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Social protection

Social protection for rural poverty reduction

Social protection for rural poverty reduction

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Executive summary

This paper reviews the major conceptual frameworks and analytical frameworks for applying social protection in rural and agricultural contexts, proposes a synthesised 'consolidated' framework, and reviews the evidence base on the impacts of social protection on agricultural production and rural poverty reduction.

Four conceptual frameworks for social protection are reviewed. **Social Risk Management** provides a useful framework in rural contexts for classifying the range of idiosyncratic and covariant risks that individuals, households and communities face; analysing their impacts on livelihoods; and identifying possible informal (private) and formal (public) responses in three categories: risk reduction, risk mitigation, and risk coping mechanisms.

Transformative Social Protection introduces a focus on social justice and argues that social protection should address the underlying drivers of vulnerability, not just the symptoms of poverty. It also highlights the linkages from 'livelihood protection' to 'livelihood promotion', which makes social protection a powerful toolkit for economic as well as social development.

Adaptive Social Protection pays specific attention to the challenges posed by environmental shocks and stresses, especially those related to climate change, which makes this framework especially relevant to agriculture and rural development. Adaptive Social Protection aims to 'climate-proof' rural economies and strengthen household and community resilience, by drawing on insights

from climate change adaptation and disaster risk reduction policies.

The **Social Protection Floor** emerged out of an ambition to extend coverage of social security schemes from urban, formal sector workers to self-employed and informal sector workers, including smallholder farmers and agricultural labourers. The Social Protection Floor brings a rights-based approach and an emphasis on the life-cycle to social protection policies. It is also starting to grapple with rural settings and food security concerns, making it increasingly relevant to FAO's focus.

Five useful analytical approaches are also discussed. The **entitlement approach** disaggregates the sources of food into production, labour and transfers, and analyses food insecurity as threats to any or all of these sources. The **life-cycle approach** recognises that vulnerability varies by gender and over the life-cycle, and a comprehensive social protection system needs to reflect these differences in needs. An **agricultural livelihoods approach** examines options for social protection from, independent of, for, and through agricultural growth, ranging from infrastructure development to crop insurance to input subsidies. The HLPE report on **Social Protection for Food Security** organises social protection instruments into five clusters: social assistance, income generation, 'twin-track' measures, risk management and risk reduction. The graduation model delivers integrated packages of support, including assets and microfinance, with the objective of 'graduating' households out of

extreme poverty so they no longer need social protection.

Following this review of conceptual and analytical approaches, a new **consolidated conceptual framework** is presented that illustrates how social protection can contribute to food security, rural development and poverty reduction. Interventions are organised around three sources of income and food (production, labour, transfers). Social protection policies and programmes are targeted at one or more of the three income sources, in order to either raise income or stabilise income. Three guiding principles are proposed (gender sensitivity, social inclusion, and environmental sustainability). Interventions are designed to achieve two programming objectives (promote livelihoods to reduce poverty, and protect livelihoods to reduce vulnerability). Livelihoods can be promoted by raising returns to each source of income or food; for instance, input subsidies raise crop yields (**production**), public works provide waged employment (**labour**). Livelihoods can be protected by managing grain reserves to stabilise food prices or by distributing food aid after a harvest failure (**transfers**).

Some attempts have been made to make social protection more **gender-sensitive**, with ambiguous effects. Examples include: applying gender quotas on public works programmes, paying cash transfers to women even in male-headed households, and assigning responsibility to mothers for complying with conditional cash transfer conditions. However, public works programmes add to women's time pressure and the heavy manual labour requirements are often inappropriate for women. Transferring cash to women usually empowers them and improves child wellbeing, but intra-household effects must be monitored as there is a risk of increased gender-based violence. Conditional cash transfers that pressurise mothers to comply with child-

related education and health are accused of reinforcing sexist gender roles.

The evidence base on the **impacts** of social protection on agriculture and rural development is growing rapidly, which gives more information for making informed **policy choices**. Given the low productivity of smallholder agriculture, especially in Africa, agricultural production has been **promoted** with general or targeted input subsidies, and with public works projects that construct and maintain roads and irrigation infrastructure. Rural public works also provide income that tends to be invested in participants' farms. Local procurement for food aid or school feeding schemes is an innovative initiative that creates structured demand for farmers' produce.

Agricultural incomes can be **protected** with weather-indexed crop insurance, although pilot projects in low-income contexts have often failed to scale up. Demand-driven employment guarantee schemes are more effective at providing labour-based income than conventional supply-driven public works programmes. Consumers can be protected against food price rises either with direct transfers of food or cash to buy food, or by public interventions that include fixing prices by decree and managing price fluctuations with open market operations or regulating imports and exports.

Selecting the optimal policy mix of social protection interventions should be based not only on evidence from ex post impact evaluations elsewhere, but on a context-specific vulnerability analysis and needs assessment, an assessment of what is financially affordable and fiscally sustainable, and what is politically feasible given national development priorities at the time.

Introduction

Although social protection has become a prominent part of development policy only in the last 12–15 years, thinking and practice about agriculture and rural development incorporated elements that would now be labelled as social protection for many decades before the concept gained traction in the late 1990s. Interventions such as public works projects, school feeding schemes and input subsidies have been integral parts of the food security toolkit since at least the 1950s (Maxwell 2001a, 2001b), and have all been subsumed under the social protection umbrella. Indeed, much of the thinking about social safety nets, Social Funds and social transfers emerged in the 1980s and 1990s, as a response to deal with the social costs of macroeconomic stabilisation and the structural adjustment programmes that dominated development policies at that time. Universal commodity and input subsidies were cut or eliminated, creating new patterns of vulnerability and food insecurity that required innovative policy responses.

There are strong overlaps between the ‘old’ food security and rural development agendas and the ‘new’ social protection agenda, but they are not congruent. Food security thinking was an offshoot of agricultural policy and, to a lesser extent, trade policy, and was dominated by debates about national self-sufficiency, cash crops versus food crops, and the pros and cons of food aid. In the food security discourse, food was initially conceived as a traded commodity, but was later understood as a public good and a matter of public concern. Social protection thinking is closely aligned to the Millennium Development Goals (MDGs) and social protection

programmes contribute to several of the eight MDGs, including the eradication of extreme poverty and hunger, achieving universal primary education, and promoting gender equality and women’s empowerment. Social protection debates are dominated by issues such as cash versus food transfers, how to extend social security to informal and self-employed workers, and how to ‘graduate’ the working poor (e.g. smallholder farmers) out of extreme poverty.

Several definitions of social protection will be reviewed in the next chapter but, for this paper’s purposes, we favour a definition that emphasises addressing both poverty and vulnerability.

“Social protection consists of the public actions taken in response to levels of vulnerability, risk and deprivation, which are deemed socially unacceptable within a given polity or society. Social protection thus deals with both the absolute deprivation and the vulnerabilities of the poorest, and also with the need of the currently non-poor to have security in the face of shocks and life-cycle events” (Norton, Conway and Foster 2001: 7).

Recent thinking has emphasised the distinction between social protection programmes, being single interventions that address specific needs of targeted population sub-groups, and a social protection system, which is a comprehensive set of interventions addressing the diverse range of social protection needs across the entire national population (ILO 2012; UNICEF 2012).

Given the extensive shared interests of people who are concerned with agriculture and rural

development, on the one hand, and people who are concerned with social protection, on the other, there is much to be gained from efforts to identify and strengthen the linkages between these overlapping agendas and discourses. It is significant, for instance, that many important social protection programmes, especially in sub-Saharan Africa and South Asia, focus on rural areas and mainly target smallholder farmers and their families. Nonetheless, the coverage of these programmes remains limited and an estimated 80 percent of the world's population – mostly in rural areas – still has no access to formal social protection (ILO 2010). This paper therefore has three objectives, under the overarching goal of proposing a conceptual framework for orienting social protection towards food security, rural development and poverty reduction, as a basis to orient FAO's work in the coming years:

1. review different conceptual approaches to social protection and prepare a consolidated framework, suggesting which would seem best suited for agricultural and rural contexts;
2. review evidence from recent experiences with expanded social protection in promoting agricultural production and/or rural diversification and poverty reduction;
3. propose a policy matrix which could serve decision-makers in developing countries in the coherent design of social protection policies that would effectively help rural populations manage the risks they face in any given context and that would be aligned with broader agriculture and rural development and poverty reduction policies.

This paper has four chapters following this introduction. Chapter 2 reviews several alternative conceptual frameworks and analytical approaches to social protection. Chapter 3 presents a new consolidated framework for social protection, with an associated policy matrix that should provide a more comprehensive framework for policy-makers to work with, and for integrating social protection policies with

broader agriculture and rural development policies. Chapter 4 reviews policy options for social protection programmes, drawing on the evidence base on the impacts of these interventions on agricultural production and rural poverty reduction. Chapter 5 provides a conclusion that summarises the main arguments of the paper.

This chapter critically reviews the main conceptual frameworks that have been developed in the social protection literature since it emerged as a development policy agenda in the late 1990s, as well as several of the most relevant analytical approaches to social protection. It is important to note that the 4 conceptual frameworks and 5 analytical approaches reviewed in this chapter are not mutually exclusive but often overlap, and that none of them is more ‘right’ or ‘wrong’ than any other. Each framework and approach takes a different emphasis or applies a different lens to the analysis of rural economies, and to organising this analysis and the range of policy interventions. Often this simply reflects changing fashions in development policy thinking and practice – a new framework or approach is produced that encapsulates current thinking, which by definition is always evolving.

We will show that all 4 frameworks reviewed – Social Risk Management, Transformative Social Protection, Adaptive Social Protection, and the Social Protection Floor – have some relevance to food security, rural development and poverty reduction, but that none of them focuses sufficiently on these outcomes for our purposes. There are also useful ideas within the 5 analytical approaches reviewed here, but this chapter concludes that a more comprehensive framework is needed. The overview provided in this chapter therefore provides the basis for developing a new

conceptual framework, which will be presented in the following chapter.

1.1. Conceptual frameworks

Several conceptual frameworks for organising social protection objectives, functions and instruments have been developed since the late 1990s. To a large extent these frameworks overlap and build on each other – they are complementary rather than mutually exclusive. The frameworks include: Social Risk Management (SRM); Transformative Social Protection (TSP); Adaptive Social Protection (ASP); and the Social Protection Floor (SPF). These four frameworks are introduced below, in chronological sequence, and the efficacy of each in addressing food security, rural development and poverty reduction is assessed.

