

From Protection to Production: Breaking the Cycle of Rural Poverty

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World Food Day, 2015

Ending hunger by 2030: what drivers for success?

Dublin, Ireland



Food and Agriculture
Organization of the
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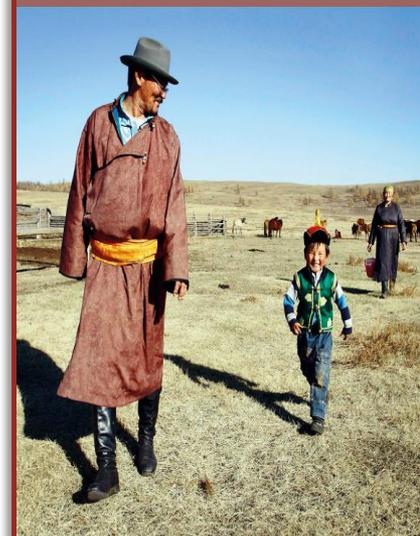


Food and Agriculture
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2015

The State of Food and Agriculture

Social protection and agriculture:
breaking the cycle of rural poverty



#sofa2015

Social protection and agriculture: breaking the cycle of rural poverty and hunger

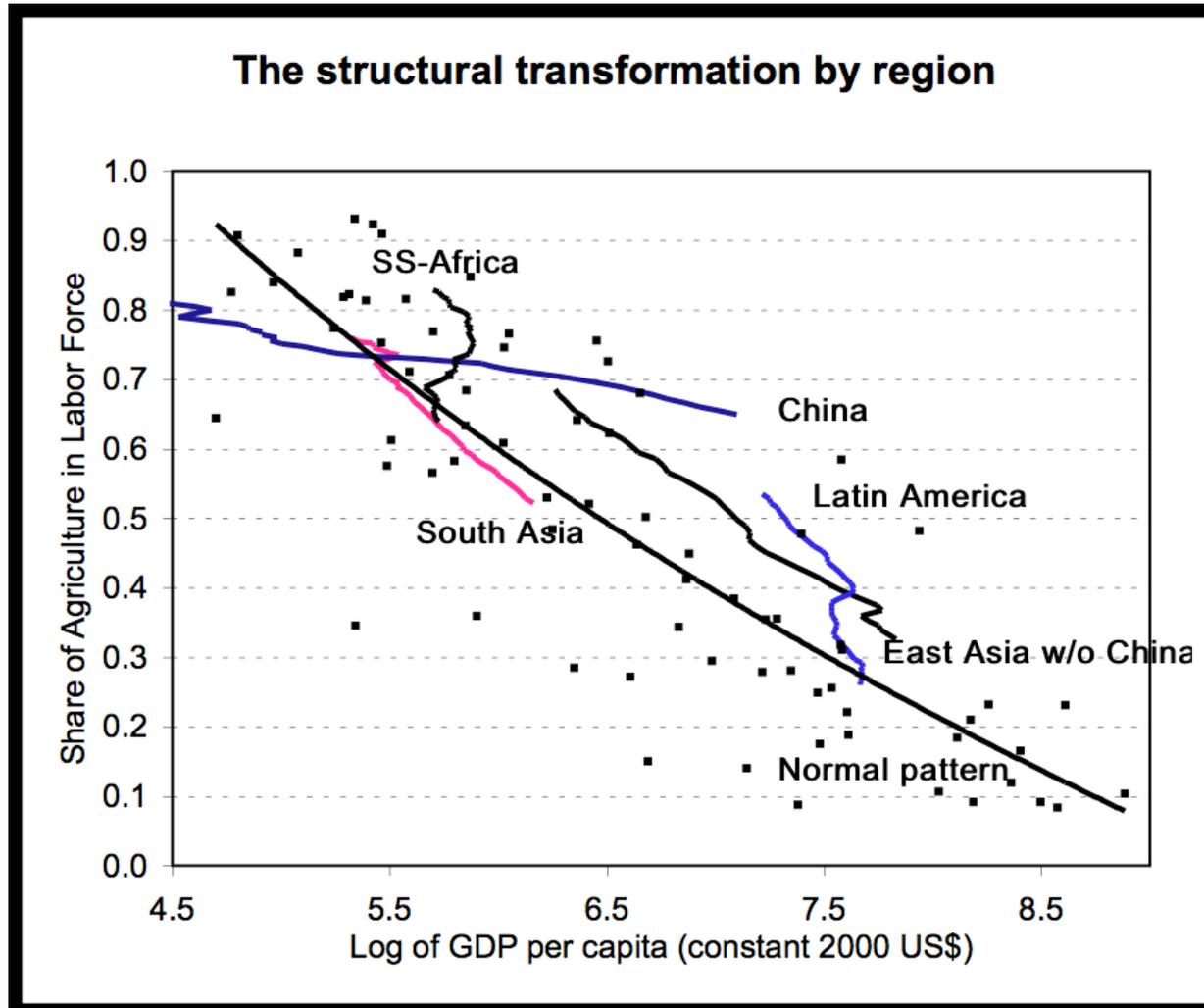
- Despite recent progress, almost 1 billion live in extreme poverty, and almost 800 million are hungry
- Both extreme poverty and hunger increasingly concentrated in Sub Saharan Africa and in rural areas
- Economic growth necessary but not sufficient
 - Needs to be inclusive to reach the poorest
- Both social protection and agricultural programmes as necessary to break the cycle of rural poverty and hunger



Why is agriculture important to ending hunger in Sub Saharan Africa?

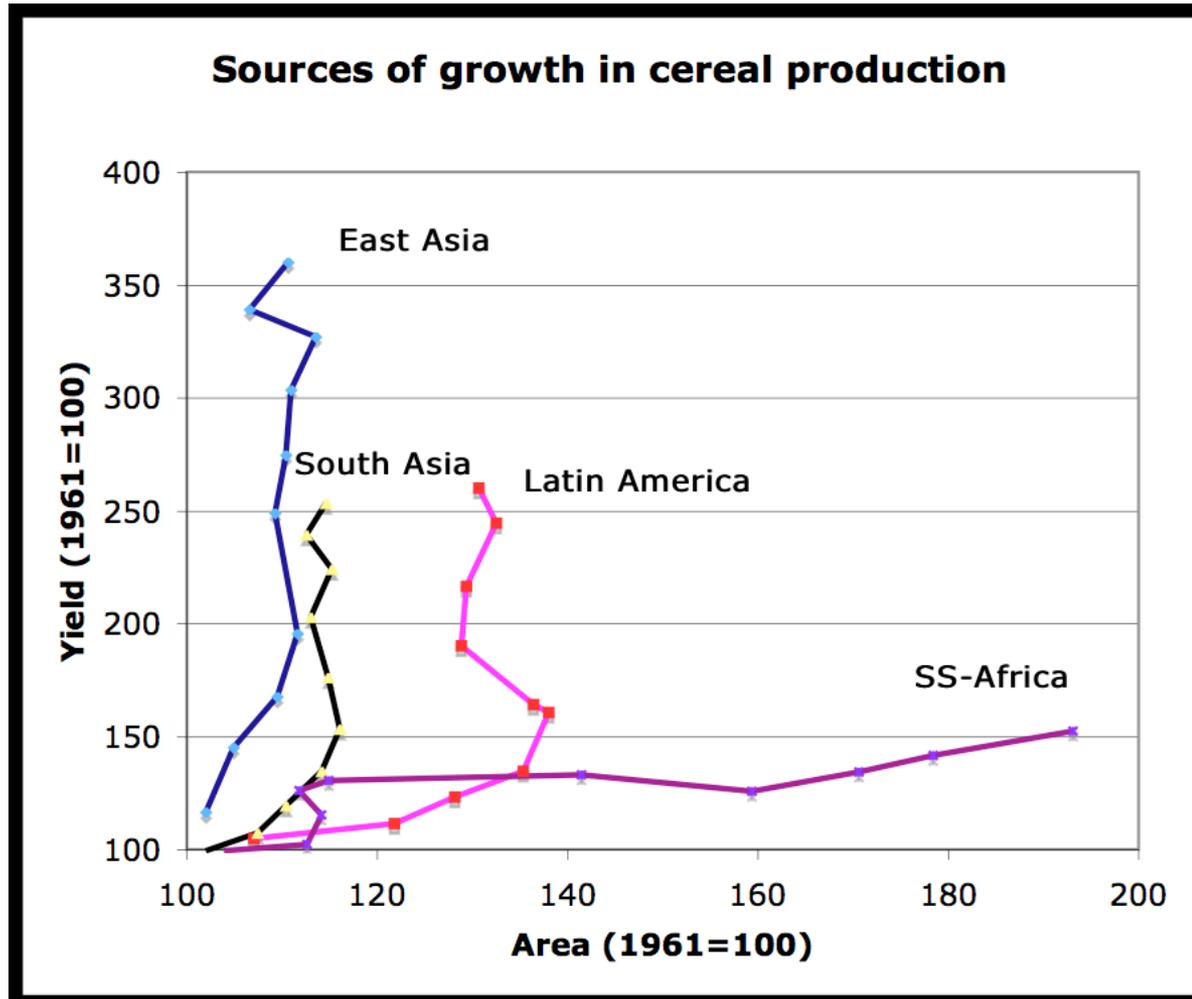
- Agriculture constitutes 1/3 of GDP
- 2/3 depend on agriculture for their livelihood
- Women comprise about 50% of agricultural labor force participation
 - 60% of employed women are in agriculture
- Families produce a large share of own consumption

