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Social Safety Net and Social Transformation with Special Reference to Social Transformation in terms of Food Security in Ethiopia

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Abstract: *The main objective of this article is to discuss about the safety net and social transformation that begins in 2005 in SNNPR. It defines safety net, social safety net, individual and transformation in comparison with social transformation, its relation with social security and protection. Besides, the safety net program in Ethiopia and its social transformation with the help of secondary sources.*

INTRODUCTION

The main objective of paper is to discuss about the safety net and social transformation that begins in 2005 in SNNPR. It defines safety net, social safety net, individual and transformation in comparison with social transformation, its relation with social security and protection. Besides, the safety net program in Ethiopia and its social transformation is clarified in support with real data from the targeted woreda bureaus' and secondary sources.

The 2005 Ethiopian Plan for Accelerated and Sustained Development to End Poverty (Ethiopia's Poverty Reduction Strategy Paper, known as PASDEP) has an eight pillar strategy focused on the main drivers of long term poverty reduction in the country. These are:

- Building all-inclusive implementation capacity;
- A massive push to accelerate growth;
- Creating the balance between economic development and population growth;
- Unleashing the potentials of Ethiopia's women;
- Strengthening the infrastructure backbone of the country;
- Strengthening human resource development;
- Managing risk and volatility; and,
- Creating employment opportunities

In the PASDEP safety nets are viewed as an explicit part of efforts to achieve food security and lie under objectives for rural and agricultural development (Government of the Federal Democratic Republic of Ethiopia (GFDRE) 2005)

Global Approach

Coverage of social safety net programs shows the percentage of population participating in cash transfers and last resort programs, noncontributory social pensions, other cash transfers programs (child, family and orphan allowances, birth and death grants, disability benefits, and other allowances), conditional cash transfers, in-kind food transfers (food stamps and vouchers, food rations, supplementary feeding, and emergency food distribution), school feeding, other social assistance programs (housing allowances, scholarships, fee waivers, health subsidies, and other social assistance) and public works programs (cash for work and food for work). Estimates include both direct and indirect beneficiaries.

The focus of the note is on non-contributory social programs for low-income households, or other vulnerable groups in OECD countries. These programs, typically referred to as social safety net (SSN) programs in developing countries, are labeled welfare programs in the US and social assistance programs in the European Union. This note covers 28 countries belonging to the OECD, and refers to an in depth review of SSN programs in the US and nine European Union countries prepared for a course on "Social Safety Nets in OECD Countries." The accompanying course materials have been developed by a team from the Urban Institute (for the US) and the University of Maastricht (for nine European Union countries). The material on US welfare policies also draws on Lindert (2005), and the review of reforms in OECD countries from Abt (2003).

Safety net in Cash transfers provide recipients with sufficient resources to enable them to maintain a minimum level of consumption. These resources can be provided as child grants, disability benefits, targeted income support, and conditional and unconditional cash transfers.

Cash transfers are typically targeted to the poor or to all people within certain vulnerable categories in the population such as orphans, older people, people with disabilities, and food insecure households. Making direct, regular, and predictable transfers of small sums of money to the poor has the potential to empower households in productive and life-improving ways. Providing cash transfers as part of a national safety net can also be a way to achieve other sectoral goals. For example, transfers to households can be accompanied by incentives and financial conditions to ensure that beneficiary households send their children to school and take advantage of health services.

AFRICA SOCIAL PROTECTION POLICY BRIEFS

Because of the success of these programs in other parts of the world, cash transfers have become increasingly popular among African policymakers. A 2010 review identified 123 cash transfer programs that have functioned since 2000 in 34 out of the 47 African countries that were reviewed. The coverage of these programs has ranged from large-scale programs in South Africa and Ethiopia to pilots in Senegal and Tanzania (see box). In addition, there is a growing trend towards shifting away from providing food aid towards providing cash transfers, as in Ethiopia, Kenya, and Niger. These programs have had a variety of different objectives such as reducing poverty and food insecurity, meeting households' short-term food needs, encouraging extended families to care for AIDS orphans, repatriating refugees, and building human capital. Initial impact evaluations of African programs have found that, in general, cash transfers have had a range of positive effects in terms of increased household consumption, better school attainment, improved health status, and increased service usage.

Coverage of Current Cash Transfer Programs in Africa, Recipients

South Africa Child Grants	10 million
Ethiopia PSNP- Direct Support	1.5 million
Rwanda VUP	143,000
Mozambique PSA	163,000
Kenya CT-OVC	137,000
Ghana LEAP	65,000
Malawi Social Cash Transfer	26,000
Nigeria COPE	22,000
Tanzania TASAF CB-CCT	22,000
Senegal NETS	26,000
Mauritius Social Aid	17,000

Source: World Bank estimates.