1.1.1 Social risk management

The first conceptual framework that dominated the social protection literature was devised by the World Bank in the late 1990s. The defining idea of ‘Social Risk Management’ (SRM) is that social protection means putting in place effective safety nets or insurance mechanisms against the range of livelihood risks that poor and vulnerable people face. Social risk management was defined as “a collection of public measures intended to assist individuals, households and communities in managing risks in order to reduce vulnerability, improve consumption smoothing, and enhance equity while contributing to economic development in a participatory manner”

(Holzmann and Jørgensen 1999). The World Bank argues that extending access to risk management instruments to poor and marginalised people is not only equitable and efficient; it can also promote economic growth and reduce poverty by protecting household assets and encouraging moderate risk-taking behaviour (Holzmann and Kozel 2007).

The SRM framework has two elements. The first is **risk analysis**, which starts from a typology of

potential risks organised under six categories (natural, health, social, economic, political, environmental), which can affect individuals or households (idiosyncratic or micro-level risks), groups of households or entire regions and even countries (covariant, meso- or macro-level risks) (see Table 1). Analysing these risks requires tracing their actual or hypothetical impacts on the livelihood assets (financial, social, human capital, land, etc.) of affected households.

Table 1. A typology of risks

Type of risk	Covariant		
	Risks affecting an individual or household (micro)	Risks affecting groups of households or communities (meso)	Risks affecting regions or nations (macro)
Natural		Rainfall Landslide Volcanic eruption	Earthquake Flood Drought High winds
Health	Illness Injury Disability Old age Death	Epidemic	
Social	Crime Domestic violence	Terrorism Gang activity	Civil strife War Social upheaval
Economic		Unemployment Resettlement Harvest failure	Changes in food prices Growth collapse Hyperinflation Balance of payments, financial, or currency crisis Technology shock Terms of trade shock Transition costs of economic reforms
Political		Riots	Political default on social programs Coup d'état
Environmental		Pollution Deforestation Nuclear disaster	

Source: World Bank (2001: 136)

The second element can be summarised as **response analysis**. Strategies to deal with risk can be classified as (1) **risk reduction** – *ex ante* actions to raise income or reduce income variability; (2) **risk mitigation** – *ex ante* actions to reduce income variability if and when a shock occurs (diversification or insurance); or (3)

risk coping – *ex post* actions to alleviate the impact of shocks after they occur. Responses can be either informal or formal, and can be provided by a range of actors and institutions, from individuals and communities to markets and public provision (see Table 2).

Table 2. Mechanisms for managing risk

Objective	Informal mechanisms		Formal mechanisms	
	Individual and household	Group based	Market based	Publicly provided
Reducing risk	<ul style="list-style-type: none"> • Preventive health practises • Migration • More secure income sources 	<ul style="list-style-type: none"> • Collective action for infrastructure, dikes, terraces • Common property resource management 		<ul style="list-style-type: none"> • Sound macroeconomic policy • Environmental policy • Education and training policy • Public health policy • Infrastructure (dams, roads) • Active labour market policies
Mitigation risk <i>Diversification</i>	<ul style="list-style-type: none"> • Crop and plot diversification • Income source diversification • Investment in physical and human capital 	<ul style="list-style-type: none"> • Occupational associations • Rotating savings and credit associations 	<ul style="list-style-type: none"> • Savings accounts in financial institutions • Microfinance 	<ul style="list-style-type: none"> • Agricultural extension • Liberalized trade • Protection of property rights
<i>Insurance</i>	<ul style="list-style-type: none"> • Marriage and extended family • Sharecropper tenancy • Buffer stocks 	<ul style="list-style-type: none"> • Investment in social capital (networks, associations, rituals, reciprocal gift giving) 	<ul style="list-style-type: none"> • Old age annuities • Accident, disability, and other insurance 	<ul style="list-style-type: none"> • Pension systems • Mandated insurance for unemployment, illness, disability, and other risks
Coping with shocks^a	<ul style="list-style-type: none"> • Sale of assets • Loans from money-lenders • Child labour • Reduced food consumption • Seasonal or temporary migration 	<ul style="list-style-type: none"> • Transfers from networks of mutual support 	<ul style="list-style-type: none"> • Sale of financial assets • Loans from financial institutions 	<ul style="list-style-type: none"> • Social assistance • Workfare • Subsidies • Social funds • Cash transfers

Note: The white stated area shows household and community responses through informal mechanisms to improve risk mitigation and coping. The dark shaded area shows the publicly provided mechanisms for insuring against risk and coping with shocks - the social safety net.

^a. Publicly provided coping mechanisms can also serve risk mitigating purposes if they are in place on a permanent basis.

Source: World Bank (2001: 141)

The SRM framework is extremely useful and relevant to rural contexts and agriculture-based livelihoods. It proposes a coherent set of policy options for addressing price shocks, harvest failures and other risks that farmers,

pastoralists, agricultural labourers and other rural people face. SRM has been used to inform social protection programming and policy shifts away from emergency responses, from the Productive Safety Net Programme in Ethiopia to responses

to coffee price shocks in Nicaragua and the 2004 tsunami in Southeast Asia (Holzmann and Kozel 2007).

However, SRM has been criticised, most heavily for its “almost exclusively economic focus” (Haddad 2007: 14), and because it emphasises managing transitory shocks with safety nets or insurance mechanisms, to the neglect of chronic poverty and the structural determinants of poverty and vulnerability (Devereux and Sabates-Wheeler 2004). The World Bank’s preference for private and market-based solutions to risk management also prompted a critical reaction from those who advocate a rights-based approach to social protection (Guenther, Huda and Macauslan 2007). Despite these criticisms, SRM remains relevant to the rural development context, especially as an analytical framework.

1.1.2 Transformative social protection

In the early 2000s, the Institute of Development Studies (IDS) developed a framework for social protection that aimed to broaden the scope of social protection beyond its origins in social safety nets and risk management approaches that offer only economic protection against livelihood shocks. ‘Transformative Social Protection’ (TSP) argues that the core function of social protection is to reduce vulnerability as well as poverty, and that poverty and vulnerability should be broadly defined to include marginalisation and inequality, such that social protection also has a social justice function.

“Social protection describes all public and private initiatives that provide income or consumption transfers to the poor, protect the vulnerable against livelihood risks, and enhance the social status and rights of the marginalised; with the overall objective of reducing the economic and social vulnerability of poor, vulnerable and marginalised groups” (Devereux and Sabates-Wheeler 2004: 9).

TSP suggests a broader range of social protection interventions than SRM, including formal and informal social assistance transfers, social insurance mechanisms, access to social services, and social equity initiatives to protect all people against discrimination or abuse. These interventions can be clustered in terms of their objectives, under four categories:

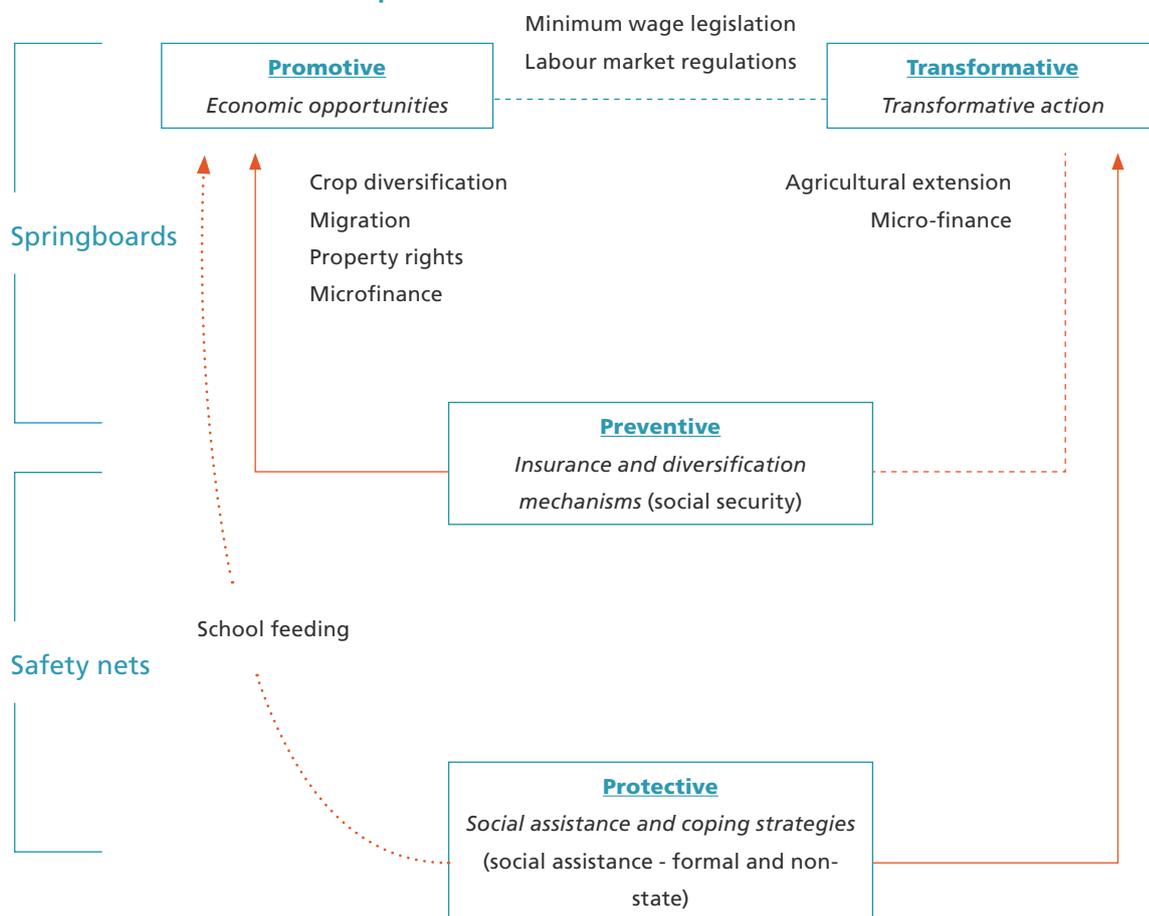
1. **Protective** instruments provide relief from deprivation, and include targeted cash or food transfers (child grants, social pensions, food aid) and access to services (abolition of user fees for education and health).
2. **Preventive** instruments aim to prevent deprivation, and include contributory social security schemes, government- or community-managed strategic grain reserves, weather-indexed insurance, and semi-formal institutions such as savings clubs and burial societies.
3. **Promotive** instruments aim to enhance incomes and capabilities by supporting livelihoods in different sectors – agriculture (input subsidies, inputs-for-work); education (school fee waivers, school feeding); and enterprises (public works programmes, asset transfers).
4. **Transformative** instruments aim to address issues of social injustice such as discrimination and exploitation, and can include campaigns for economic, social and cultural (ESC) rights, minimum wage legislation, and measures to eradicate child labour.

