In order to support countries in their efforts to reduce poverty, malnutrition and hunger, ECOWAS has developed a Regional Social Safety Nets Programme which focuses on the “prevention” aspect to strengthen livelihoods of the most vulnerable population and increase productive capacity. Regular and predictable safety net programmes through cash transfer or other safety net tools generate both short and long-term economic benefits. They do this not only through improvements in human capital and productive dimension of beneficiary households, but also through stimulating local economies. Innovative tools to assess these impacts, especially on the local economies are needed.

The “Local Economy-wide Impact Evaluation” (LEWIE) is a village economy model to assess the impact of safety nets on the production activities of both beneficiary and non-beneficiary groups at the local economies level. It combines quantitative econometric analysis and qualitative information. Results of this model show that the safety net programme in Ghana has allowed an increase in investments in household economic activities. Beneficiaries have also increased social capital which allows them to re-enter existing networks. As regards the impact on local economies, results of the LEWIE model show that, in Ethiopia, for every “Birr” transferred by the safety programme in Hintalo-Wajirat, up to 2.52 Birr in income can be generated for the local economy (income multipliers).

Safety net programmes that target vulnerable population can be a powerful tool of social protection. In addition, from protection, safety nets programmes lead to strengthened productive capacity of beneficiaries and non-beneficiaries with impact on local economies.

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