

Protecting the Vulnerable:

The Design and Implementation of Effective Safety Nets



December 2 - 13, 2002

Washington, DC

The World Bank

Food Based Safety Nets and Related Programs

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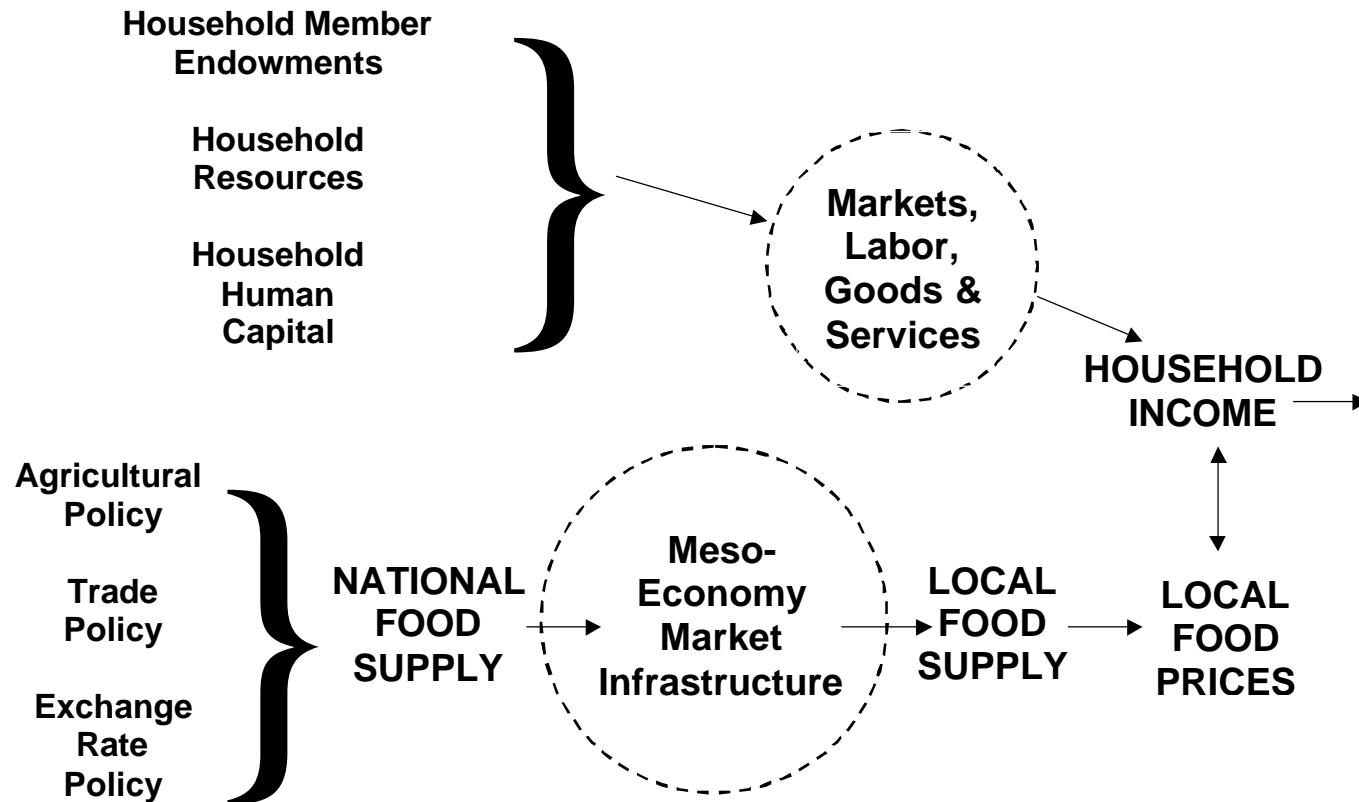
Tufts University

World Bank Institute, December 7, 2000

Safety nets...