The left side of Figure 1 is ‘economic’ protection and livelihood promotion, while the right side adds the ‘social’ dimension in the form of transformative interventions that enhance social equity. Transformation is about empowering excluded individuals and marginalised groups to claim their rights, so TSP adopts a rights-based approach. The weight of the arrows in Figure 1 indicates the strength of the linkages between different functions of social protection. For instance, there is a weak and indirect linkage from ‘protective’ and ‘promotive’ outcomes of school feeding, which provides immediate social

assistance while also investing in human capital for the future. The arrow from 'protective' to 'transformative' is stronger because delivering

social assistance is recognised as potentially empowering of poor people, if it is delivered appropriately.

Figure 1. Transformative social protection



Source: Devereux and Sabates-Wheeler (2004: 11)

The TSP framework has been criticised for opening up the social protection agenda too widely, especially on the 'promotive' component that, in theory, could extend to all development interventions (Aoo *et al.* 2007). In response, Sabates-Wheeler and Devereux (2007) clarified that interventions should be classified as social protection instruments only if they have a 'protective' or 'preventive' function as well as 'promotive' potential. Examples include school feeding and conditional cash transfers, which transfer food or income in the short term while investing in human capital formation in the long-term; or public works programmes that generate

wage income (paid in food rations or cash) while simultaneously building economic or physical infrastructure.

TSP has informed several national social protection strategies and policies, including those of Ethiopia and Rwanda, and has influenced the social protection thinking of major international actors including the European Union, UNICEF and the World Bank, as is evident in their recent social protection policy documents (European Union 2012; UNICEF 2012; World Bank 2012).

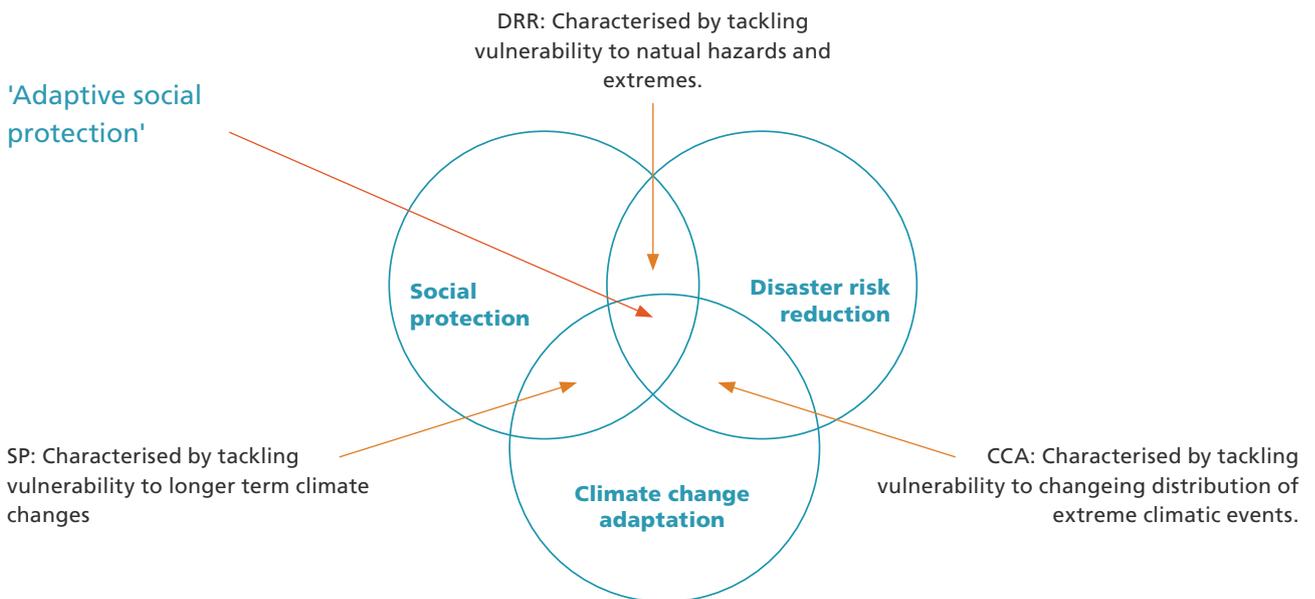
1.1.3 Adaptive social protection

Unlike Social Risk Management and Transformative Social Protection, which offer generic frameworks for analysing social protection needs and classifying social protection responses, 'Adaptive Social Protection' (ASP) is a specific application to environmental shocks and stresses, especially those related to climate change. This makes ASP especially relevant to agriculture and rural development, since rural residents whose livelihoods depend directly or indirectly on rain-fed agriculture are highly vulnerable to climate variability such as erratic rainfall, and to weather shocks such as a drought or flood.

ASP integrates the analytical insights and policy frameworks of social protection, climate change

adaptation and disaster risk reduction (see Figure 2), to explore "whether linking these three approaches together will help enhance resilience to shocks and stresses in agriculture-dependent rural communities" (Davies et al. 2009: 3). Social protection and disaster risk reduction are found to be effective in terms of mitigating shocks and stresses in the short term, but inadequate for building resilient livelihoods in the long term. For this, adaptive strategies are needed, such as reducing dependence on climate-sensitive livelihood activities. On the other hand, social protection instruments such as predictable cash transfers can be used to invest in livelihood diversification, so there are potential synergies between short-term protection and longer-term adaptation and resilience.

Figure 2. Adaptive social protection



Source: Davies et al. 2009: 26

Davies et al. (2009: 26) suggest that social protection programmes can become more climate-sensitive and provide more effective protection against climate-related shocks and stresses in several ways, including:

"a) *Climate proofing social protection*

through a long-term vision in the context of more reliable and accurate predictions and consideration of vulnerability.

b) *Policy and programmatic options for climate change adaptation.*

c) *A preventative and holistic poverty approach for DRR.*

d) *An improved growth focus for agriculture."*

Davies *et al.* (2009) also review the benefits and challenges of several specific social protection instruments, in terms of their implications for climate change adaptation and disaster risk reduction. Drawing selectively from their conclusions, weather-based crop insurance has the advantages of protecting household assets and supporting adaptive flexibility and risk taking, but the serious challenge of reaching marginal farmers with affordable premiums. Seed transfers can boost agricultural production and household food security while promoting diverse seed varieties tailored to changing local environmental conditions, but they can also distort or undermine local markets. Asset transfers can be easily integrated into existing rural livelihoods programmes, but they must be appropriate to local economic and environmental contexts and they should not be vulnerable to climate shocks and stresses. Cash transfers provide maximum flexibility, allowing climate-vulnerable households to smooth consumption, diversify their livelihoods portfolios and invest in adaptive capacity. But cash transfers must be sizeable and delivered predictably over an extended period, and the economic case for cash transfers as a cost-effective buffer against climate shocks still needs to be demonstrated.

ASP thinking has recently been applied in some national contexts, including Ethiopia, Rwanda and Tanzania. In Rwanda, a "no regrets" approach was applied to the government's Vision 2020 Umurenge Programme (VUP), where "no regrets" refers to "actions taken by households, communities and institutions that can be justified from economic, social or environmental perspectives, whether hazard events or climate change take place or not" (Siegel, Gatsinzi and

Kettlewell 2011: 72). Recommended actions to "climate-proof" the VUP include:

- Establish a 'Risk Management Fund' – to rapidly scale up support to VUP participants or register additional participants in response to climate shocks and major hazards.
- Improve national, district, watershed level systems for climate data, forecasting and early warning – using geographic information systems (GIS), spatial data infrastructure (SDI) and information and communication technology (ICT).
- Upgrade community-based early warning and response systems – building on the VUP's strong presence in rural communities and using simple scorecards to generate a 'community vulnerability index' that would be triangulated against 'high-tech' data.
- Facilitate activities that reduce vulnerability and increase resilience – e.g. by mobilising community resources (e.g. labour for public works) to produce environmentally friendly and beneficial assets, and sensitising communities on land use management.
- Improve systems for transfer payments and access to financial services and insurance products – by providing financial literacy training to VUP participants and encouraging savings as "a form of 'self-insurance' against negative impacts of different hazards" (Siegel, Gatsinzi and Kettlewell 2011: 76).

FAO has developed a 'Disaster Risk Reduction for Food and Nutrition Security Framework Programme', which recognises that climate change and disasters create poverty traps and undermine rural livelihoods, and aims "to enhance the resilience of livelihoods against threats and emergencies to ensure the food and nutrition security of vulnerable farmers, fishers, herders, foresters and other at risk groups" (FAO 2013a: viii). FAO has also developed a tool for measuring household resilience to food insecurity, which monitors several indicators over

time, including income and access to food, assets (e.g. land, livestock), social safety nets (e.g. food assistance, social security), access to basic services (e.g. water, health care), and adaptive capacity (which is linked to education and diversity of income sources) (Alinovi *et al.* 2009: 9 10).

Adaptive social protection is a useful concept for guiding FAO's work, because it focuses on the links between climate risks and agriculture, two key determinants of food (in)security, and also because it extends the analysis of policy options beyond disaster response towards building longer-term resilience of rural livelihoods and the agriculture sector. One limitation of this approach is that it focuses on a single set of vulnerability factors, overlooking economic, socio-political and other drivers of poverty and vulnerability, so it probably should be used in combination with other analytical frameworks.

