

# Strengthening coordination between social protection and agricultural policy

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# Objectives of the workshop

- Discuss linkages between social protection and agriculture
  - Outline of conceptual framework
  - Exchange of experiences
- Background on policy guidelines initiative
- Capacity needs assessment

# What do we mean by social protection and agriculture?

- Small holder agricultural policies focus on improving
  - Productivity
  - Access to markets
  - Integration into value chains
  - Sustainable management of natural resources
- Social protection policies focus on
  - Reducing social and economic risk and vulnerability
  - Alleviating extreme poverty and deprivation
  - Taking into account
    - Context, age and gender-specific risks and vulnerabilities throughout lifecycle
  - Without forgetting that most important insurance and safety net mechanism is informal—social networks of reciprocity

# Publically provided social protection can play four important roles

- I. Preventive
- II. Protective
- III. Promotion
- IV. Transformative

(Devereux and Sabates-Wheeler)



# I. Preventive

- Avert deprivation, mitigate the impact of an adverse shock, avoid negative risk coping strategies (ex ante)
  - Regular, predictable cash transfers
  - Savings and credit schemes
  - Health insurance
  - Burial societies
  - Disaster/crop insurance
  - Elimination of user fees
  - Contributory social insurance/security (pensions, maternity, disability, etc.)

## II. Protective

- Relief from economic and social deprivation, including alleviation of chronic and extreme poverty and food insecurity (ex post)
  - Cash transfers
  - Public employment schemes
  - Feeding programs
  - Humanitarian relief
  - Child protective services

# III. Promotive

- Enhance asset accumulation, human capital and income earning capacity among the poor and marginalized
  - Conditional and unconditional cash transfers
  - Asset building and livelihood development
  - Input subsidies
  - Elimination of user fees
  - School feeding
  - Second chance education, skills training
  - Integrated early childhood development

# IV. Transformative

- Address power imbalances that create or sustain economic inequality and social exclusion
  - Legal reform
  - Standards and regulations
  - Behavior and attitudinal change



# When is an agricultural intervention a social protection intervention?

- High Level Panel of Experts considers agricultural interventions such as input subsidies as social protection
- We prefer to call them agricultural interventions that have a social protection function
  - In part may help reduce vulnerability and manage risk by increasing farm output, income and overall welfare of poor and marginalized
  - Increase output and production, or support most vulnerable?
- When specifically focused on the poorest and most vulnerable, they can become social protection interventions in their own right
  - Same for all sectoral interventions (from education to health to agriculture)

# Social protection can address demand and/or supply constraints

- Demand side
  - Overcoming economic (and social) barriers to access and utilization of services by increasing demand
    - From education to health to livelihoods
- Supply side
  - Special efforts to make services available to vulnerable populations
  - Certain types of programs geared towards vulnerable populations
    - ECD
    - Farmer field schools

# When social protection and agriculture come together

- Same geographical space
- Small holder family target of both agricultural and social protection policy
  - Most SP beneficiaries work for themselves
- 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
- Implications for “social” —conditioned by livelihoods
  - Labor allocation (adults and children), including domestic chores and care giving
  - Investment in schooling and health
  - Food consumption, dietary diversity and nutrition
  - Intra household decision making

# 6 ways in which social protection is related to agriculture



# 1. Improve human capital

- Nutritional status
- Health status
- Educational attainment

enhance productivity  
(agriculture and non agriculture  
business, wage labor)

improve employability



Typically core objectives of CT programs

Underlying rationale for CCTs, school bursaries, school feeding programs, elimination of user fees, etc.

## 2. Facilitate change in productive activities

By relaxing credit, savings and/or liquidity constraints

- Accumulation of productive assets
  - Farm implements, land, livestock, inventory
- Investment in productive activities
  - Increased use of modern inputs
  - From working off farm (ganyu) to working on farm
  - From sharecropping out to working own land
- Change in productive strategies
  - New crops, techniques
  - New line of products or services
  - New activities (retail, food preparation, migration, etc)

# 3. Better ability to deal with risk and shocks

By providing insurance via regular and predictable social protection

- Avoid detrimental risk coping strategies
  - Distress sales of productive assets
  - Children school drop-out
  - Risky income-generation activities
  - Premature sales
- Avoid risk averse production and income generation strategies
  - Reduce reliance on ganyu/agricultural wage labor
  - Permit specialization or diversification

## 4. Relieve pressure on informal insurance mechanisms

By providing regular and predictable social protection to the poorest and most vulnerable

