



The Role of Social Safety Nets in Risk Management: Evidence from Syrian Rural Areas



Kindah IBRAHIM^{1,2}, Raid HAMZA², Samira SOUBH² and Jana MAZANCOVA¹

¹ The National Agricultural Policy Centre, Syria

² Faculty of Tropical AgriSciences, Czech University of Life Sciences Prague

Introduction

Safety nets are now considered as an important component of poverty reduction strategies adopted by governments in developing countries in order to support the poor through specific interventions.

In addition to *community support system*, there exist these safety nets in Syria

Direct transfers	Indirect transfers	Microcredit
<ul style="list-style-type: none">• Mainly during crises times	<ul style="list-style-type: none">• price controls• financial and labour market regulations• training• public sector work• credit schemes	<ul style="list-style-type: none">• There exist few microcredit institutions• Side components in development projects (UNDP, IFAD..)

Figure1: types of safety nets in Syria, illustrated from FAO

However, Syrian rural areas witnessed many “shocks” that affected rural households (drought, price fluctuations, policy changes...etc.) that affected negatively the households incomes.

Objectives

The objective of this study is to investigate the role played by safety nets to help rural people facing different risks in agricultural sector.

We tried to answer the following questions:

- What are the types of risks existing in Syrian rural areas?
- What are the strategies adopted by rural people to face those risks?
- How could “safety nets” assist them?

Methodology

A sample of 444 households were randomly chosen from 5 rural areas in Syria as representatives of 5 farming systems. The research was conducted in 2009.