1.1.4 Social Protection Floor

The Social Protection Floor Initiative represents a significant advance in the social protection field, for two reasons: it is the first systematic attempt to operationalise the right to social protection or social security as a universal policy objective, and it was adopted unanimously by all 185 member States of the ILO (with 1 abstention) as well as trade unions and employer associations in June 2012 (ILO 2012), so it has political momentum at the global level. A national Social Protection Floor (SPF) has two components:

- “Universal access to essential services (such as health, education, housing, water and sanitation and other services, as nationally defined);
- Social transfers in cash or in kind, to ensure income security, food security, adequate nutrition, and access to essential services.”¹

The ‘floor’ refers to the idea that these two elements should be the most basic components of any comprehensive national social protection system. The assumption is that if people have

income security and access to essential services throughout their lives, they will be adequately protected against most of life's contingencies for which the state has some responsibility. The claim that the state has responsibility for providing basic social protection, as part of a ‘social contract’ with all of its citizens, derives from the Universal Declaration of Human Rights.

“Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control” (United Nations 1948).

Note that ‘income security’ does not mean that the State should disburse free cash to every citizen, but it does imply that children and older persons who are living in poverty should have access to social assistance to prevent destitution. Examples include the Child Support Grant that reaches 11 million poor South African children, and the Old Age Grant that is paid monthly to 3 million poor South African men and women over 60. As for adults of working age, they should have access to contributory or non-contributory social security if they are unable to earn sufficient income, due to illness, disability, maternity or unemployment.

Figure 3 illustrates the point that the SPF only forms the foundation of a comprehensive set of social protection measures, that starts with social assistance and free or subsidised health care for the poorest (low income individuals and households) and extends to contributory social security for the working population and ‘voluntary’ insurance for the better-off, who can afford to purchase private (health, property, life) insurance from the market and will enjoy access to better quality health services and more comprehensive social protection as a result.

1 www.socialprotectionfloor-gateway.org

Figure 3. The Social Protection Floor

Source: NGO Committee for Social Development 2014

A defining feature of the Social Protection Floor is its focus on a life-cycle approach – analysing and responding to vulnerability at each stage of life from early childhood to old age (ILO 2014). Other frameworks that use the household as the unit of analysis and intervention overlook the reality that individuals have very different sources of vulnerability, and very different needs for social protection, at different points in their life-cycle. Another important feature is that the Social Protection Floor is a generic framework that must be adapted to each country context – i.e. developed by or in consultation with national governments – to generate ‘National Social Protection Floors’ that are fully aligned with national needs and what is financially feasible in that country at that time.

A forthcoming paper commissioned by the ILO explores the extent to which **income security** is sufficient to guarantee **food security**, and concludes that the Social Protection Floor needs to be complemented by other social protection measures and specific food security interventions (e.g. agricultural input subsidies and strategic grain reserves) to ensure the human right to adequate food for all (Devereux 2015). Food security has four pillars – availability, stability, access and utilisation (FAO 2009). Income security ensures adequate access (demand-side) but only if enough food is available and accessible at all times (supply-side). More thinking is needed to align the ILO mandate of extending social security to all with the FAO mandate of promoting agriculture, rural poverty reduction

and food security for all people at all times. The consolidated conceptual framework presented in chapter 3 gives some hints at how such an alignment could be achieved.

1.2. Analytical approaches

In addition to the fully developed and well-known conceptual frameworks reviewed above, a number of analytical approaches to social protection have been proposed that are relevant to the topic of this paper. These include: the entitlement approach; the life-cycle approach; social protection for food security; a rural livelihoods approach; and graduation pathways.

1.2.1 Entitlement approach

In his pioneering work on famine analysis, Amartya Sen (1981: 2) noted that there are only four ways that a person in market economies can legally access food: they can grow food, buy food, work for food, or be given food. Sen labelled these sources of food ‘entitlements’:

1. **production-based entitlement** describes the right to own whatever one produces with one's own (or hired) resources;
2. **trade-based entitlement** describes the right to own whatever one acquires through trading something one owns;
3. **own-labour entitlement** refers to all trade-based and production-based entitlements derived from ‘selling’ one's labour power;
4. **inheritance and transfer entitlement** refers

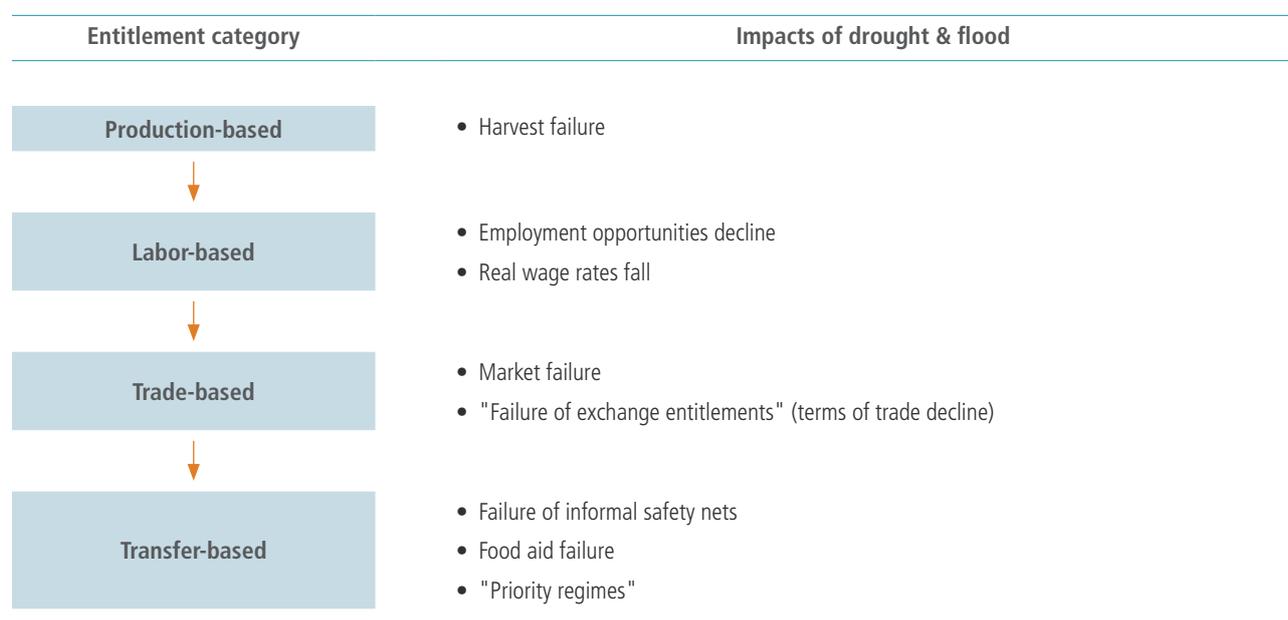
to the right to own what is willingly given by others, including private gifts and remittances as well as transfers by the state such as social security or pensions.

The combination of what a person owns and what they can acquire by exchange is called their 'exchange entitlement'. If they cannot acquire enough food to meet their subsistence needs through a combination of production, trade, labour and transfers, they are food insecure and vulnerable to hunger. When large groups of people are affected by covariant shocks such as drought-triggered crop failure or sharp food price rises, mass mortality famines can follow. Sen (1981) applied this framework to the analysis of several famines, and demonstrated that in most cases it was not a precipitous decline in production-based entitlement alone that caused the food crisis, but food price shocks or lack of employment for landless labourers as well as falling livestock prices for pastoralists, which

sometimes followed a food production shock but should be analysed instead as 'trade-based' and 'labour-based' entitlement shocks.

Figure 4 shows how entitlement failures often occur sequentially to turn a crop failure into a food crisis or famine. A drought or flood first causes crop failure ('production-based' entitlement failure); this leads to a contraction in the rural economy ('labour-based' entitlement decline); and if markets are weak then food prices will rise and exchange entitlements will fall ('trade-based' entitlement decline). Finally, a famine can be averted by effective coping strategies of affected people or by humanitarian relief operations, but if informal safety nets are inadequate and food aid is not mobilised or arrives too late ('transfer-based' entitlement failure) the sum of all sources of entitlement will be insufficient and drought- or flood-affected people could face starvation.

Figure 4. Droughts, floods and entitlement failures



Source: Devereux (2008: 48)

Although Sen applied his 'entitlement approach' to famines and food crises, Devereux (2008) argued that the concept can also be usefully adapted to the analysis of less extreme forms of food insecurity.

This will be one component of the consolidated conceptual framework for food insecurity that is developed below.

1.2.2 Life-cycle approach

An important insight for social protection is that people face different sources of vulnerability at different time of their lives, which vary by age, gender and other personal characteristics such as disability. This implies that social protection interventions should be tailored to the specific needs of different age-sex cohorts.

A basic distinction is often drawn, for instance, between 'dependents' who cannot work – children, older persons, persons with disability – and 'economically active' adults. While poor labour-constrained 'dependents' typically need social assistance (child benefit, social pensions, disability grants), some poor working-age adults can access social security (e.g. unemployment insurance) and their livelihoods should be supported to achieve self-reliance. For purposes of social protection policy, this analysis is complicated by the fact that households tend to contain both 'workers' and 'dependents'.

A simple life-cycle approach to social protection can be built around three 'life-cycle phases' Garcia and Gruat (2003): (1) before working years (peri-natal, infancy, childhood, adolescence); (2) during working years (including active disability where possible); (3) after working years (active ageing, ageing, death). A more disaggregated analysis of vulnerability would increase the number of life-cycle phases to 5 or 6, as in the National Social Protection Strategy for Chad (Republic of Chad 2013).