Classic pattern of structural change has not occurred in Sub Saharan Africa



(de Janvry and Sadoulet, 2011)

Most growth in cereal production via expanding area



(de Janvry and Sadoulet, 2011)

The future of Sub Saharan Africa: More, not less, reliance on agriculture

- GDP growth originating in agriculture is 2 to 3 times as effective in reducing poverty as GDP growth originating outside of agriculture
- Most of recent decline in global rural poverty attributable to better conditions in rural areas rather than out migration of the poor
- Sub Saharan Africa remains poor because of the failure of agriculture
 - Environmental and institutional context
 - Public policy

The future of Sub Saharan Africa: More, not less, reliance on agriculture

- Many countries must largely feed themselves
- Productivity of food staples is key to economic growth
- Increasing and stabilizing domestic food production is essential for food security
- Kick-starting poverty reduction requires accelerated growth in staple output on small family farms
- Relies on improving productivity, profitability and sustainability of smallholder farming

What is social protection?

- Set of interventions whose objective is to reduce social and economic risk and vulnerability, and to alleviate extreme poverty and deprivation
- Three broad types of programmes: social assistance, social insurance and labor market programmes
- Around the world, some 2.1 billion people receive some form of social protection
- Coverage is lowest in regions with highest poverty



What is the role of social protection in reducing poverty and hunger?

- Social protection reduces poverty
 - In 2013 social protection measures prevented 150 million people worldwide from falling into poverty.
- Social protection programmes reduce food insecurity and seasonal hunger:
 - Improve quantity and quality of food consumption and increase dietary diversity
- Having a social protection system in place allows governments to react quickly in times of crisis





But social protection does more than improve food consumption.

It **can transform** individual's capacities to take their lives into their own hands.

From Protection to Production

What is unique about a small family farmer?

- Missing/poorly functioning markets link production and consumption activities
 - Credit, insurance, labor and input market failures
 - Constrain economic decisions in investment, production, labor allocation, risk taking
 - Safety first, rather than profit maximization
- Implications for “social” side—you cannot separate from livelihoods
 - Labor allocation (adults and children), including domestic chores and care giving
 - Intra household decision making
 - Investment in schooling and health
 - Food consumption, dietary diversity and nutrition

Why do livelihoods matter for social protection?

Example of social cash transfers in SSA



- Most beneficiaries are rural, engaged in agriculture and work for themselves
 - >80% produce crops; >50% have livestock
- Most use traditional technology and low levels of modern inputs to produce local staples
 - Primarily consumed on farm
- Most have low levels of productive assets
 - Few hectares of land, few animals, basic tools, few years of education
- Engaged on farm, non farm business, casual wage labour (ganyu)
- Large share of children work on the family farm
 - 50% in Zambia, 30% in Lesotho, 42% in Kenya

Social protection improves livelihoods

- Long term effects of improved human capital
 - Improved nutritional and health status; educational attainment
 - Leading to increased labor productivity and employability
- Increase on and off farm investment and production
 - Relaxing constraints brought on by market failure (credit, insurance)
 - Leading to increase in input use, tools, livestock and crop production
- Help households manage risk
 - Reduce negative risk-coping strategies
 - Increase savings, pay off debt
- Strengthens social networks and informal insurance mechanisms



Evidence from cash transfer programmes in sub Saharan Africa

- Zambia Social Cash Transfer Programme
 - 36% increase in land under production
 - Increased expenditure on seeds, fertilizer and hired labour led to 36% increase in value of aggregate production.
 - Increased production mostly sold—share of beneficiary households selling crops grew more than a 50 percent increase from the baseline
- Lesotho CGP programme
 - Increased inputs and crop production
- Ghana LEAP programme
 - Increase in savings and engagement with social networks



Social protection strengthens livelihoods instead of fostering dependency!

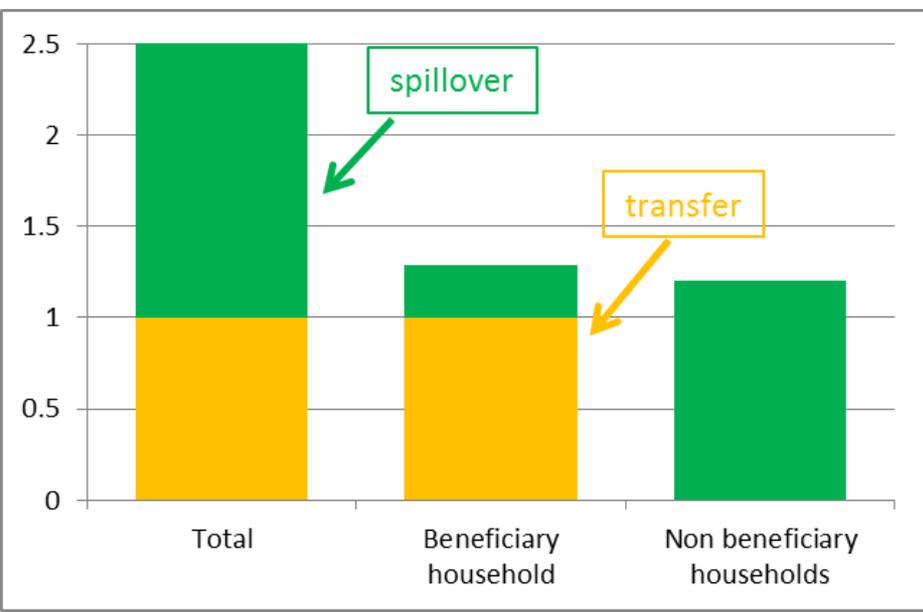
- Social protection influences labour choices, but does not reduce work effort. Beneficiaries work differently, not less
- Social protection increases flexibility; adults tend to move from casual agricultural wage labour of last resort to on farm activities
- Children work less and go to school more



Social protection boosts demand for locally made goods and services and creates community infrastructure

- “Ghana’s LEAP has had a positive impact on local economic growth. Beneficiaries spend about 80 percent of their income on the local economy. Every Cedi transferred to a beneficiary has the potential of increasing the local economy by Cedi 2.50.”

— Ghana’s President John Dramani Mahama, April 2014



- Public works programmes can provide important infrastructure and community assets.



What makes social protection programmes effective?