- Maintain and protect *income* and food and health *entitlements* of poor households, and
- Reduce the negative effects of economic shocks such as
 - Structural adjustment
 - Natural disaster
 - Conflict

Figure 4
Food Related Transfers As Part of the Social Safety Net



Purposes of Food-Based Safety Nets

- Provide real transfer of purchasing power
- Assure minimum acceptable level of household food consumption
- Maintain adequate nutritional status of individuals

Purposes of Food Based Safety Nets (2)

- Rehabilitate malnourished individuals, usually children
- Provide an incentive for participation in other social services:
 - Health Care
 - Schooling

Types of Food-Based Programs

- Supplementary Feeding
 - Distribution through maternal-child health centers
 - School Feeding
- Emergency Feeding
- Food-for-Work Programs
- Food Stamps, vouchers, and coupons
- Food Price Subsidies

Figure 2
Food Related Transfers As Part of the Social Safety Net

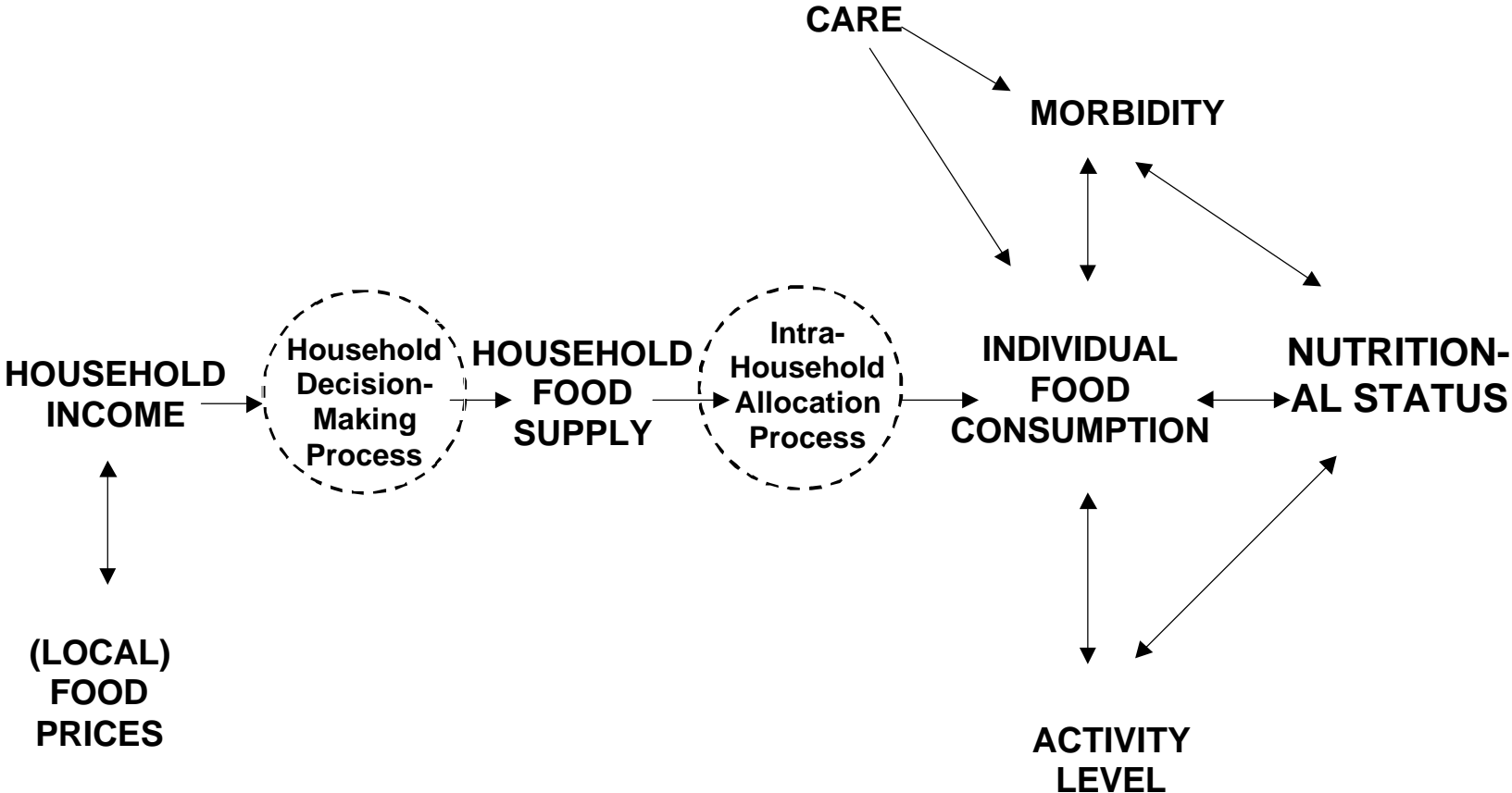


Figure 3
Food Related Transfers As Part of the Social Safety Net

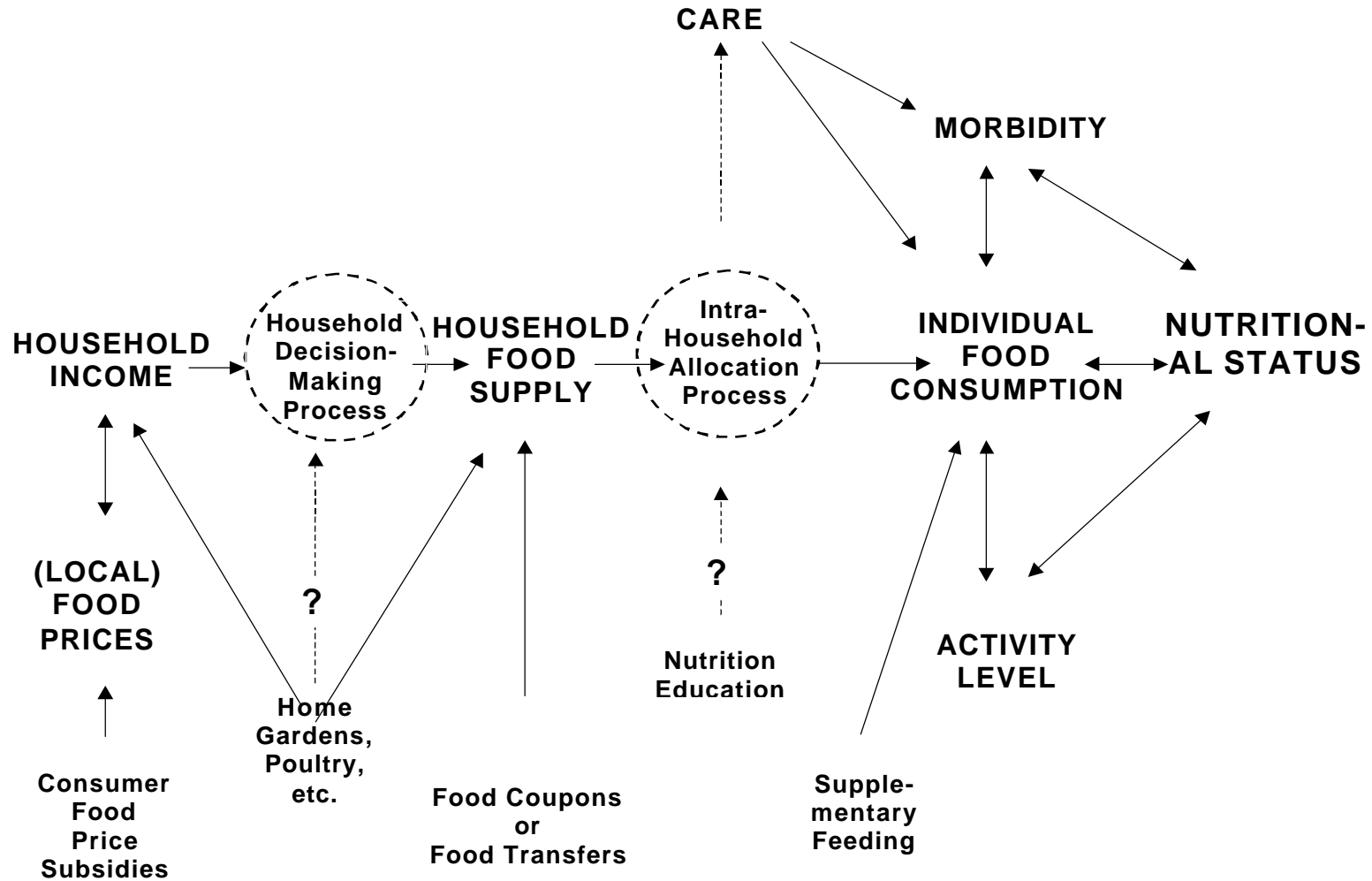
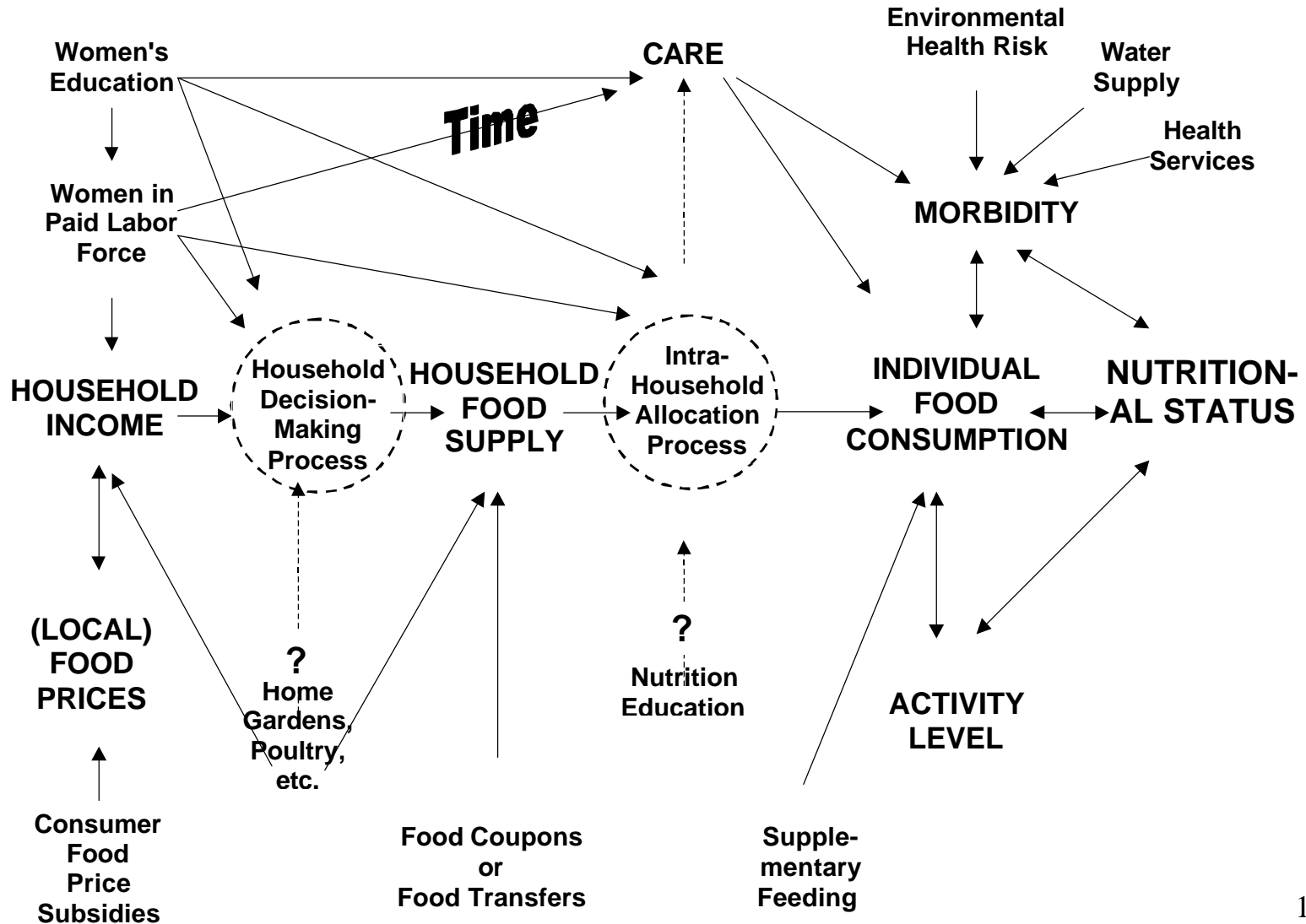