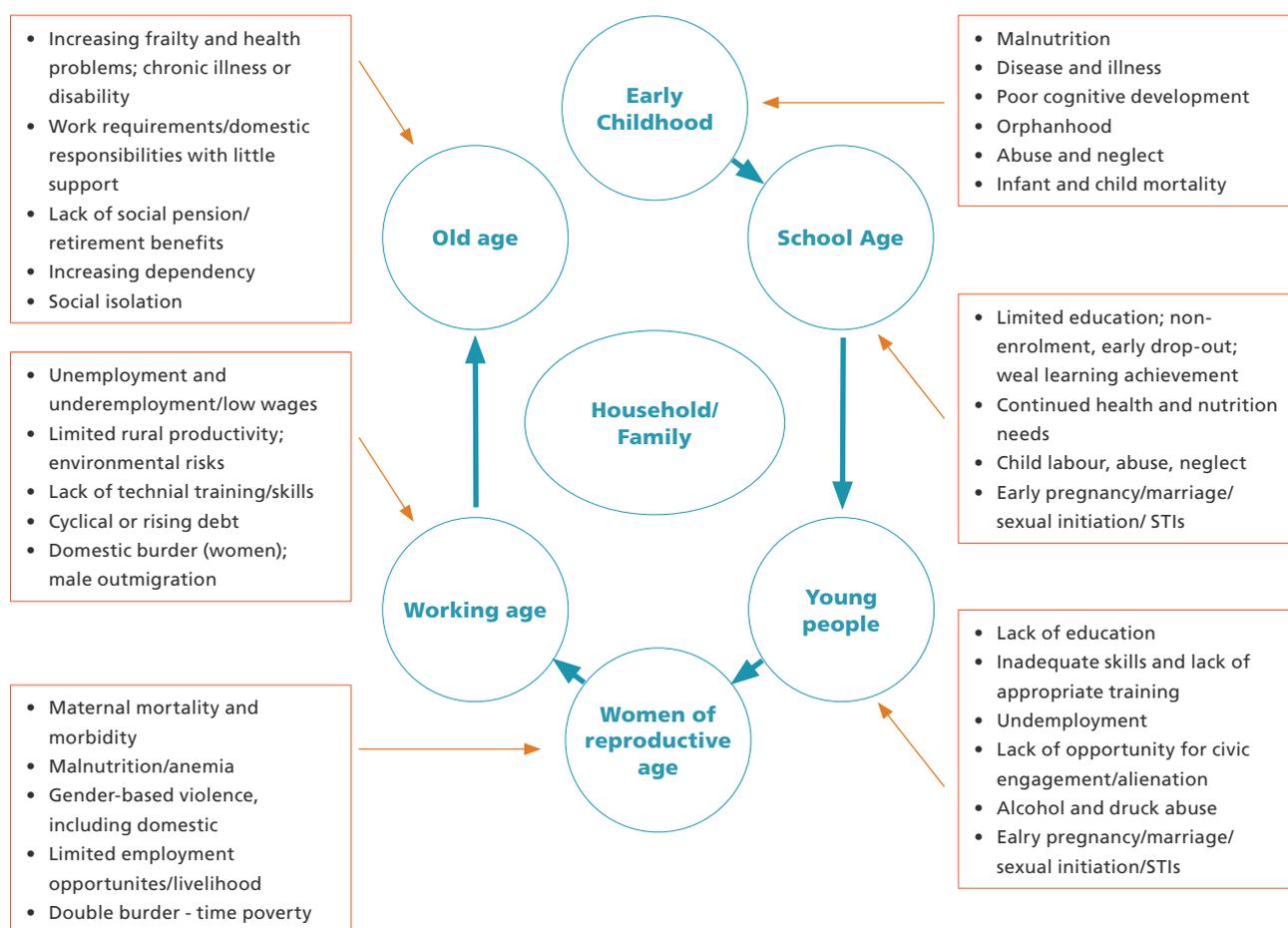
- Stage 1: Early childhood (infants and children under five)
- Stage 2: School age children
- Stage 3: Young people (youth or adolescents)
- Stage 4: Women of reproductive age
- Stage 5: Working-age adults
- Stage 6: Old age (older persons)

Figure 5 lists several vulnerabilities that are associated with each stage of life.

For example, young children are vulnerable to being malnourished or orphaned. School-age children might be forced into child labour. Teenage girls face the risk of early pregnancy, and are often denied access to secondary and tertiary education. Women without access to reproductive health services could die during childbirth. Working-age adults might be unemployed. Women also face discrimination in access to employment and access to natural resources (e.g. land), while widows often lose control over household assets that are seized by her late husband's family. Retired people often face income insecurity and social isolation in old age. In addition to these age cohorts, gender and disability are cross-cutting sources of vulnerability. Women and girls of all ages are vulnerable to gender-based violence. Persons with disability might be denied access to basic services.

The life-cycle approach is implicit in the Social Protection Floor. In both cases, a focus on vulnerability at different stages of life highlights the need for a disaggregated approach to food security and social protection programming.

Figure 5. Key vulnerabilities across the life-cycle



Compounding vulnerabilities: Gender, disability and chronic illness, migrant status/citizenship, livelihood modality, geographic location, climate change; poverty...

Source: Republic of Chad (2013: 19)

1.2.3 Agricultural livelihoods approach

Dorward *et al.* (2006: 9) developed a definition of social protection that is appropriate to rural contexts and agricultural-based livelihoods, by focusing on risk and resilience:

“we define social protection in this paper as all public and private initiatives to support communities, households and individuals in their efforts to manage risk by:

1. providing income and consumption transfers to poor and vulnerable – *welfare measures*

2. insuring risk, thus encouraging entrepreneurial activity – *risk-insurance measures*

3. building resilience through reducing economic and social vulnerability – *resilience-building measures*”.

The authors note that there are important overlaps between these three functions in practice, because most social protection measures impact on at least two of them. “School feeding projects, for example, transfer food to the poor (welfare), encourage investment in human capital through education (building resilience),

and to the extent that the transfer is stable and durable, provide an insurance function against consumption shocks (risk insurance).” It is important to recognise these synergies because programmes are often assessed against only one or two outcomes, and yet even “‘welfarist’ social protection interventions can have significant positive impacts in terms of agricultural risk management and rural livelihoods promotion” (Dorward *et al.* 2006: 9).

The authors then propose a way of classifying approaches to social protection and agriculture that divide into four “broad policy strategies”

that have been applied in different contexts at different times.

- A. Social protection (*inter alia*) from agriculture and agricultural growth
- B. Social protection independent of agricultural growth
- C. Social protection for (*inter alia*) agricultural growth
- D. Social protection through (*inter alia*) agriculture

These four strategic approaches are elaborated in Table 3.

Table 3. Broad policy strategies in social protection and agricultural growth

A. Social protection from agricultural growth	After independence, many developing countries promoted agricultural growth in order to extract surpluses to support industrial growth and feed growing urban populations, while providing some social protection, usually focused on food security. Social protection interventions included fixed prices or subsidies for agricultural inputs and outputs, and the provision of agricultural credit.
B. Social protection independent of agricultural growth	During the 1990s, social safety nets were introduced to protect vulnerable people in countries pursuing market liberalisation policies. Popular safety net interventions included unconditional and conditional cash transfers, food aid, public works, and food-for-education programmes.
C. Social protection for agricultural growth	Some interventions focused on agriculture can have positive outcomes on wellbeing. These include <u>risk insurance</u> mechanisms, such as crop insurance and micro-finance; and mechanisms that <u>build resilience</u> and allow the poor to escape poverty traps, such as asset creation (e.g., through public works).
D. Social protection through agricultural growth	Interventions that support poor people to cultivate their own land rather than search for off-farm employment can have a social protection function. These include targeted input programmes, land redistribution and cash transfers that alleviate cash flow constraints for smallholder farmers.

Source: Dorward *et al.* (2006)

One useful feature of this focus on agricultural livelihoods is to remind us that food security programming has a long history and that there exists a wider range of potential interventions than is usually considered by the contemporary social protection agenda. For example, even though price subsidies and land redistribution may be unfashionable these days, there may be contexts where these interventions are more appropriate than cash transfers or public works.

1.2.4 Social protection for food security

In 2011 the Committee on World Food Security (CFS) commissioned the High Level Panel of

Experts (HLPE) on Food Security and Nutrition to submit a report on the contribution of social protection to food security. The report offers a broad overview of the policy linkages between social protection and food security that is rather generic, but it does present a useful analytical framework that organises social protection instruments according to their functions or objectives. In Figure 6, social protection instruments are grouped into five clusters:

1. **Social assistance** mechanisms (cash transfers, food subsidies, school feeding, etc.) transfer food or cash to people subsisting below the poverty line. These programmes typically

reduce the poverty gap (i.e. the severity of poverty), rather than the poverty headcount.

2. Income generation instruments (employment opportunities, agricultural input subsidies, etc.) promote livelihoods and raise real incomes. By linking social protection to economic growth, their aim is to reduce the poverty headcount (i.e. the number of poor people).

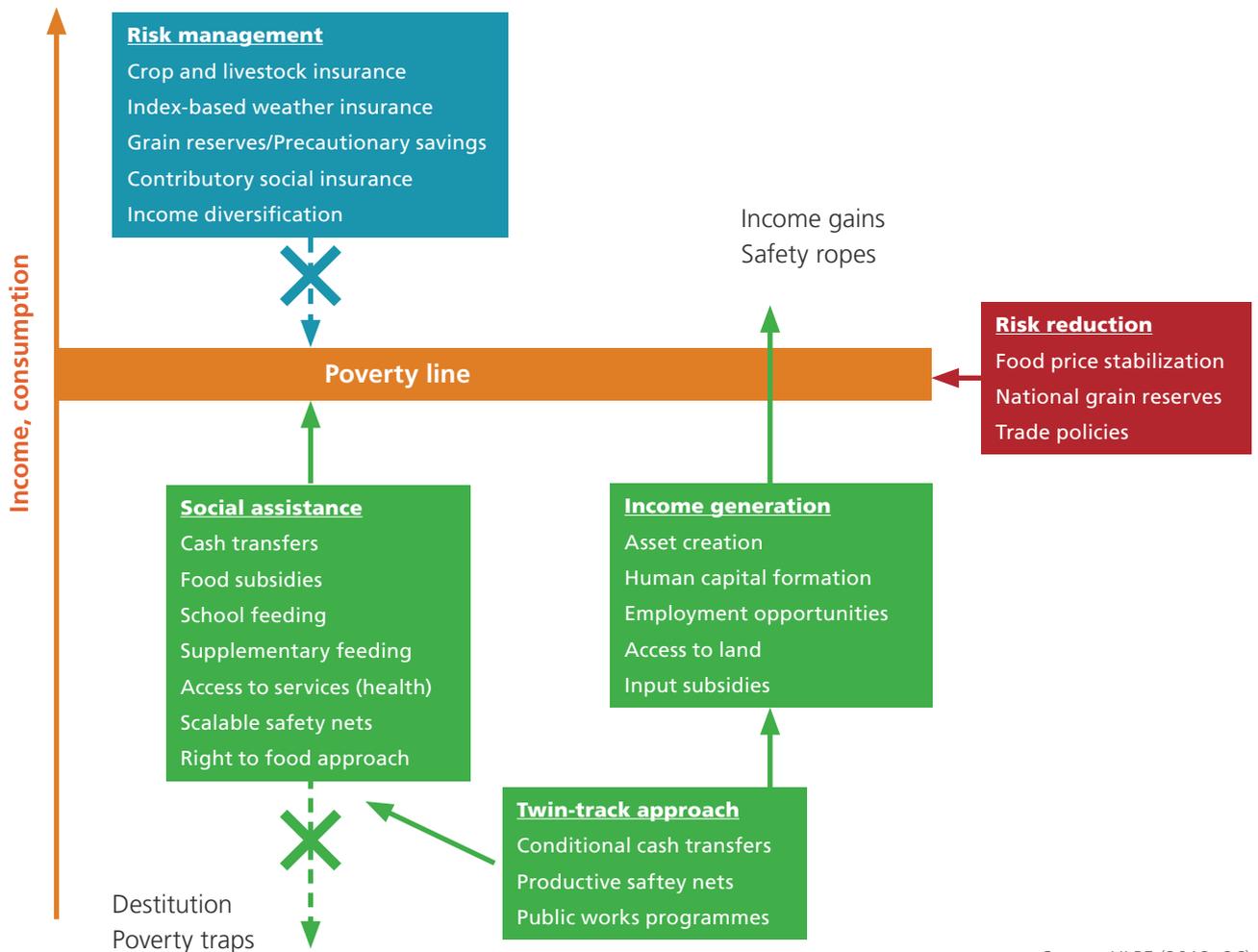
3. 'Twin-track' measures combine food or cash transfers with investments in physical assets (e.g. public works programmes) or in human capital (e.g. conditional cash transfers), with