- Sufficiently large transfer levels
- Regular and predictable
- Effective implementation
- Target women

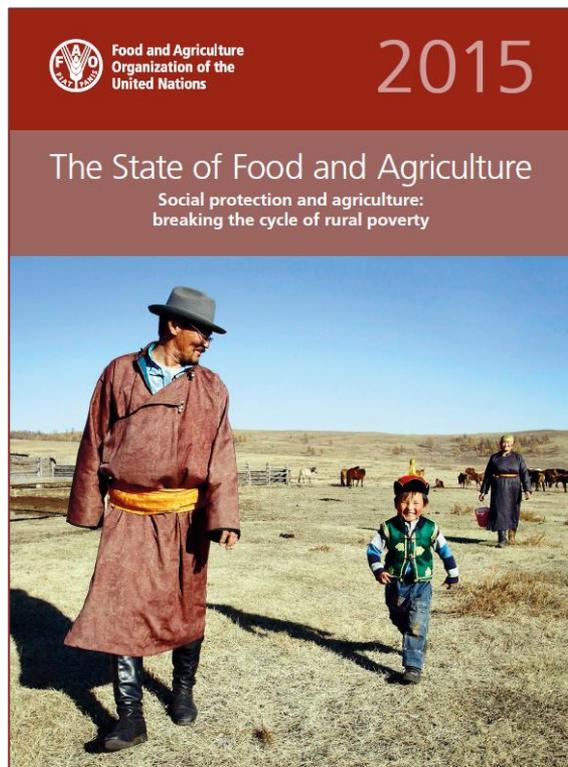


Articulating social protection and agriculture as part of a strategy of rural development

- Agricultural programmes necessary to address structural constraints
- Addressing chronic poverty and food insecurity requires a long-term, predictable package of social protection and complementary measures
- Social protection and agriculture programmes together build resilience



For more information ...



The State of Food and Agriculture 2015

Social protection and agriculture: breaking the cycle of rural poverty

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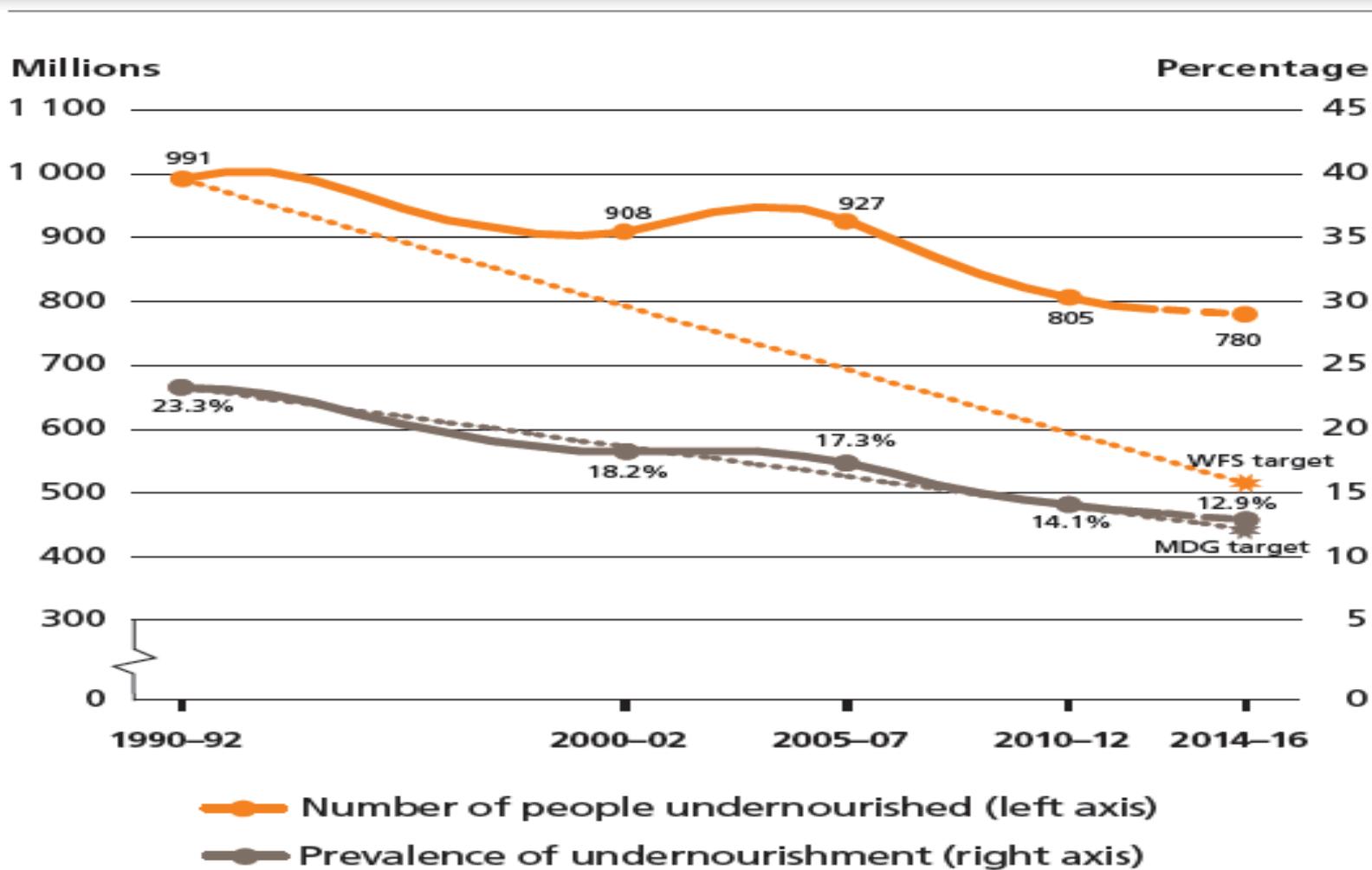


2015

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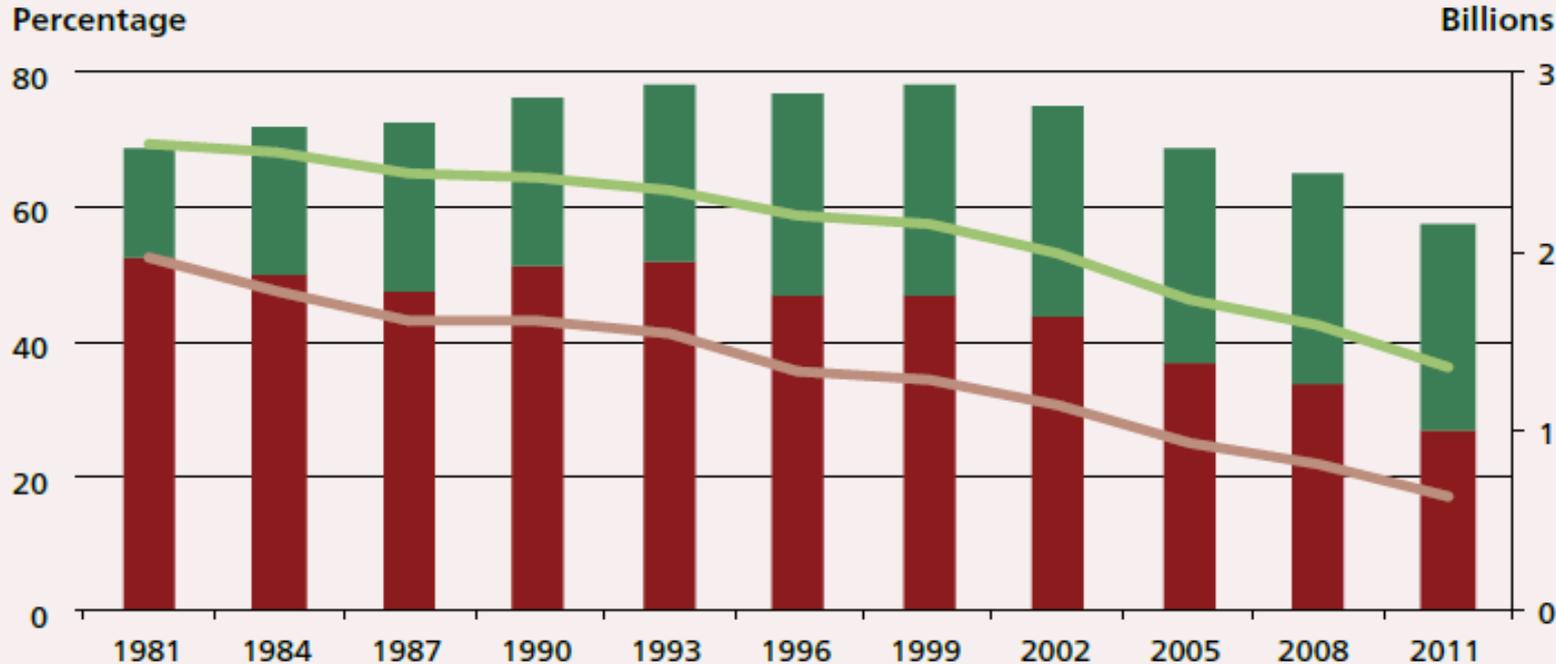
Despite progress over last three decades, around 800 million people still suffer from chronic hunger



Note: Data for 2014-16 refer to provisional estimates.
Source: FAO.