Figure 4
Food Related Transfers As Part of the Social Safety Net



Continuum of Resource Transfers: Food to Cash

- Cash
- Food stamps, vouchers, with cash value
- Consumer food price subsidies
- Food stamps, vouchers for fixed quantities of specific foods
- Direct distribution of food - take-home family rations
- On-site feeding

Why food?

- Politically attractive - food is a ‘merit good’
- Potential for self-targeting of benefits to needy
- Implications for intra-household resource control
- Direct nutrition and health benefits
- Availability of food from food aid

Program Design Issues: Targeting

- Purpose of targeting: maximize cost-effectiveness; concentrate benefits on needy
- Trade-offs in targeting:
 - Narrow targeting may exclude eligibles along with ineligibles
 - Some ineligibles may be in need of the benefit
- Leakage: when benefits to go non-target group members

Program Design Issues: Mechanisms of Targeting

- Administrative
- Self-targeting
- Geographic
- Institutional
- Seasonal
- Inadvertent

Mechanisms of Targeting (2)

- Administrative
 - Based on bureaucratic determination of household income, wealth, or other criterion of eligibility
- Self-targeting
 - Benefit is preferred by needy, not preferred by better-off households
 - Inferior foods (those not preferred by the wealthy) are not necessarily nutritionally inferior

Mechanisms of Targeting (3)

- Geographic
 - Benefit is provided to neediest regions
 - Depends on regional concentration of need
- Institutional
 - Benefit is provided to all within an institution: a school or health center
- Seasonal
 - Benefit is provided during the season of scarcity

Mechanisms of Targeting (4)

- Inadvertent
 - Benefit is distributed based on ability to wait in line or to support other time cost of participation
 - Benefit is forgone by some individuals due to stigma of participation

Criteria for Targeting

- Income
- Wealth, possessions
- Economic risk categories
 - E.g., occupation, household structure, location
- Nutritional risk categories
 - Age, pregnancy/lactation, growth, weight gain
- Nutritional status
 - Anthropometric status

Targeting Individuals vs. Households

- Targeting individuals within a household is difficult
- Leakage to other household members (sharing) may be an uncounted benefit
- Size of benefit provided must account for sharing

Substitution vs. Additionality

- Substitution occurs when the benefit provided (food) substitutes for a household's current consumption
- The food is additional if it adds to the household's or individual's current consumption

Substitution of Inframarginal Transfers

- Food transfers are inframarginal if the quantity offered is less than the household's current consumption
- Inframarginal transfers allow for full substitution
- But full substitution does not usually occur; inframarginal food transfers increase net consumption

Issues of Timing

- Regularity and Reliability
 - Program interruptions reduce effectiveness
- Frequency
 - Smaller, more frequent transfers of food are less likely to be sold or traded
- Timing of Initiation
 - Early initiation prevents lasting harm
- Permanent vs. Temporary Program

Cost of Food-Based Safety Nets

- Cost is determined by...
 - size of the benefit
 - size of the beneficiary population
 - logistic cost of delivering the benefit
- Costs are difficult to control if...
 - no cap on the number of beneficiaries
 - benefits are adjusted for inflation, or
 - benefits are of fixed quantity irrespective of price

Cost of Food-Based Safety Nets (2)

- Cost is difficult to assess if the food program is part of another service, such as
 - maternal and child health services
 - school programs
- Cost includes time and resources diverted from other uses, even if not budgeted
 - E.g., teachers, health care providers distributing food

Effectiveness Measures

- Cash value transferred to households
- Calories/nutrients transferred to households
- Net increase in calories/nutrients consumed
- Households raised to dietary adequacy
- Individuals raised to nutritional adequacy
- Cases of malnutrition averted

Cost-Effectiveness

- Depends on effectiveness measure chosen
- Programs are more costly if beneficiary population is large; more effective if the problem is severe
- Cost-effectiveness is higher if program effectively targets neediest, excludes others
- High cost-effectiveness does not imply low cost

Supplementary Feeding Programs

Program Types

- Maternal-child health (MCH) feeding
- School Feeding
- Emergency Feeding

Supplementary Feeding Programs: Economic Rationale

- Resource transfer to poor households (safety net)
- Increase human capital formation
 - health
 - nutrition
 - schooling
- Improve productivity

Supplementary Feeding Programs: Effectiveness Measures

- Resource transfer
 - Direct distribution of food is a costly way to raise incomes
- Direct effect of food on health and nutrition
- Incentive effects on
 - Schooling
 - Health care

Supplementary Feeding Programs: Appropriate Context

- Logistics
- Management
- Complementary Services
- Nutritional Needs

Supplementary Feeding Programs: Design Issues

- Substitution
- Leakage (sharing)
- On-site vs. Take-Home Rations

Supplementary Feeding Programs: Targeting and Eligibility

- Maternal-Child Health Programs
 - nutritional risk
 - current nutritional status
 - economic need
- School Feeding Programs
 - needy schools
 - age, gender
 - grade level

Supplementary Feeding Programs: Size and Composition of Supplement

- Quantity
 - Nutrient “gap”
 - Sharing within household
- Nutrient Density
- Self-targeting Nature
- Perishability