the objective of simultaneously protecting and promoting the livelihoods of poor people.

4. Risk management mechanisms (insurance, social security, etc.) compensate people for lost income due to livelihood shocks or life-cycle events. Their objective is to prevent non-poor people falling into poverty or poor people becoming totally destitute due to risk.

5. Risk reduction interventions (food price stabilisation, grain reserves, trade policies, etc.) operate at the sectoral or macro-economic level, instead of targeting poor individuals or households. Their aim is to reduce the risks that poor and vulnerable people face.

Figure 6. Social protection instruments for food security



Source: HLPE (2012: 26)

This framework is useful for our purposes because it draws explicit attention to the linkages between social protection and food security. It draws together standard social protection categories (social assistance, social insurance, risk management) with familiar food security instruments (input subsidies, food price stabilisation, grain reserves).

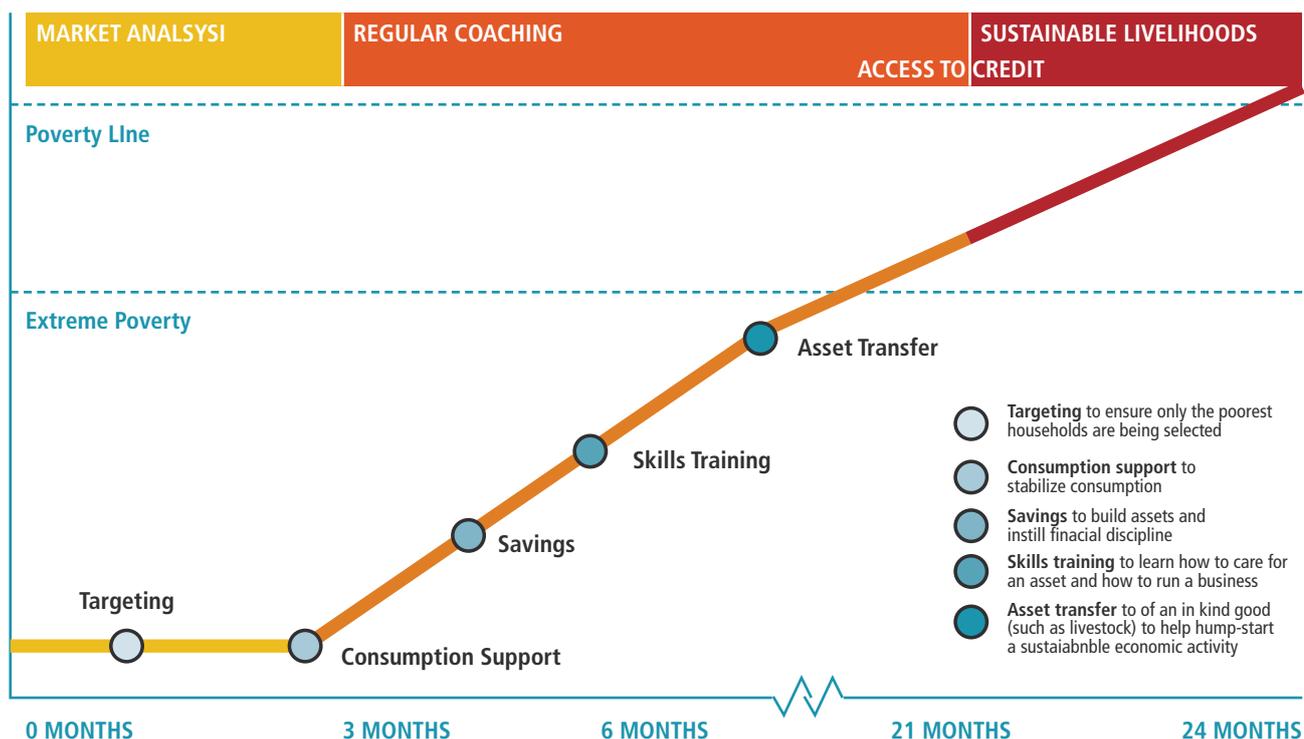
1.2.5 Graduation pathways

Policy-makers and administrators in governments and donor agencies have recently become preoccupied with ‘graduating’ participants off social protection programmes, meaning that they are no longer extremely poor or chronically food insecure, and no longer require public assistance. The ‘graduation model’ originated

in Bangladesh, where the NGO BRAC devised a sequenced set of interventions that starts with consumption support (cash transfers) and coaching to encourage savings, then provides training in business skills and livelihood activities before an asset (such as a cow) is transferred to generate future streams of income, and finally the household graduates into access to credit and sustainable livelihoods, all within a period of 24 months (Figure 7).

Evaluations of BRAC’s programme ‘Challenging the Frontiers of Poverty Reduction – Targeting the Ultra-Poor’ (CFPR-TUP) found that 92 percent of its members graduated from ‘extreme poverty’ to ‘moderate poverty’ between 2002 and 2008 (Hashemi and Umaira 2010).

Figure 7. The BRAC graduation model in Bangladesh



Source: Hashemi and de Montesquiou (2011: 3)

Since 2006, ten pilot projects have been launched in eight countries – Ethiopia, Ghana, Haiti, Honduras, India, Pakistan, Peru and Yemen – based on the BRAC graduation model. Variations

on the model are also being piloted by the NGO Concern Worldwide in Burundi and Rwanda, while graduation thinking has informed large national social protection programmes in

Ethiopia (the Productive Safety Net Programme) and Rwanda (the Vision 2020 Umurenge Programme).

Graduation is popular with policy-makers because it provides a measurable indicator of a programme's success in terms of poverty reduction; it also links social protection directly to agricultural development and rural growth. This also reveals one of its limitations: graduation is only an option for people who have labour capacity and can engage in productive activities. For other poor and food insecure people with no labour capacity, long-term social assistance will be needed, possibly on a permanent basis.

A distinction is sometimes drawn between 'threshold' graduation – meaning the household crosses a predetermined level of income or asset ownership – and 'sustainable' graduation – meaning the household is not only self-reliant but also resilient against future shocks. Without resilience, there is a risk of 'premature' graduation. Notwithstanding the positive experiences in Bangladesh, sustainable graduation on a large scale has proved difficult to achieve in other countries. One reason is that providing a coherent set of interventions is not enough unless the environment is favourable. Constraints that can inhibit graduation operate at the level of the programme (e.g. inadequate income transfers), the community (e.g. lack of infrastructure), the market (e.g. lack of demand for micro-enterprise products), and the environment (e.g. climate shocks) (Sabates-Wheeler and Devereux 2013).

Graduation is an important concept, not only because it is growing in popularity, but because it focuses on farmers and other working-age rural residents who have the potential to improve their livelihoods. For example, the Food Security Programme in Ethiopia aims to graduate farmers facing chronic food insecurity into farmers with food security, using a combination of public works projects and asset transfers that support rural income-generating activities.

Consolidated conceptual framework

Each of the conceptual frameworks reviewed in the previous chapter were developed for a particular purpose. Social Risk Management was a response to the need for social safety nets to protect people affected by structural adjustment programmes and market liberalisation policies. Transformative Social Protection emphasises the social and political determinants of poverty. Adaptive Social Protection focuses on climate change and disaster risk reduction. The Social Protection Floor prioritises access to social services and social security.

All of these frameworks have their relevance and applications, but none is specifically focused on food security and rural poverty reduction. This chapter therefore develops a 'consolidated conceptual framework' that highlights the application of social protection instruments to rural contexts, with the objectives of enhancing food security, rural development and poverty reduction. The proposed 'consolidated framework of social protection for rural poverty reduction' (Figure 8) follows a 'needs, risks and rights' structure. It has four main components: objectives, principles, sources of food and income, and interventions.

Social protection interventions are generally designed to achieve two broad **policy objectives**:

1. promote livelihoods to reduce poverty (addressing 'needs'), and
2. protect lives and livelihoods to reduce vulnerability (addressing 'risks').

Social protection policies and programmes are targeted at one or more sources of income and food, in an effort to either raise income and food consumption, or stabilise income and food consumption. This reflects the distinction drawn between 'promotion' and 'protection' in the Transformative Social Protection framework. Raising income is the objective of 'graduation model' programmes, while stabilising income is the focus of Social Risk Management. From FAO's perspective, the overarching objectives are to reduce rural poverty and to achieve food security.

