



Rising Food Prices: MNA Safety Nets Options and Bank Response

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What Role for Safety Nets?

- Goals : Ensure maintenance of consumption, food and nutrition, and provide time to adjust consumption and production decisions in the medium term to respond to changed relative prices;
- Global Food Crisis Response Program (GFRP) highlights SP responses (component II)
 - Rapid diagnostics of affected populations and available responses
 - Financing short-term support to vulnerable (possibly through existing operations)
 - Strengthening SP systems in the medium term
- Short term: rely on existing safety nets, including cash based programs and selected feeding/nutrition interventions
 - No time to establish new programs or pilot with limited scale
 - Priority on well-targeted interventions that are temporary, limiting entitlements;
 - Utilize existing programs with proven effectiveness where possible, also helps mitigate management and governance risks
- Medium/long term: strengthen SP systems to avoid future crises;



Short Term Support Options

- Transfer programs
 - Targeted cash transfers
- School feeding
 - Large scale and good administration
 - Incentive for school permanence
 - Option of take home rations
- Public works / workfare
 - Self targeting (in absence of good targeting system)
- Nutrition and health programs
 - Supplements, monitoring and counselling



Strengthening SP Systems is Critical to Avoid Future Crises

- Development of SP system to provide a basis for more effective mitigation in future crises
- Improve capacity of existing transfer programs: targeting, beneficiary registers; payment and delivery systems; procurement; program governance & oversight mechanisms; MIS, monitoring and evaluation; communications
- Strengthen linkages between transfer programs and the health and education sectors, eg. ways to verify compliance with conditionality
- Strengthen communication on health and nutrition



Country Responses

- Many governments are maintaining food subsidies, imposing price controls, restricting exports and cutting import duties. Limited but increasing reliance on cash transfers, limited use of feeding/nutrition programs:
 - Egypt: expanding eligibility for food ration card, expanding (small) cash transfer program, banned rice exports;
 - Yemen: temporarily providing wheat at subsidized price, expanding and reforming targeted cash transfer program;
 - Jordan: maintaining bread subsidies, but has eliminated other food and energy subsidies and is reforming and expanding the targeted cash transfer along with other measures such as increased public sector wages;
 - Morocco: cut wheat tariffs and is subsidizing importers, directly subsidizing price of wheat staples;



MNA Response To Date

- Djibouti: \$5 million DPG from GFPR fund approved on May 29.
- Yemen: Proposal for \$10 million grant from GFPR negotiated and going to Board June 26. Focus on increasing cash-for-work through Social Fund for Development and TA to improve targeting and conduct applicant survey for the cash transfer Social Welfare Fund.
- Egypt: Providing assistance on improving safety net design in Ministry of Social Solidarity, including the potential for a proxy means test and eventual conditional cash transfer. Also discussing TA in rationalization public food distribution outlets;
- Iraq: Bank is being asked to deepen involvement in social safety nets, particularly improving targeting and effectiveness of cash transfer program (Ministry of Labor and Social Affairs). We already provide TA and infrastructure assistance under Iraq Trust Fund grant.



MNA Social Protection Response to Rising Food Prices

Position paper rough outline:

- **Impact of rising food prices on MNA poverty and potential for deteriorating longer term human capital outcomes;**
- **Current safety nets policies in MNA:**
 - Food and energy subsidies are the main safety net
 - Emphasis on in-kind support, food, housing support, etc.
 - Limited reliance on cash transfers but interest is growing, including in conditional cash transfers linked to health and education
 - In response to crisis governments are maintaining food subsidies and price controls, restricting exports and cutting import duties.
- **MNA policy options to address the crisis**
 - Short run: focus on existing programs favoring targeted cash transfers, nutrition and education to protect human capital development of youth
 - Long run: strengthen SP systems to avoid future crises (targeting, payment, administration, M&E)
- **Bank role in facilitating effective response**
 - Diagnosis and assessment of options
 - Policy guidance on short term priorities and what policies to avoid to prevent problems in long run
 - Lending and TA through GFPR and other mechanisms