And almost a billion people live in extreme poverty



- Number of people living on between \$1.25 and \$2.00 per day (right-hand axis)
- Number of people living in extreme poverty (right-hand axis)
- Share of population living in extreme poverty (left-hand axis)
- Share of population living in poverty (left-hand axis)

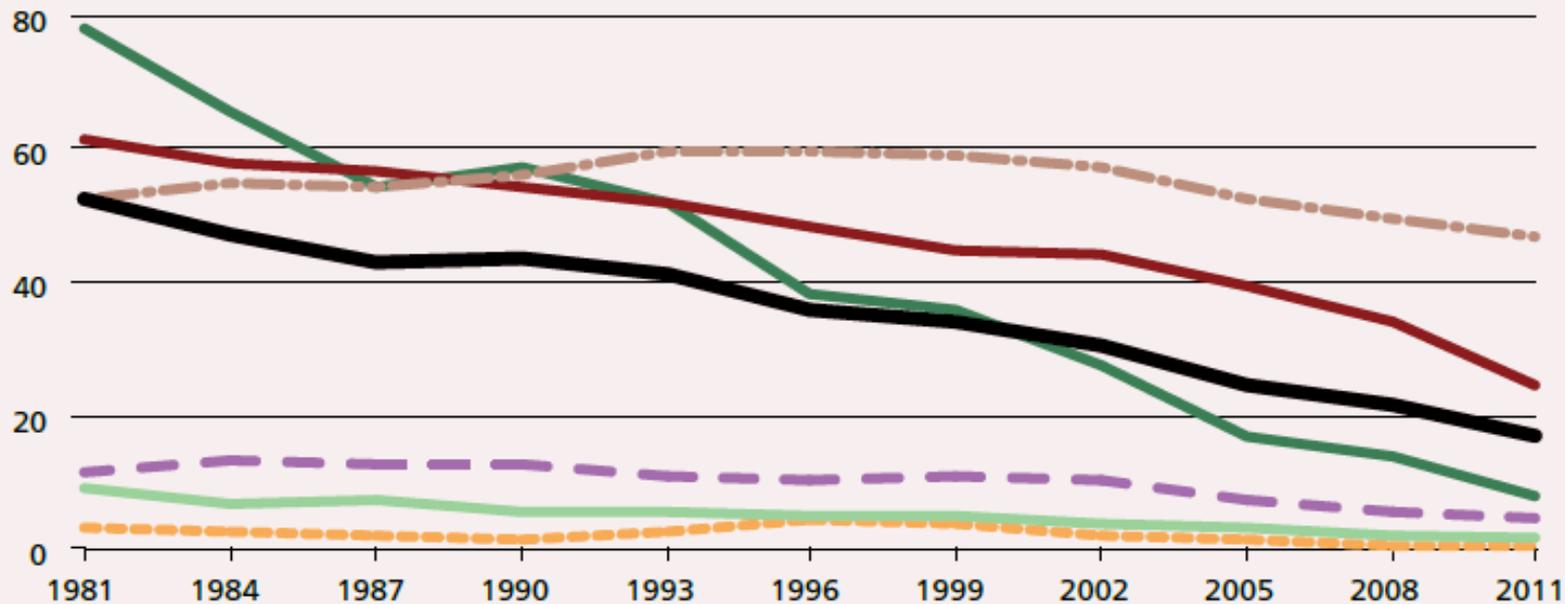


Note: The figure refers to the international poverty lines of \$1.25 a day (extreme poverty) and \$2.00 a day (poverty) as measured in constant 2005 PPP dollars.

Source: World Bank. 2015. Povcalnet. Online analysis tool for global poverty monitoring.

The highest share of extreme poor live in sub Saharan Africa and South Asia

Percentage



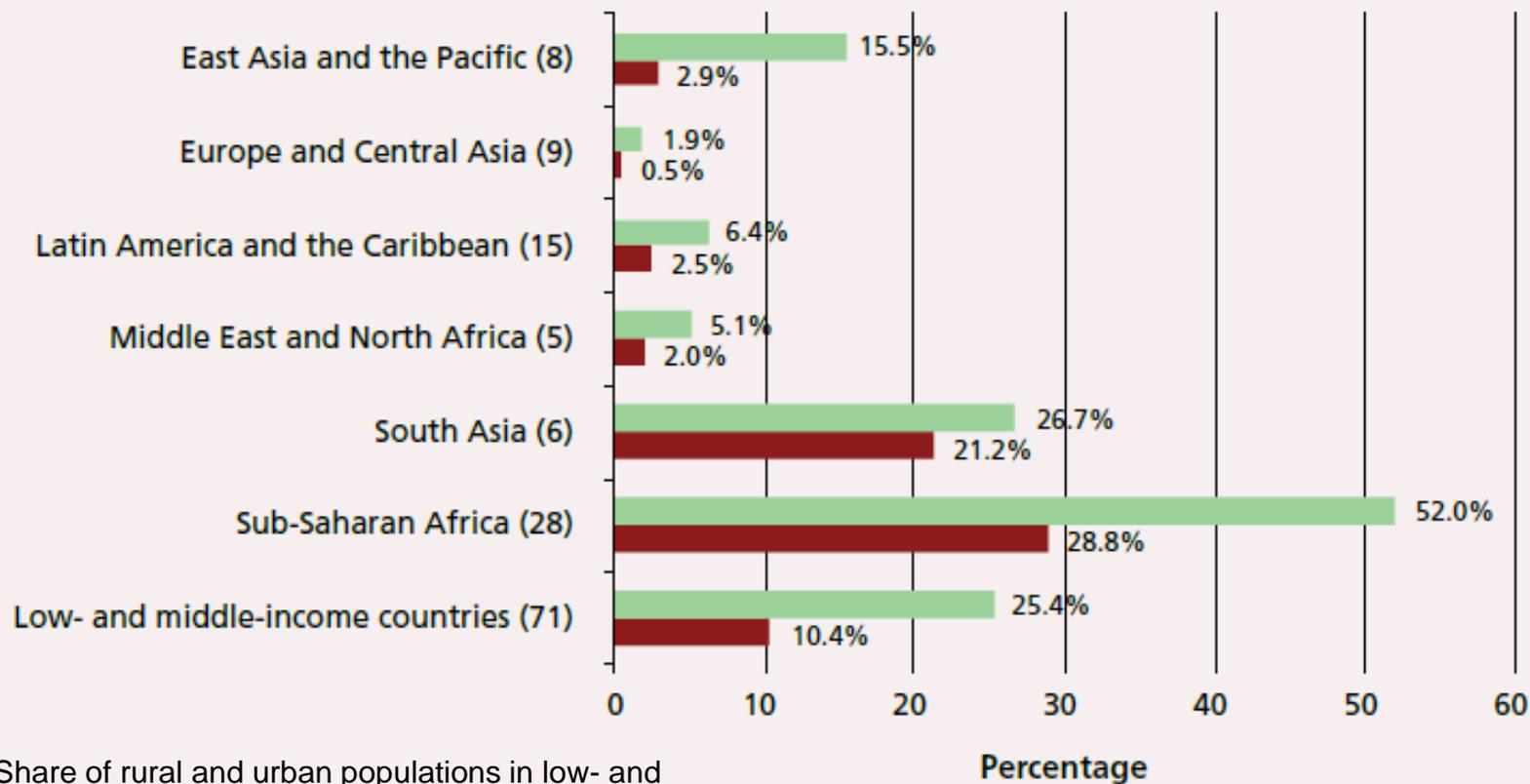
- East Asia and the Pacific
- - - Latin America and the Caribbean
- South Asia
- All low- and middle-income countries
- - - Europe and Central Asia
- Middle East and North Africa
- - - Sub-Saharan Africa



Note: The figure refers to the international (extreme) poverty line of \$1.25 a day as measured in constant 2005 PPP dollars.