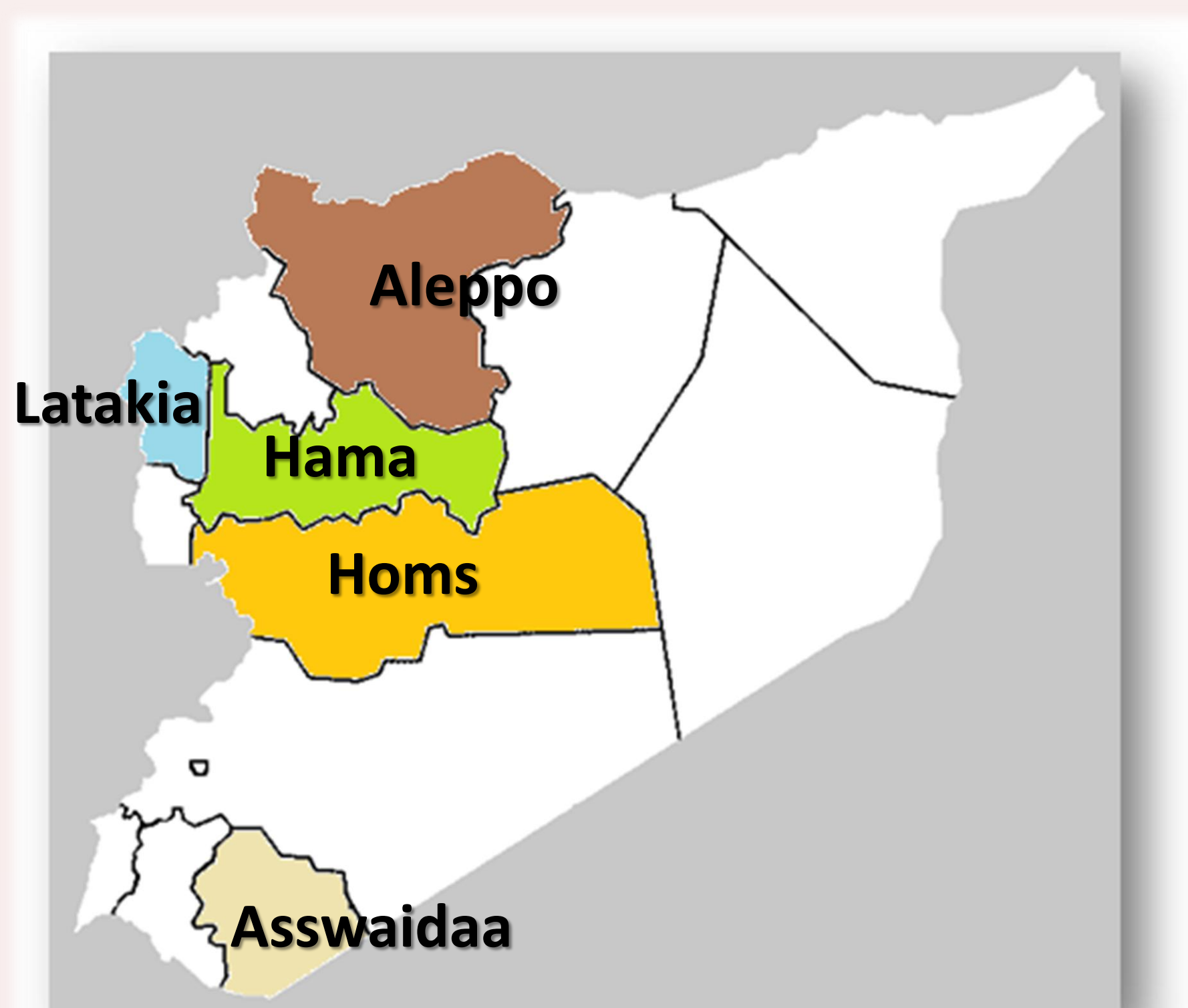


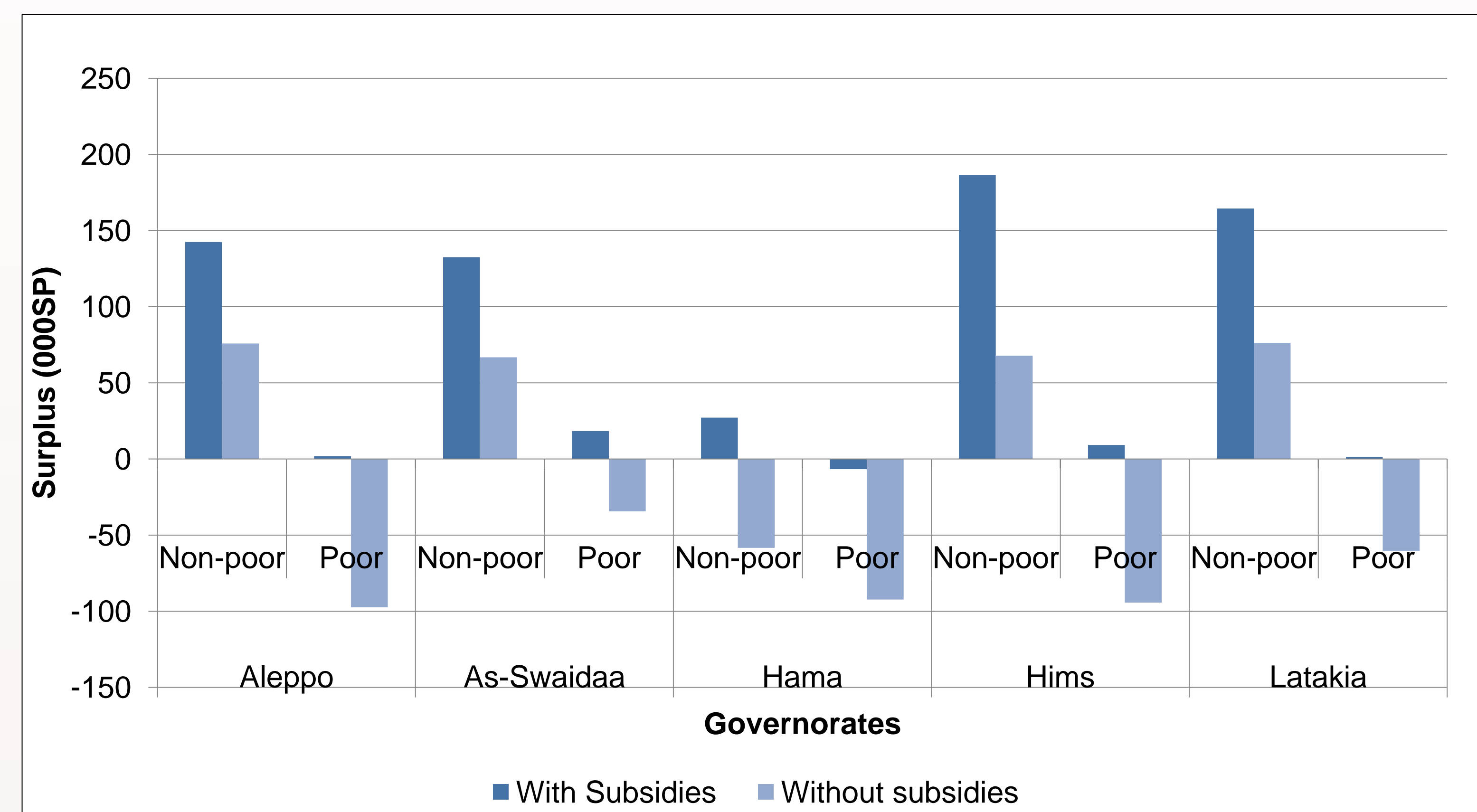
Figure2: Map of selected areas

Qualitative and quantitative analysis was performed, and we used the “PROBIT” model to estimate the effects of safety nets among other HH characteristics on risk managements strategy chosen by HHs

Results

What would be the situation without safety nets?

Figure3: HH income surplus with/without subsidies



Variables	Savings	Borrowing
Household classification	-1.791 (0.448)***	0.639 (0.221)***
Household size	-0.027 (0.023)	0.031 (0.019)
Educational level in the household	0.053 (0.025)**	0.001 (0.023)
Total income	0.534 (0.239)**	-0.506 (0.363)
No. of income sources	-0.16 (0.116)	0.306 (0.144)**
Share of agricultural income of total income	-0.759 (0.301)	0.547- (0.316)*
Wealth index	-0.012 (0.011)	-0.012 (0.014)
Access to credit	0.202 (0.19)	-0.456 (0.202)**
No. of SN that a household benefit of	0.077 (0.045)*	0.627- (0.077)***
No. of risks encountered by the household	-0.347 (0.134)***	0.145 (0.093)
Constant	-0.526 (0.61)	0.872 (0.514)
χ^2 (10)	98.14	205.79

Results of PROBIT Model for two strategies

Std. error in parentheses
***significant at 1%
**significant at 5%
*significant at 10%

Conclusions

- The elimination of direct governmental subsidy (i.e. food subsidy, fuel subsidy and public education subsidy) would affect negatively households’ livelihoods.
- The existence of Safety Nets have a positive impact on rural households; as it increases their capability to adopt efficient risk management strategies.
- Poor households usually adopt less effective strategies that would affect their consumption on the long run
- We suggest that microfinance could play an important role as safety nets as it helps creating more work opportunities and thus helps households diversifying their livelihoods.
- Another possibility is to raise the awareness about the role of “saving” as coping strategy as it enables farmers to invest in their resources more effectively.

References

FAO. (no date). "Social Safety Nets". FAO, Italy. Article downloaded from the official site <http://www.fao.org/worldfoodsummit/english/fsheets/nets.pdf>