In pursuing these objectives, policies and programmes should always be mindful of three **guiding principles** (addressing 'rights'):

1. gender sensitivity
2. social inclusion
3. environmental sustainability.

The concern with gender draws from the life-cycle approach, social inclusion is a concern of Transformative Social Protection, and environmental sustainability is one objective of Adaptive Social Protection.

The consolidated framework organises social protection and other interventions around three sources of income and food:

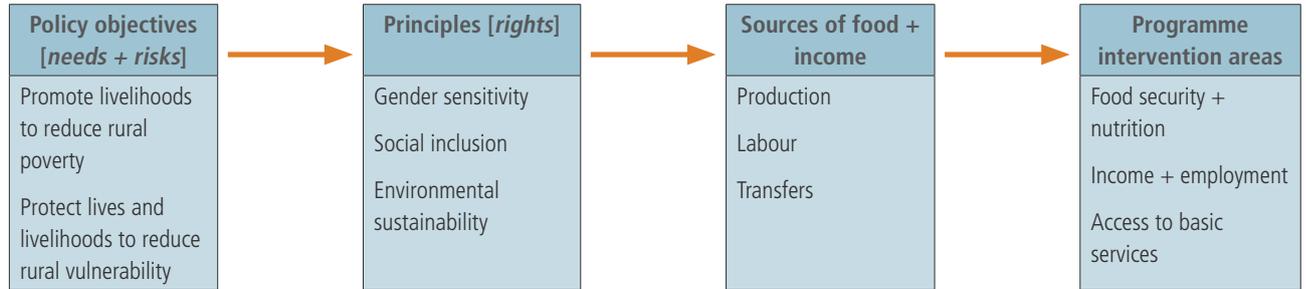
1. production
2. labour
3. transfers.

These three income and food sources are derived directly from the 'entitlement approach'.²

Finally, social protection schemes can be delivered in different **programme intervention areas**:

1. food security and nutrition (e.g. food subsidies)
2. income and employment (e.g. public works programmes)
3. access to basic services (e.g. school feeding programme).

Figure 8. Consolidated framework of social protection for rural poverty reduction



From FAO's perspective, the logic of this framework can be summarised as follows. FAO should support social protection interventions that aim to promote livelihoods to reduce rural poverty or to protect lives and livelihoods to reduce rural vulnerability, and they should do so in ways that are gender-sensitive, socially inclusive and environmentally sustainable. Recognising that poor rural households derive their income and food from a combination of production, labour and transfers, and that these sources are too low or too unstable to ensure freedom from poverty and guarantee food security for all, policies and programmes are needed that either raise or stabilise returns to each source of income or food. Interventions to achieve this can be designed and delivered either to directly enhance food security and nutrition, or to increase incomes or access to employment, or to enhance pro-poor access to essential basic services.

The consolidated conceptual framework draws inspiration from the various frameworks and approaches discussed above. Most social protection frameworks – Social Risk Management, the life-cycle approach, the Social

Protection Floor, and Adaptive Social Protection – focus on reducing vulnerability, mainly by providing transfers. Adaptive Social Protection emphasises environmental sustainability. Transformative Social Protection addresses both 'protection' and 'promotion' objectives, and supports agricultural production and labour-based income as well as providing transfers to those who cannot work on farms or in the labour market. Finally, Graduation Model programmes focus explicitly on promoting livelihoods for poverty reduction, and they intervene directly in the income and employment domain to achieve this.

The remainder of this chapter disaggregates the consolidated conceptual framework into its major components. Before examining the two 'policy objectives' and three guiding 'principles' more closely, it is necessary to elaborate on the three 'sources of food and income'. There is no separate discussion of the three 'programme intervention areas' as they are addressed in the discussions throughout this chapter and the next.

² 'Trade-based income' is excluded from this framework, because Sen devised the entitlement approach to explain famine processes, where 'trade-based income' referred mainly to bartering or distress sales of assets for food. For our purposes, income derived from sale of crops or livestock is subsumed under 'production-based income' and income earned from trading (e.g. as a self-employment activity) is subsumed under 'labour-based income'.

2.1. Income and food sources

As argued above, Sen's 'entitlement approach' provides a useful and relevant analytical framework for analysing household food security and rural livelihoods. For purposes of this paper, we will not use the language of 'entitlements', which is potentially confusing³ and is too narrowly focused on food. Instead, we identify three broad sources of income, identical to three of Sen's four entitlement categories, where 'income' can be in cash or in kind.⁴

Production-based income means all income derived from agriculture-based livelihoods, broadly defined to include not only crop farming but also livestock rearing (pastoralism and agro-pastoralism), fishing and other natural resource-based sources (e.g. hunting, foraging for wild foods and gathering forest products). Income is defined broadly here to include both cash earned from sales of produce, livestock or fish, as well as food derived from consuming crops cultivated, livestock (and livestock products) reared, fish produced or caught, animals hunted and wild products foraged.⁵

Labour-based income refers to earnings from any employment – formal or informal, large-scale or micro-enterprise – that generates income. (Unpaid care work is not considered, which has implications for gender sensitivity, as discussed below.) Earnings could be a monthly salary, a daily wage, or erratic returns to informal micro-enterprises. Remuneration could be in cash or in kind (daily labour on neighbouring farms is often paid in food, and public works could be either cash-for-work or food-for-work).

Transfer-based income describes all income and food that is given for free or subsidised, such as cash transfers, food aid and health or education fee waivers. This is the category where mainstream social protection fits most directly. It includes contributory social security, such as unemployment insurance. It also includes informal social protection, such as community-based savings clubs or funeral associations, and even remittances from family members working elsewhere.

2.2. Policy objectives

A useful distinction is sometimes drawn between interventions that 'promote' livelihoods' (e.g. poverty reduction strategies, job creation programmes) and interventions that 'protect' lives and livelihoods (e.g. social protection programmes, humanitarian relief).⁶ Social protection was originally conceived as focusing exclusively on the latter: 'social safety nets' prevented people from falling into destitution or, *in extremis*, from dying due to an inability to meet minimum subsistence needs. Although 'protection', by definition, remains a core function of social protection, the contemporary discourse sees social protection as having important roles to play in serving both objectives. "The appropriate social protection response to chronic poverty-related food insecurity is social assistance linked to 'livelihood promotion' measures that enhance incomes" (HLPE 2012: 11).

Because social protection makes both direct and indirect contributions to food security, rural development and poverty reduction, the 'livelihood promotion' and 'livelihood protection' functions are given equal weight in setting the

3 In the social protection literature, 'entitlements' implies legally defined claims to specified goods and services, such as free health care or social pensions provided by the state. In Sen's formulation, entitlements to food have no legal or moral underpinning; they are closer to a 'food balance sheet' that accounts for total potential food availability at the individual, household or group level.

4 Calculating the total value of income would therefore require imputing the market price of all food consumed from own production, and also of any food received as payment for work, or as transfers.

5 For the sake of brevity, this paper often mentions 'crops' or 'crops and livestock', but this implicitly extends to all other agricultural and natural resource-based sources of food and income as well.

6 Possibly the clearest exposition of this distinction goes back to 'Hunger and Public Action' (Drèze and Sen, 1989), in which Jean Drèze and Amartya Sen differentiated between "entitlement promotion" and "entitlement protection" programmes, where 'public action' such as counter-cyclical public works was discussed as an archetypal example of the latter.

two fundamental programming objectives for our consolidated conceptual framework: **promote livelihoods to reduce poverty, and protect livelihoods to reduce vulnerability.**

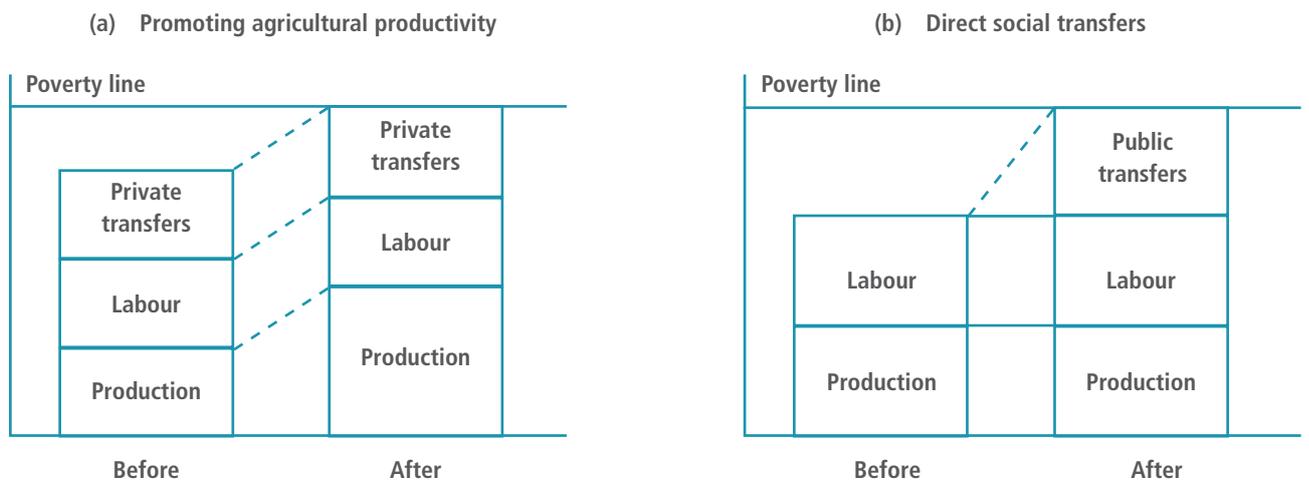
2.2.1 Promote livelihoods to reduce poverty

One pragmatic advantage of disaggregating livelihoods into different sources of income and food is that this allows for interventions to be directed at specific components of a livelihood system. Consider the hypothetical household in Figure 9a. Pre-intervention, the sum total of income earned from production and labour is insufficient to reach the poverty line. Even with the addition of private transfers (say, remittances from a relative employed elsewhere) this smallholder family is living in poverty. Interventions to promote livelihoods could focus on raising agricultural production, for instance

by subsidising fertiliser and distributing improved seeds to raise crop yields. Figure 9a illustrates how this strategy could successfully propel this hypothetical household out of poverty – and countless others in a similar position that would benefit from this intervention. Alternatively, interventions could aim to increase income this household earns from rural non-farm activities with microfinance, or from labour, by offering several months of public works employment.