Source: World Bank. 2015. Povcalnet. Online analysis tool for global poverty monitoring.

A higher share of extreme poor live in rural areas



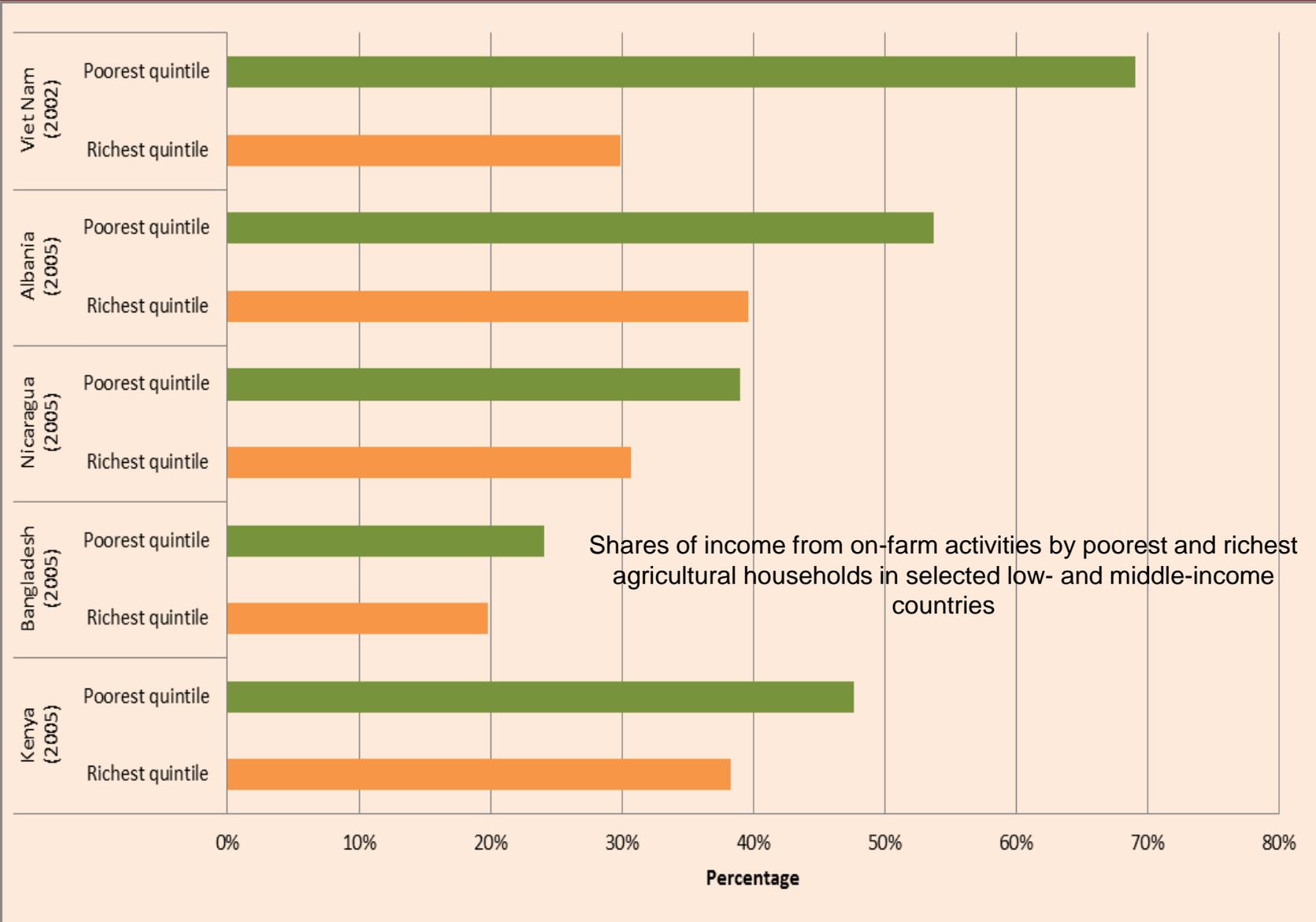
Share of rural and urban populations in low- and middle-income countries in extreme poverty (less than \$ 1.25 a day), by region

Rural

Urban



Poorer households derive more income from on-farm activities



Shares of income from on-farm activities by poorest and richest agricultural households in selected low- and middle-income countries



What are the key factors in reducing poverty and hunger?

- **Economic growth necessary but not sufficient**
 - Needs to be inclusive to reach the poorest
- **Increase productivity of smallholder & family farming**
 - Improves incomes and access to food
- **Access to rural markets**
 - Provides market and employment opportunities
- **Reduce impact of national and human-made disasters**
 - Of the 20 countries in **protracted crisis**, only Ethiopia reached the MDG hunger target
- **Increase coverage of social protection**
 - Reduces poverty and hunger directly
 - Fosters economic opportunities and builds resilience



What is social protection and who is being reached?