- Reduce burden on social networks
  - Local networks of reciprocal relationships
- Rejuvenate social networks
- Allow poorest to participate in social networks



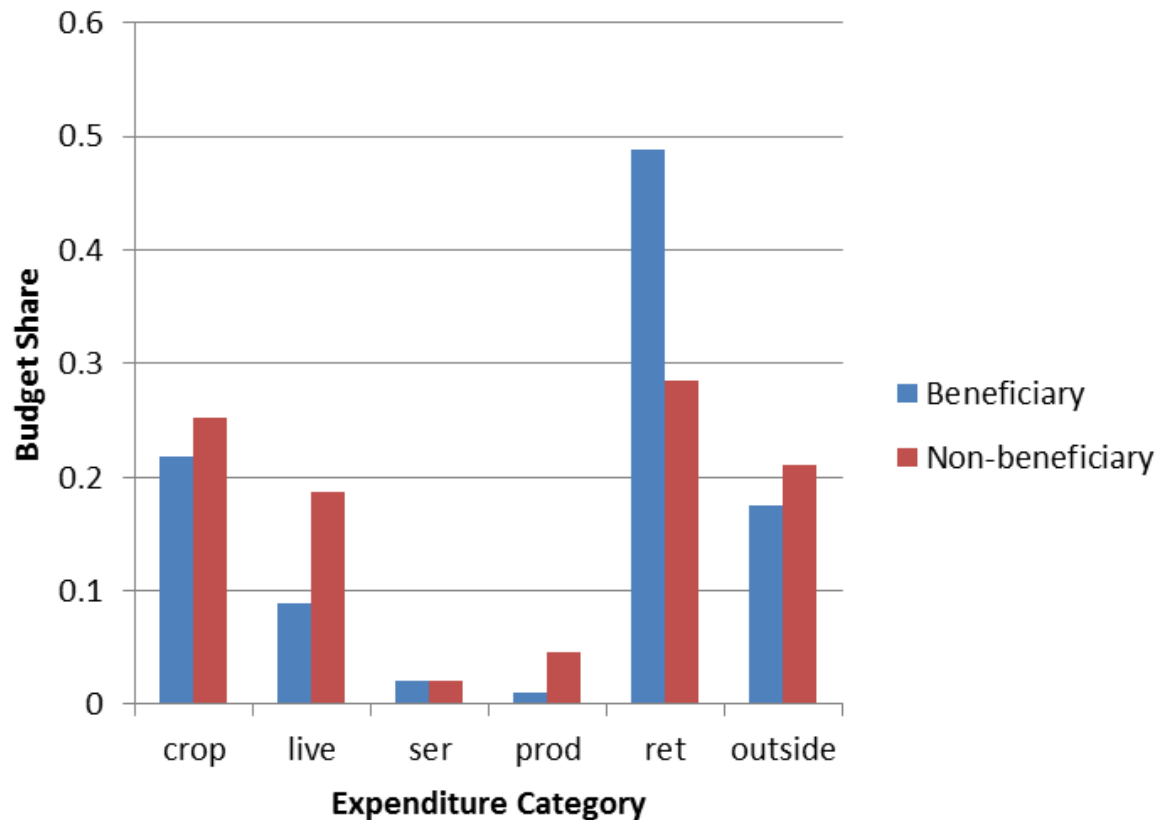
## 5. Strengthen the local economy

By injecting relatively large amounts of cash into a local economy, and/or building community assets

- Multiplier effects on local goods and labor markets via economic linkages
- Public works: creation of public goods/assets

# Social protection and agriculture are linked together in the local economy

## Budget Shares By Household Group



## Ghana:

LEAP beneficiaries spend 80% of income inside local economy

Income multiplier as high as 2.5

## 6. Increased resilience

Earlier pathways together lead to **increasing resilience** and **reducing vulnerability** at the level of the individual, household, community and local economy