COUNTRY EXAMPLES OF CASH TRANSFERS IN AFRICA

South Africa's Social Grants is the largest cash transfer program in Sub-Saharan Africa. It includes several types of means-tested grants targeted to the older people, poor families with children, foster families, people with disabilities, and war veterans. Roughly 15 million people receive a social grant, or about 30 percent of the national population. The child support grant (CGS), introduced in 1998, reaches about 10 million people, while the old age grant, which applies to poor people over 60 years of age, reaches a little over 2 million people. According to household survey data, social grants make up over 60 percent of the income of the poorest 20 percent of recipient households, with child grants being the largest contributor. Children who were enrolled in the CSG at birth completed significantly more grades of schooling and achieved higher scores on a math test than children who were enrolled at the age of six. These effects were particularly significant for girls. For children whose mothers had less than eight grades of schooling, the impact was even greater. Enrollment in the CSG reduced the likelihood of illness among children by 9 percentage points. The main effects on adolescents were reduced sexual activity and teen pregnancies and less drug and alcohol use.

Kenya Cash Transfer for Orphans and Vulnerable Children (CT-OVC) was initiated in response to concerns about the wellbeing of orphans and vulnerable children, particularly AIDS orphans. The objectives of the program are to encourage the fostering and family retention of children and to promote their human capital development. Eligible households, which are those who are poor and contain an OVC, receive a flat monthly transfer of US$21. The program reached 150,000 households, including 495,000 OVC across the country as of June 2012, about 24 percent of the estimated number of households with OVCs. Impact evaluations have found significantly higher expenditures on food and health services among beneficiary households. The impact of the program on schooling is concentrated on the secondary level, where enrollment was increased by 9 percentage points and children from beneficiary households were less likely be behind a grade and more likely to progress to the next grade.

Ghana's Livelihood Empowerment against Poverty (LEAP) Program is a social cash transfer program that provides cash and health insurance to extremely poor households across Ghana to alleviate short-term poverty and encourage long-term human capital development. Eligibility is based on poverty and having a household member in at least one of three demographic categories a single parent with an orphan or vulnerable child (OVC), an elderly poor person, or a person with an extreme disability (PWD) who is unable to work. LEAP started in a trial phase in March 2008 and, as of 2012, 65,000 households are enrolled. Beneficiaries receive bimonthly cash transfers of between US$4 and $8 per month. An impact evaluation is currently ongoing.

Ethiopian context

Ethiopia's Productive Safety Net Program (PSNP) was launched in 2005 to transform the historic food aid system into a more predictable safety net that produces productive assets in poor communities. The PSNP provides cash and food transfers to food-insecure households through labor-intensive public works for households with able-bodied members (80 percent) and direct transfers to households that are unable to fulfill a work requirement (20 percent). Direct support cash and food transfers reach about 1.5 million people per year. Households receive transfers during six months of the year. The estimated annual transfers per household are equivalent to about 40 percent of their annual food needs. Impact evaluations found that providing direct support to households increases their food security and, in the few cases where average direct support transfers were large, this effect has been substantial. Increasing average direct support payments from 500 to 2,500 birr leads to a two-month increase in food security. Higher levels of direct support have also led to more rapid asset accumulation among beneficiary households. There is no evidence that direct support reduces ("crowds out") private transfers, and in fact there is some evidence that private transfers have increased.

Social security

Most countries in Africa have formal social security schemes for public sector workers and private sector employees. Many of these schemes were modelled on social security systems in European countries, and introduced by colonial administrations in the early decades of the twentieth century. Social security typically includes unemployment insurance, disability provision and old age pensions. Government workers receive civil service pensions on retirement, either paid by the state or through employee contributions, while private sector workers have access to contributory private pensions.

Emergency relief

Safety nets are noncontributory transfer programme targeted to the poor or vulnerable. Safety nets are part of a broader social protection system that typically cosits some combination of social insurance, social assistance programme, labour market programme and legislation. Social insurance helps to mitigate the impact of the shock once it has occurred. Safety net programme increase the welfare after such a shock has occurred. A country's safety net typically includes some combination of cash and in-kind transfers, subsidies, workfare, social care services, and community based interventions. Safety nets help to reduce extreme or chronic poverty and enable chronically poor households to eventually overcome their situation. Social safety net programme are designed to help poor and vulnerable individuals and households cope with temporary or chronic poverty by providing income support and access to basic services. More recently, emphasis has been placed on social protection as a tool for promoting human development and economic growth

Social transformation

Social transformation is the process by which an individual alerts the socially ascribed social status of their parents into a socially achieved status for themselves. However, definition refers to large scale social change as in cultural reforms or transformations. The first occurs with the individual, the second with the social system.

Social transfers

In African countries where financial and administrative capacity constraints make comprehensive social security systems unfeasible at this time, social transfer pilot projects are being introduced to provide social assistance to poor and vulnerable families. Most of these projects are financed by bilateral or multilateral donor agencies, and are implemented by international NGOs, sometimes with government involvement but often 'off budget' – outside of government structures and programme. Social protection in Africa is in fact dominated by 'social cash transfers', which are usually delivered unconditionally but sometimes with a labour requirement (cash-for-work).