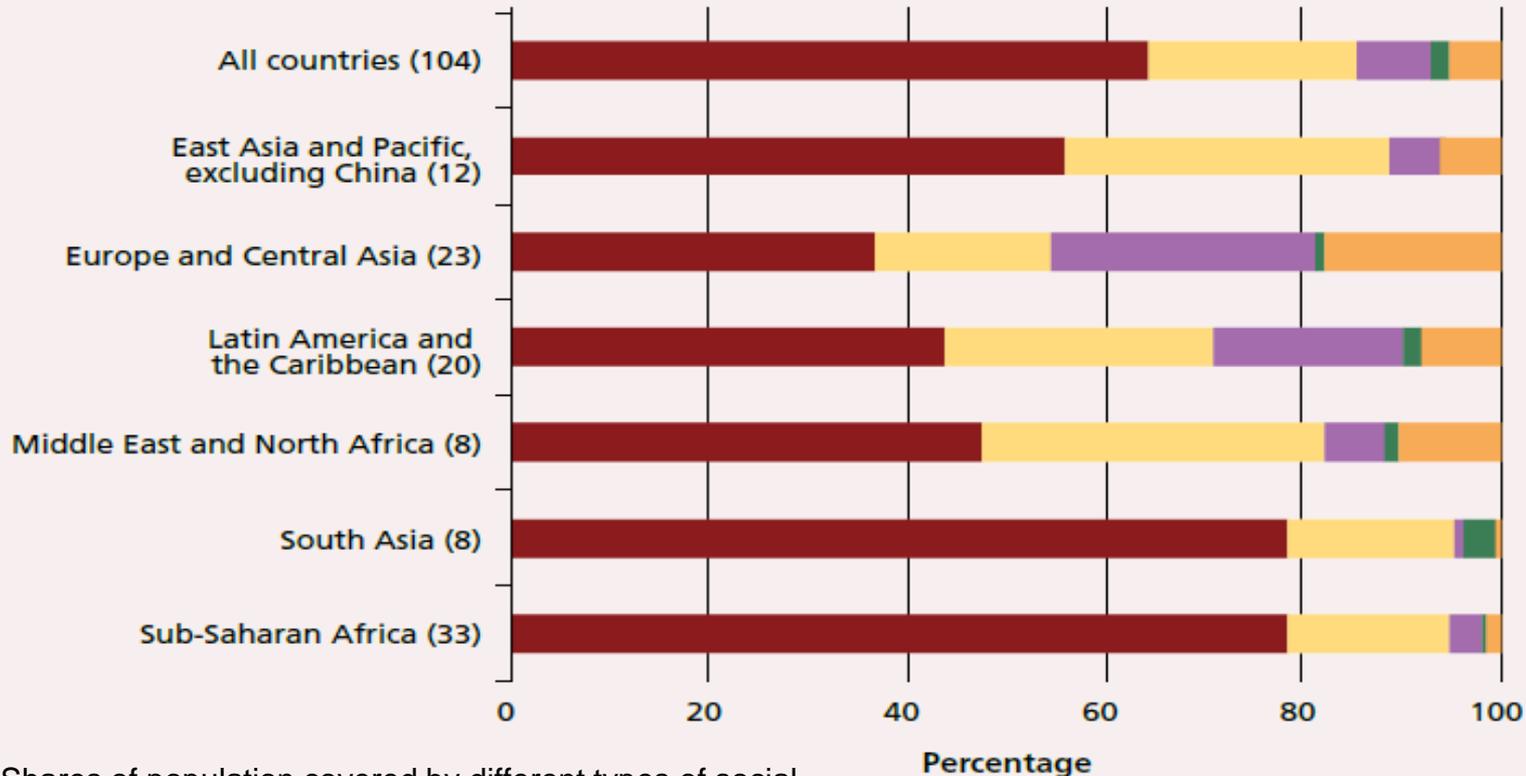


What is social protection?

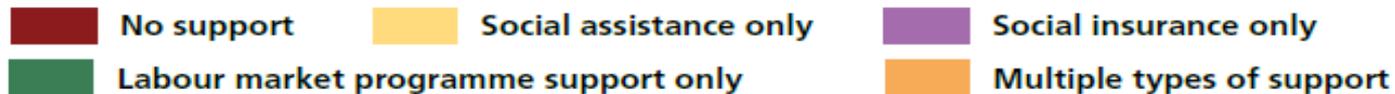
- **Social protection is a set of interventions whose objective is**
 - to reduce social and economic risk and vulnerability, and
 - to alleviate extreme poverty and deprivation
- **Three broad components**
 - Social assistance
 - publically provided unconditional or conditional in-kind or cash transfers; public works
 - Social insurance
 - Pooled, contributory insurance programmes
 - Labour market protection
 - Provide unemployment benefits, build skills and enhance workers' productivity and employability



Most of the population of the developing world is not covered by social protection



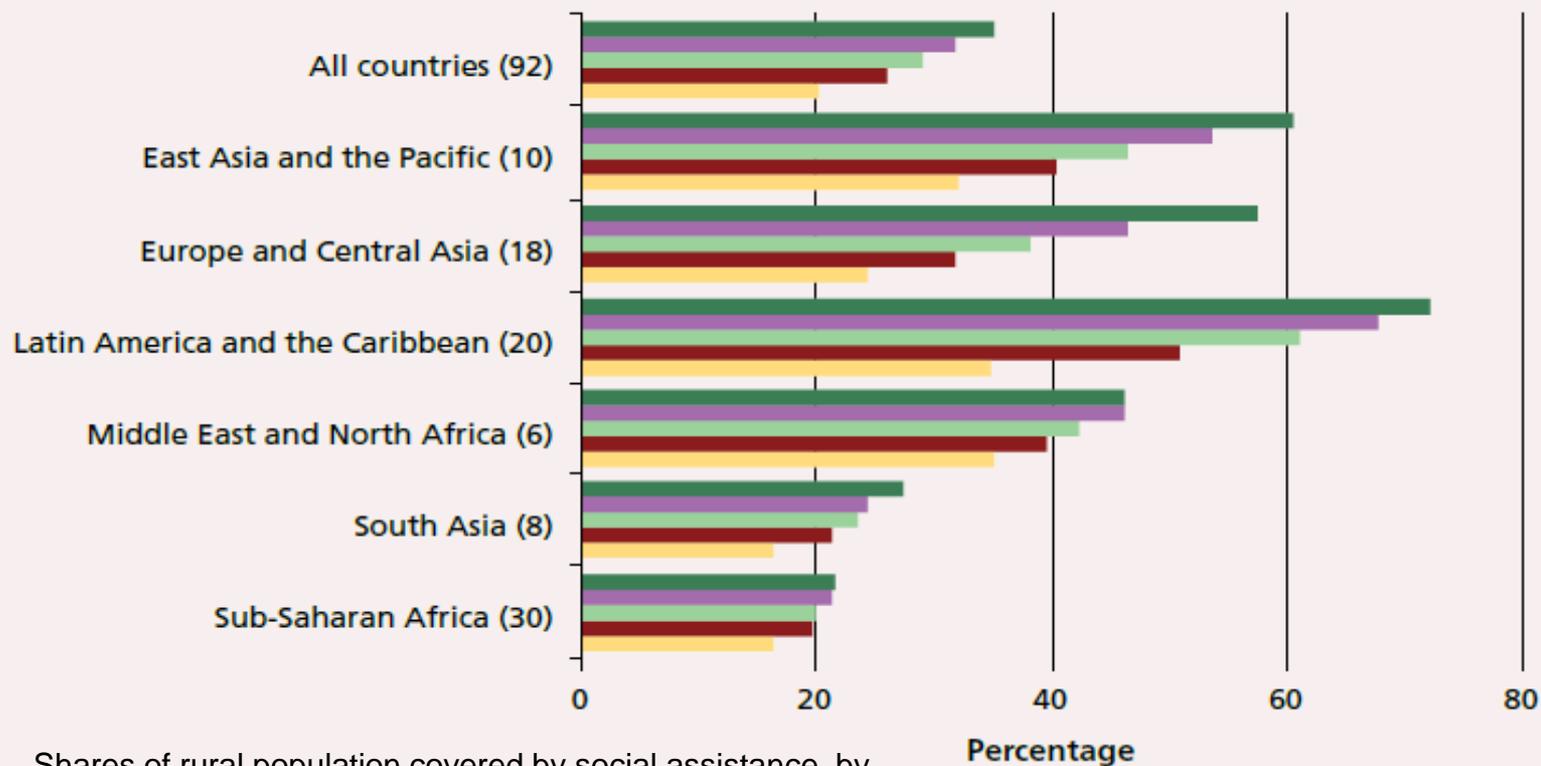
Shares of population covered by different types of social protection programme, by region



Note: Number of countries in parentheses.

Source: ASPIRE, World Bank, online database

Poorest households are more likely covered by social protection, but shares vary by region



Shares of rural population covered by social assistance, by income quintile and region



Note: Number of countries in parentheses.

Source: ASPIRE, World Bank, online database

Social protection **protects** the
poor and **prevents** worse
deprivation



Bringing together agriculture and social protection

How to link agriculture and social protection?