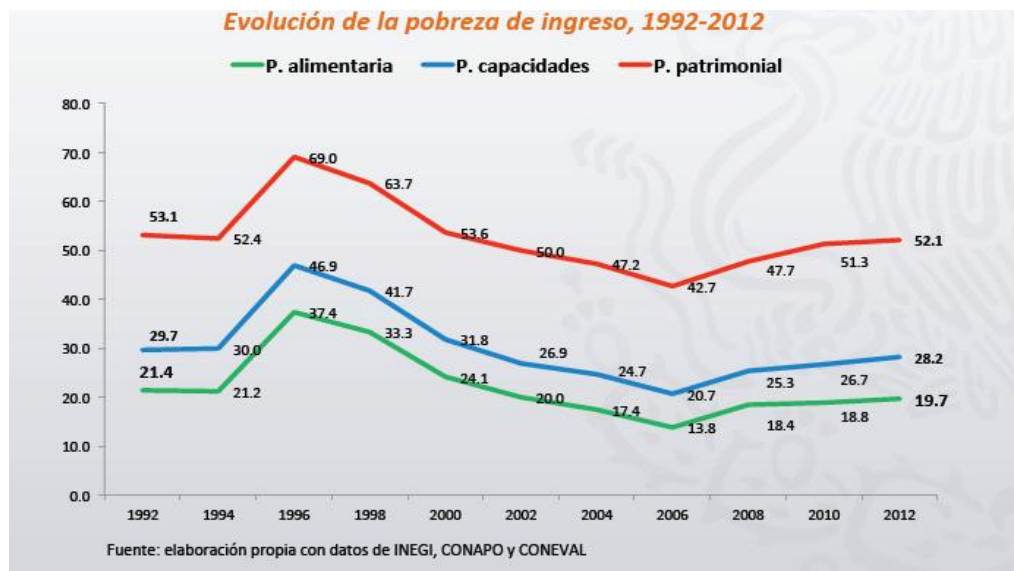
1. Human capital formation
2. Change/adaptation in productive activities
3. Better ability to deal with risk
4. Reduced pressure on informal insurance networks
5. Strengthened resilience of the local economy



**climate change adaptation**

# Wow—the magic bullet!!!

- Cannot replace sector economic development strategy, nor a motor of growth in and of itself
- Expansion of social protection has shown the limits of social protection
  - South Africa, Mexico



# Social protection unlikely to be enough to bring households out of poverty—the role of agriculture

- Over two thirds of rural Africa dependent on agriculture for livelihoods
  - Over 60 per cent of all employed women have jobs related to agriculture
- Almost three quarters of economically active rural population are smallholders, most producing significant share of own food
- Small holder agriculture as key for rural poverty reduction and food security
  - Relies on increased productivity, profitability and sustainability of small holder farming
- SP and agriculture need to be articulated as part of strategy of rural development
  - Link to graduation strategies, “productive insertion of beneficiaries”, welfare-to-work transitions, “gradsitions”

# But often not enough attention to interaction and implications for design and implementation

- Policy design and program implementation take place in silos
- Institutional and resource constraints
- Competition over territory and budget
- Some tensions between sector policy objectives
- But a multiplicity of experiences at this workshop

# Evidence-based policy making and program implementation

- Monitoring policy and program coordination
- Incorporating the SP-Ag dimension into evaluating impact
  - Contribute to policy debate
    - Overall contribution of CT programs to poverty reduction
    - Political economy
  - Contribute to program design
    - Confront potential synergies and constraints
  - Complementary programs—what and to whom?

# One example:

## From Protection to Production Project

- Focus on understanding economic impacts of cash transfer programs
  - Taking advantage of ongoing impact evaluations
- Mixed method approach
  - Program impact on household economic decisions
  - Village economy income multipliers via general equilibrium modeling
  - Qualitative analysis of community dynamics
- Joint with UNICEF and government in 7 countries
  - Ghana, Kenya, Lesotho, Malawi, Ethiopia, Zambia, Zimbabwe
- Part of larger effort, **Transfer Project** to support implementation of impact evaluation of cash transfer programs



# The role of FAO

- Interface between social protection, food and nutrition security, agriculture and livelihoods
- Our work focuses on supporting government and partners in
  - Maximizing synergies between social protection and agricultural policies
  - Articulating coordinated strategy for rural development
- This involves
  - Developing capacities, policy and programming advice, facilitating policy dialogue, generating actionable knowledge, and developing analytical and policy tools

# Towards a comprehensive capacity development approach

- Encourage a systems/coordinated approach of implementing and coordinating social protection with agriculture
- Develop capacities for coordinating social protection and agricultural activities in order to maximize synergies and minimize conflicts.
  - Government officials, development partners and FAO staff
- Set stage for future training of policymakers and practitioners from agriculture and social protection

# Our websites

From Protection to Production Project

<http://www.fao.org/economic/PtoP/en/>

The Transfer Project

<http://www.cpc.unc.edu/projects/transfer>