Emergency Feeding Programs

- Save lives by distributing food in times of market failure
 - war and civil conflict
 - famine and natural disaster
 - migration
- Preserve livelihoods by forestalling migration or sale of assets

Emergency Feeding Programs: Program Types

- General Rations
- Supplementary Feeding of Vulnerable Groups
- Therapeutic feeding of malnourished individuals

Food for Work

- Provides public works employment paid in food
- May serve as ‘employer of last resort’ where jobs are scarce

Food for Work: Rationale for Payment in Food

- No food in the market
- Disruption in markets means food supply will not increase if demand increases
- May increase food consumption more than equivalent cash wage
- Food available through food aid when cash is not

Food for Work: Setting the Food Wage

- Based on private sector unskilled wage (set marginally lower to avoid displacing labor)
- Based on nutritional needs of the household
- Fixed per household or per worker
- Fixed per unit of work performed

Food for Work: Targeting and Eligibility

- Households must have able-bodied worker
- May disproportionately attract women workers
- Self-targeting to needy depends on
 - size and composition of the food wage relative to cash wage
 - availability and cost of food in the market
 - availability of alternative work
- Geographically targeted
- Possible limit on number of potential beneficiaries

Food Stamps, Coupons, and Vouchers

- A form of parallel currency that may be restricted in use to food, or to particular foods

Food Stamps, Coupons, Vouchers: Program Types

- Denominated in terms of cash value
- Denominated in terms of fixed quantities
- Use permitted for any food
- Use restricted to specific foods
 - Basic staples
 - Inferior foods
 - Nutritious foods
- Use permitted in any store, or restricted to particular stores

Food Stamps, Coupons, Vouchers: Program Types (2)

- Administered like a cash transfer
- Used as incentive for participation in social programs
 - Health care
 - Schooling
- Administered as a nutrition program
 - Preventive
 - Therapeutic

Food Stamps, Coupons, Vouchers: Appropriate Context

- Market for food functions well
 - Accessible
 - Competitive
 - Responsive to changing demand
- Banking system functions well
- Confidence in government to back the stamps
- Significant percentage of food consumed is purchased

Food Stamps, Coupons, Vouchers: Compared with Cash Transfers

- Food stamps have a greater effect on household food consumption
- Food stamps may be under woman's control
- Food-based transfers more politically attractive than cash
- Possibility of self-targeting

Food Stamps, Coupons, Vouchers: Compared with Direct Distribution

- Logistics of food stamp distribution are simpler
- Management and control may be more difficult
- Food stamps depend on existing food markets; direct distribution sets up parallel food marketing system
- Food stamps depend on banking system

Food Stamps, Coupons, Vouchers: Targeting and Eligibility

- Administrative Targeting
 - May be combined with other means:
 - Self targeting
 - Geographic or institutional
- Eligibility Criteria
 - Income, wealth
 - Age, pregnancy/lactation status
 - Participation in complementary services

Food Stamps, Coupons, Vouchers: Size and Composition of Transfer

- Cash value vs. fixed quantity
- Any food vs. specific foods
- Size of benefit relative to household income or food consumption
- Adjustment for inflation
- Adjustment for changing food preferences

Food Stamps, Coupons, Vouchers: Management and Logistics

- Printing
- Distribution
- Redemption
- Controlling corruption and fraud
 - Unauthorized uses
 - Theft
 - Forgery
- Use of Electronic Transfer Cards

Consumer Food Price Subsidies

- Lower food prices from what they would be in an unregulated market
- Transfer purchasing power to households that purchase the subsidized food

Consumer Food Price Subsidies

Program Types

- Explicit: government pays the difference between producer and consumer price
- Implicit,
 - E.g., price controls; forced procurement; rationing
- Unlimited quantity or rationed quantity
- Parallel free market permitted or prohibited
- Available in all stores or restricted to specific outlets

Consumer Food Price Subsidies Targeting and Eligibility

- Self-targeting - through the selection of inferior foods
- Administrative - through issuance of ration cards
- Inadvertent - through relative convenience of outlets, waiting times

Choosing Among Food-Based Safety Net Programs

- Different program types serve different populations and needs
- Basic safety nets for the poor include
 - Food stamps, vouchers, coupons
 - Consumer food price subsidies
 - Food for work
- Supplementary feeding is directed at elevated needs of vulnerable groups
- Food-based programs used as incentive serve longer-term economic goals