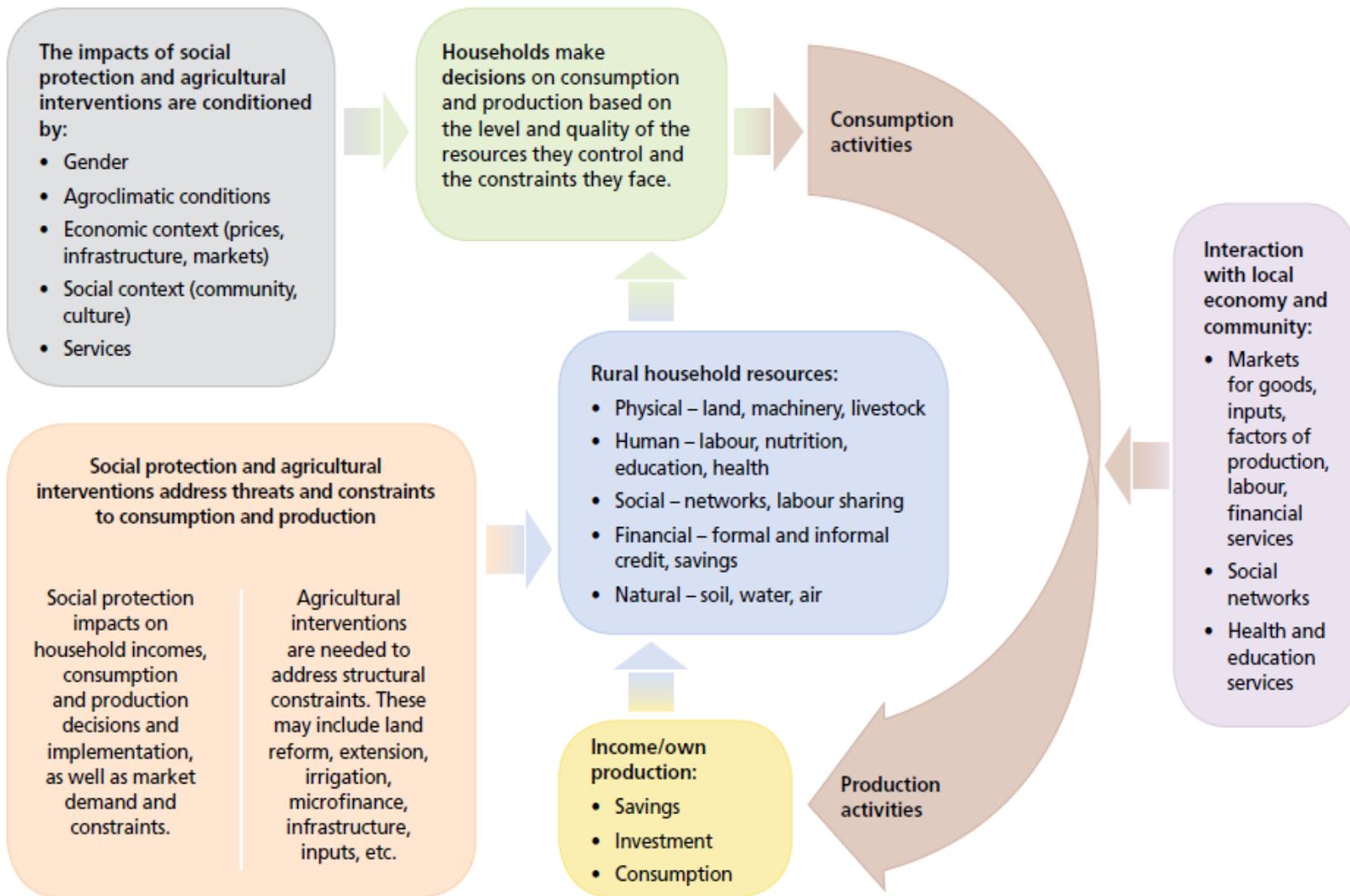
- Making social protection interventions more sensitive to agriculture and vice-versa
- Focusing both agriculture AND social protection interventions on targeted households
- Aligning interventions that target different households

How can it be done?

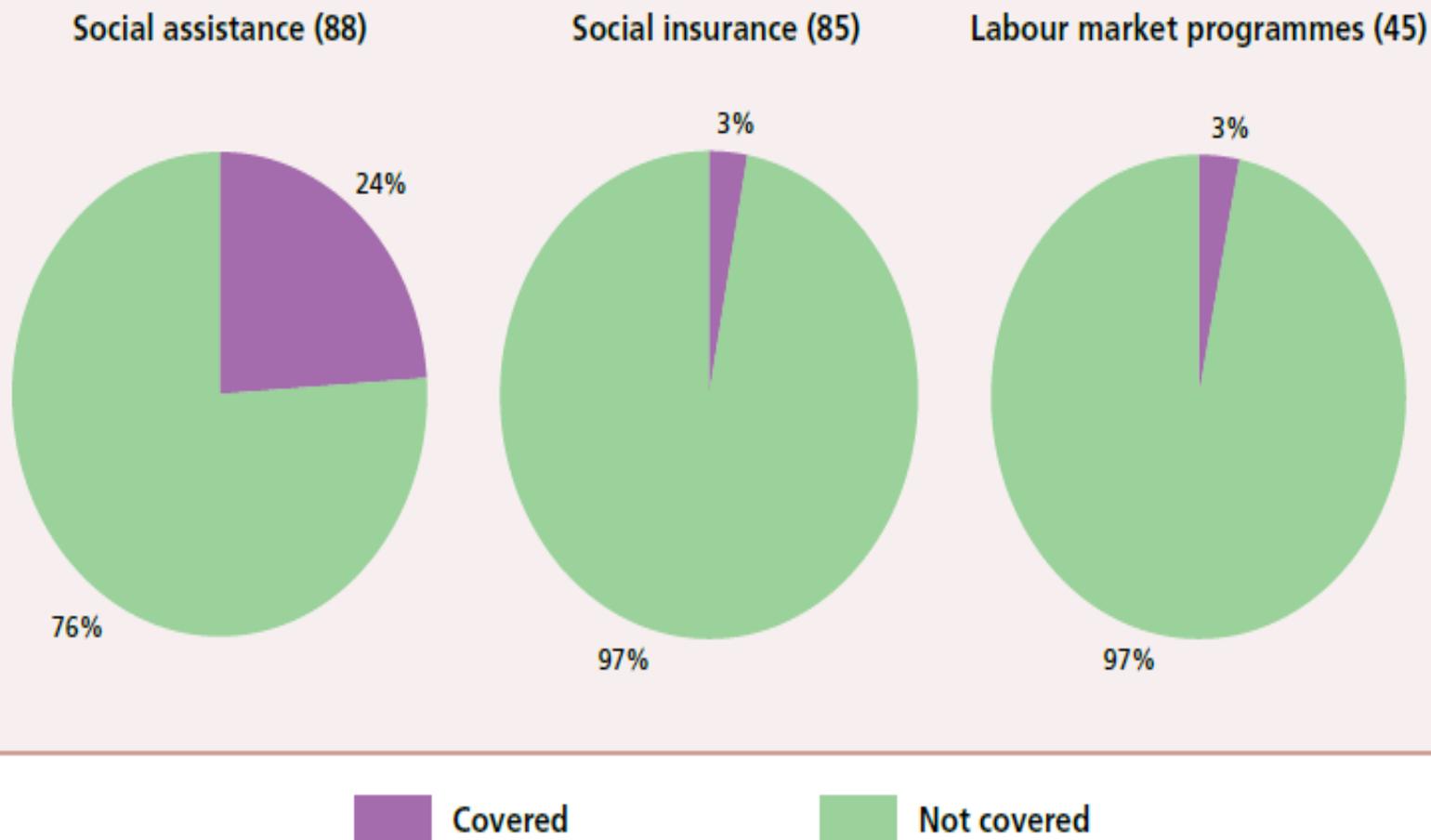
- Mobilize political support
- Adjust policy and investment frameworks
- Strengthen coordination mechanisms
- Harmonize targeting
- Support programme design and implementation
- KEEP IT SIMPLE!



