generating 2,163 person days and benefiting 45 million households. This type of programme is being considered in other countries (ILO 2010).

distinction is that they incorporate a guarantee that creates access to employment as a right. Many of the elements of these programmes can be incorporated into long-term employment programmes. This has implications in terms of programme

planning and design, as well as on the impacts and outcomes that will be attained.

- Correct design of employment-based safety nets is crucial to overcome possible negative effects, such as the poor quality and financial sustainability of infrastructure created. If under-funded, public works may have a negative impact on nutrition, considering the amount of energy people expend working. They may not be appropriate for all types of groups such as children, the elderly and the disabled. Special attention is needed to prevent gender biases, avoiding heavy manual work from women and taking into account women's time constraints due to domestic and care responsibilities (Devereux 2010).

### **Lessons learned from the 2008 food security crisis**

- Social protection programmes play a triple role in the response to rising food prices: they prevent an increase in poverty and inequality; they help households maintain access to food and essential services for health and education; and they help in maintaining social equilibrium and in avoiding less efficient policies to be implemented (WB 2008).
- There is evidence that households receiving social transfers spend more on food and tend to experience less hunger, leading to an increase in food security. Safety nets also have broader economic impacts through increased productive activities by households. Furthermore, vulnerable categories, such as children, receiving social transfers tend to be generally better nourished (Samson *et al.* 2006; Adato and Bassett 2008). Thus, benefits spread to the local economy.
- In response to the high food prices in 2008, 23 countries introduced or expanded cash transfer programmes, 19 countries introduced food assistance programmes, and 16 countries increased disposable income measures, demonstrating the importance of social protection measures (FAO 2009).
- There is no one-size-fits-all approach. Responses are country specific. Each country has different social needs, development objectives and fiscal capacities to achieve them. Therefore, a different mix of policies will be chosen.
- An assessment of the safety net programmes and social protection policies is highly recommended to examine the design, scope and quality of existing programmes. Based on this, it will be possible to identify the programmes best placed to channel additional resources to those most in need in the context of a crisis. And it will also help in determining the need for improvements or new programmes over the medium to long run (WB 2008).
- For the short-term crisis response, it is recommended to assess the appropriateness of existing safety net country programmes, thus building on previous experiences and scaling up existing social protection interventions. It is beneficial to make short-term social protection measures accessible to meet immediate needs of vulnerable households and to improve their access to food and nutrition support. However, in order to build long-term resilience to fully address the causes driving a food crisis, it is necessary to develop, in parallel, sound safety net systems, strengthening national design and implementation capacity for social protection (WB 2008; UN HTLF 2008).
- When food prices are rising, cash transfers or employment wages need to be adjusted so that food purchasing power is maintained (FAO 2011). It can be also useful to provide a combination of cash and food transfers. Food vouchers may have the advantage of guaranteeing access to the specified commodities at whatever cost, while not undermining market (Sabates-Wheeler and Devereux 2010).
- Targeting the most vulnerable groups is essential for ensuring well designed safety net programmes. However, costs and benefits of accurate targeting need to be carefully considered, particularly during a crisis (Ravallion 2008).
- It is important to define monitoring and evaluation systems to assess the performance of safety net programmes, as well as good accountability and control mechanisms.

- Safety net programmes need to be flexible in the use of tools and resources, thus enabling them to adapt rapidly to changing circumstances and improve coverage to allow more people to benefit from them during a crisis.
- Safety nets will have budgetary implications; the fiscal costs of safety nets over the short and long term need to be assessed and financed within the framework of prudent macroeconomic policies. In the short run, donors may support the development and implementation of nationally owned social protection strategies providing high levels of coverage among the poorest. In the medium term, it may be necessary to assess alternative sources of income to finance safety net programmes, along with a prioritisation of social protection interventions within country public expenditure frameworks. (ODI 2009; UN HTLF 2008).
- It is important to consider the interactions between safety nets and agricultural and rural development interventions to build on potential synergies and to avoid having either type of intervention undermine the other. Specific nutrition and health interventions, as a complement to social protection programmes, might be needed, as well as safety net measures envisaged in favour of producers (FAO 2011; WB 2008).

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