Because donor-supported cash transfer pilot projects attract substantial amounts of financial and technical resources, and because their small scale allows for intensive interactions with recipient communities, evaluations are invariably positive, with positive impacts being recorded on a range of outcome indicators. But concerns are often raised about whether these projects are sustainable, how to scale up coverage from the local (e.g. district) to the national level – given the magnitude of the need in poor countries with large 'uncovered' populations in terms of social security – and how to effect the transition from a donor-funded, NGO-implemented delivery model to an institutionalized, permanent, government-run programme.

Agricultural subsidies

Support to farmers in the form of subsidized access to agricultural inputs (fertilizer, seeds, seasonal credit) is often discussed in the ongoing debate about the boundaries of social protection. The case against including agricultural subsidies under the social protection umbrella argues that there is a clear distinction between 'livelihood protection' and 'livelihood promotion' interventions, and that agricultural subsidies fall squarely in the latter category. The case for 'productivity-enhancing safety nets' notes that that there are two ways to address food gaps in poor farming households – bridging consumption deficits with food aid or cash transfers, or intervening pre-emotively to reduce food production deficits by enhancing access to inputs. Subsidizing production is a more cost-effective and 'developmental' approach to protecting household food security than subsidizing consumption

Positive impacts of safety net

A number of studies have shown that PSNP has had a positive impact on the livelihoods of households. PSNP is enhancing community - level infrastructure and contributing to environmental transformation. At the household level, families are experiencing improved food security, increased asset creation and protection, increased utilization of education and health services and improved agricultural productivity. The Government reported that about 495,995 households graduated from PSNP between 2008 and 2012

Social security funds provide minimal coverage to the labour force. Large shares of those who are covered indicate that benefits are too small to provide adequate protection against deprivation upon retirement. The investment strategies of these funds do not seem adequately aligned with the notion of economic transformation. Regional and international evidence indicates that non-contributory social protection programme have significant positive developmental impacts. Programme targeted specifically at the poor are likely to have meaningful welfare effects, and could be more financially viable

limitations of safety net

Although there are ample of benefits and securities in the community that bases the safety net, there are some limitations that grasped as a whole country and specifically in the targeted woreda.

The evaluation move in and out

There is a very strong rationale to subject the implementation of PSNP to some scrutiny through independent evaluation. It is not enough to report the number of people who have had "access" to the program. What would need to be evaluated are: "concrete and measureable" changes in the livelihood of beneficiary households, particularly change in their behavior in terms of seeking humanitarian assistance; and changes in environmental outcomes, visible effects of the program on the natural environments of the districts covered by this program. PSNP is meant to detach Ethiopia from dependency syndrome. The program has been in place for over a decade and it is time to show concrete outcomes indicating that Ethiopia is becoming less and less dependent on humanitarian aid.

Benefit Decline

The analysis so far has been confined to country level outcomes of the PSNP program. Now we turn our attention to examining how "beneficial" the program has been to the "beneficiaries". It is useful to look into extents of unfairness in the payments for their labor contribution. For participants in public works, daily wage rate started with birr 6 in 2005 and remained stagnant at that level until 2008, when it increased to birr 8, and finally rising to birr 10 in 2009.

Stagnant nominal wage rate means rapidly declining real wage, given the alarmingly increasing inflation over the years. Given program fund comes in hard currency terms, it is legitimate to anchor wage payments to variations in the value of the local currency with the USD. Between 2005 and 2016, the exchange rate of the birr against the USD declined by 163%, but the wage payment barely moved from its original position.

Food insecurity aggravated to some extent

The underlying conflicts in PSNP design can become clear if we look into ways in which the PSNP has actually caused food insecurity to move from bad to worse.

The public works are designed to contribute to environmental improvements, changing the ecology of areas that have suffered recurrent droughts and hence famine over several decades. However, the program designers have grossly underestimated the length of time required for investments in public works to yield fruit. The ultimate benefit from public works comes with long time lags.

Dependency disorder aggravated

In the absence of credible monitoring and evaluation mechanism, we resort to using deductive methods to infer the extent to which PSNP has led to reduction in Ethiopia's dependency on humanitarian aid. This can be assessed in a very straightforward manner – by examining key indicators such as changes in humanitarian aid metrics – year-on-year changes in the number of people dependent on humanitarian aid, geographical coverage, and sizes of funds.

Conclusion

Safety net is an important and significant step towards providing more adequate coverage and benefit of food security to the community. Hence, some of the major benefits that they obtain are:

- The cash distribution also gives a short term relief to the users.
- The beneficiaries built asset.
- The clean water supply problem is solved
- The saving system and habit is well developed.
- Soil and water conservation activities are modernized and improved.

However, while financial support for PSNP beneficiaries has substantially smoothed short-term food consumption and access to basic needs, which are more on the safety-net side, it remains doubtful whether the support can sustainably address inter-generational poverty and transform the lives of beneficiaries over the long term within the planned period.

In general, it brings an economic, social, political and developmental change through the community.

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