Social protection linkages to household consumption and production and the local economy



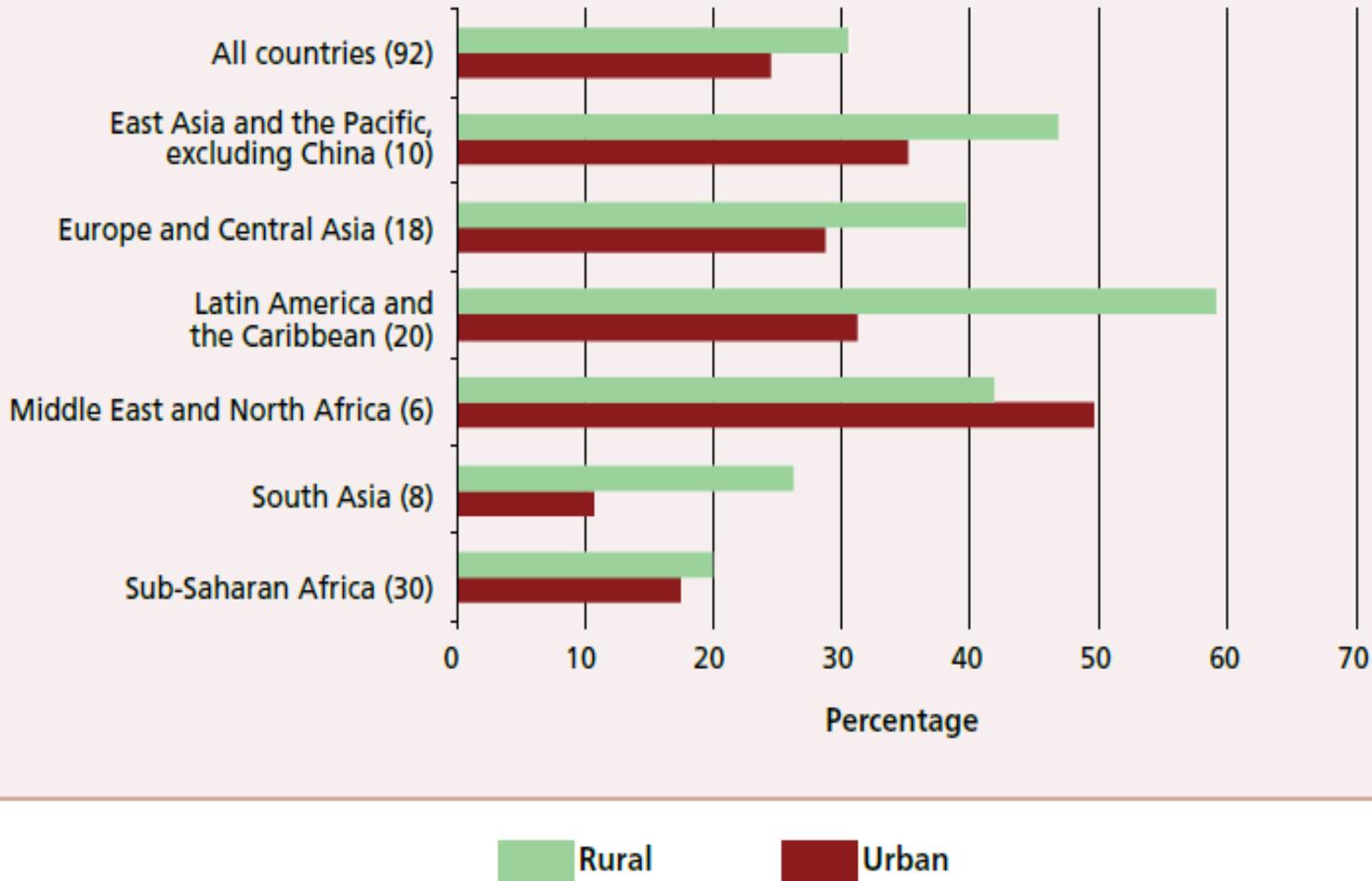
Shares of extreme poor in low- and middle-income countries covered by social assistance, social insurance and labour market programmes



Note: Number of countries in parentheses.

Source: ASPIRE, World Bank, online database

Shares of rural and urban populations covered by social assistance, by region



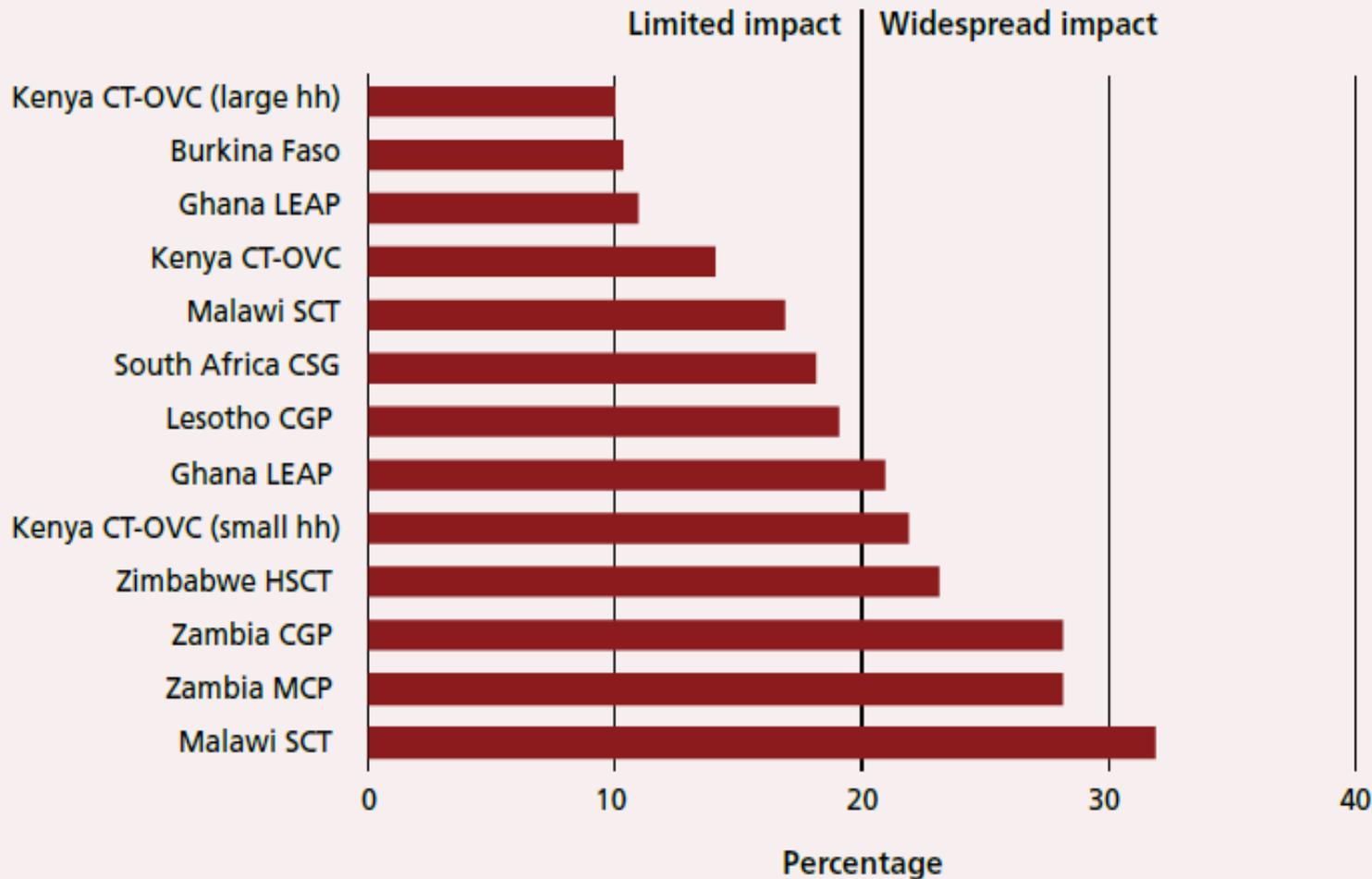
Note: Number of countries in parentheses.

Source: ASPIRE, World Bank, online database

The local income multiplier effect of social cash transfer programmes



Transfer amount as a share of beneficiary household income: the level, timing and predictability of transfers matters



Source: Davis, B. & Knowles, M. 2015. From protection to production: the role of social cash transfers in fostering broad-based economic development. From Protection to Production Project and the Transfer Project. Presentation made to Department for International Development, London. Rome, FAO.



Examples of leveraging public expenditure on agriculture and social protection programmes

- Combining interventions into joint programmes, eg Ethiopia's PSNP & HABP
- Integrated interventions, eg Bangladesh's CFPR-TUP
- Sectoral policies can be designed to bring together SP and Agriculture, eg Kenya's HSNP or Zambia's Food Security pack
- Social protection can be designed to complement agricultural policies, such as input subsidies
- Aligning programmes to exploit synergies, eg. IPPs such as Brazil's PAA or the HGSP programmes
- Effective targeting to bring together the two sectors is imperative, eg Brazil and Peru