Figure 9b illustrates a more familiar social protection intervention, namely a direct transfer of income or food that, in this case, is sufficient to bring the household up to the poverty line. This is an unusual result, especially in low-income countries where the poverty gap or depth of poverty tends to be large and social transfers tend to be small, but this outcome is possible for households clustered just below the poverty line.

Figure 9. Alternative approaches to rural poverty reduction



Source: adapted from Devereux (2001: 269)

One clear difference between Figure 9a and Figure 9b is that there is no change in the ‘active’ livelihood components in Figure 9b, only in the ‘passive’ component – receipt of transfers. If consumption support is provided with no boost to the household’s income-generating or food-producing capacity, the household is at risk of becoming dependent on these transfers, in the sense that removing the transfers would

return the household to its previous poverty status. Unless some transfer income is invested in productive activities, or allows household labour to be reallocated so that it generates future streams of income (see below on such ‘second round effects’), this approach to poverty reduction is only sustainable if transfers are regular, relatively generous and permanent.

It is important to be sensitive to the possibility of trade-offs and feedback loops that might be triggered by any intervention, which never operates in a vacuum. Returning to Figure 9a, there is a danger that providing public support to this household in the form of input subsidies or public works employment could reduce the amount of private transfers provided by relatives or neighbours who decide that their assistance is no longer needed. This is called the 'crowding out' effect of private transfers by public transfers. If public transfers completely substitute for private transfers, the household will be no better off than before, and might arguably be worse off, since its social capital has been compromised and it is vulnerable to public transfers being terminated at any time. Similarly, offering public works employment at the wrong time of year (especially during the farming season) can compete with peak on-farm labour demands and reduce harvests, so that an increase in labour income is offset by a decline in production and the household once again fails to reach the poverty line.

However, positive synergies are equally possible. The household might be better off receiving public transfers than the equivalent in private transfers, in cases where private transfers are derived from an exploitative patron-client relationship. (In extreme but not uncommon cases, a poor household could enter into a bonded labour arrangement with a wealthy 'patron', and this bondage could persist for an entire lifetime (Lerche 2010). Receiving equivalent support from a state-run social protection programme could break this relationship of dependency and exploitation. Or the household head might use income earned from public works employment to purchase agricultural inputs, or to hire labour to weed her fields while she performs her public works tasks, so that a rise in labour income is followed by an increase in crop production rather than a decline.

Another important synergy is the potential strengthening of social networks of reciprocity.

Qualitative research conducted for FAO's 'From Protection to Production' (PtoP) programme in six African countries (Kenya, Ghana, Lesotho, Zimbabwe, Ethiopia and Malawi) found that social transfer programmes increased social capital and allowed beneficiaries to 're-enter' existing social networks and/or to strengthen informal social protection systems and risk-sharing arrangements. Essentially these programmes allowed beneficiaries to participate as equals, instead of always being on the receiving end (Barca *et al.* 2014). These qualitative results were corroborated by econometric analysis in Ghana (Handa *et al.* 2013) and Lesotho (Pellerano *et al.* 2014). The cash transfers allowed beneficiaries themselves to support other households or community institutions, such as the church. Improving personal hygiene and no longer having to wear rags also was reported to have led to improved dignity and social standing.

In Figure 9b, a possible negative consequence of providing social transfers is 'dependency syndrome', meaning that the household adjusts its behaviour in a detrimental way in terms of income-generating capacity, because it is receiving social assistance. Since the household was surviving before receiving transfers, it might decide to reduce labour effort such that income from labour or production falls, and it reverts to a state of poverty despite receiving transfers that could have 'promoted' it out of poverty. Alternatively – and there is more empirical evidence to support this than there is for 'dependency syndrome' – we know that even small cash transfers are partly consumed but frequently also invested in family enterprises (including farming), in job search, and in human capital (education and health). Hence, it is quite possible that the injection of public transfers will trigger second round increases in production and/or labour income, and that this will reduce poverty (or at least the depth of poverty) sustainably even if the transfers are removed.

There are reasons to believe that cash transfer programmes also influence the productive

dimension of beneficiary households. The livelihoods of most beneficiaries in sub-Saharan Africa are predominantly based on subsistence agriculture and rural labour markets, and this will continue for the foreseeable future. Moreover, most beneficiaries live in places where markets for financial services (such as credit and insurance), labour, goods and inputs are lacking or do not function well. Without access to adequate credit markets or insurance, agricultural households may adopt low-risk, low-return strategies, either in production or in diversification of income sources. Agricultural households will often sell more than the optimal amount of labour off-farm to provide a variety of income sources. In this context, when cash transfers are provided in a regular and predictable fashion, they can help households to overcome credit constraints and manage risk. This in turn can increase productive investment, increase access to markets and stimulate local economies.

The theoretical foundation comes from the theory of the agricultural household. When faced with multiple market failures, agricultural households may make decisions geared towards ensuring that they have enough food to eat, but not necessarily what would be the most profitable. For example, to minimise the risk of high prices for staple foods, they may produce more of these foods to ensure food security even if they could make more money from a cash crop. In the face of such constraints, the production and consumption decisions of agricultural households can be viewed as 'non-separable', in the sense that they are jointly determined (Singh et al. 1986).

We identify five ways in which transfer programmes can impact livelihoods, in both the short- and long-term.⁷

1. Human capital: By facilitating the accumulation and improvement of human capital, cash transfer programmes may enhance

productivity and increase employability in the long term.

2. Income-generating strategies: By relaxing credit, savings and/or liquidity constraints, cash transfer programmes can facilitate changes in income-generating strategies. This may include changes in labour allocation (to and/or from labour off farm and on farm); changes in productive activities (use of inputs); accumulation of productive assets (such as farm implements, land or livestock); changes in productive strategies (such as new crops, techniques or natural resource conservation); and the introduction of new lines of products or services or new activities.

3. Risk management: Through the regular and predictable provision of financial resources, cash transfer programmes may improve beneficiaries' ability to manage risk and shocks. This includes avoiding detrimental risk coping strategies (distress sales of productive assets, children dropping out of school, risky income-generating activities); avoiding risk-averse production strategies; increased risk-taking into more profitable crops or activities.

4. Social networks: By providing regular and predictable financial resources to the poorest and most vulnerable households, cash transfer programmes may reduce pressure on informal insurance mechanisms such as social networks of reciprocity, which have been particularly stretched in the context of HIV/AIDS and economic crisis, and may instead allow beneficiaries to participate actively in these networks.

5. Local economy: Injecting a significant amount of cash into the local economy can stimulate local product and labour markets and create multiplier effects.

Figure 10 moves away from hypothetical analysis to real-world programming options, firstly (in column 2) by identifying specific poverty

⁷ Benjamin Davis, *pers. comm.*; see also FAO 2013b.

reducing objectives that can be attached to each source of income and food, and secondly (in column 3) by listing various social protection instruments – not an exhaustive list – that can be called upon to achieve this objective.

In chapter 4 below we discuss selected case studies of interventions that have aimed to raise incomes through targeted social protection support to production and labour, or by delivering social transfers.

Figure 10. Social protection instruments to promote livelihoods and reduce poverty

Income sources	Objective 1 – Promotion: Reduce poverty	Social protection instruments
Production	<ul style="list-style-type: none"> • Raise crop yields and livestock productivity by raising returns to land and other agricultural inputs 	<ul style="list-style-type: none"> • Agricultural input subsidies • Inputs-for-work • Public works projects that boost agriculture (e.g. terracing) • Microfinance (e.g. input credit)
Labour	<ul style="list-style-type: none"> • Raise labour productivity directly by providing employment or support to livelihoods and income-earning activities • Raise labour productivity indirectly by investing in human capital • Raise returns to household micro-enterprise activities 	<ul style="list-style-type: none"> • Public works programmes (income and skills transfers) • Conditional cash transfers (build human capital through investing in education, health, nutrition) • Livelihood packages (to diversify income) • Microfinance (for income-generating activities)
Transfers	<ul style="list-style-type: none"> • Raise individual or household income through direct transfers of food, income to buy food, or assets 	<ul style="list-style-type: none"> • Unconditional cash transfers • Conditional cash transfers • Vouchers (food or commodities) • Asset transfers (e.g. cows)

2.2.2 Protect lives and livelihoods to reduce vulnerability

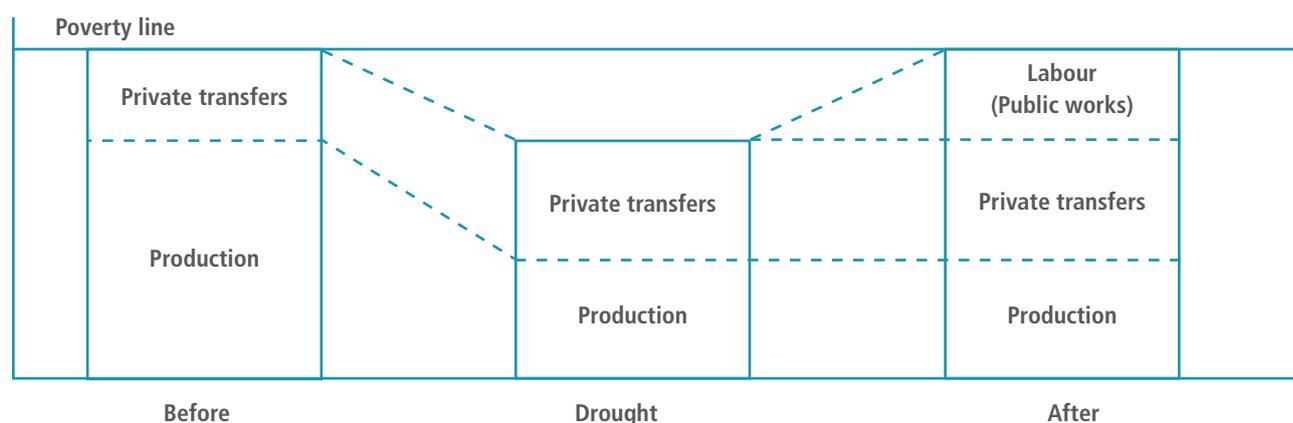
The most familiar role of social protection is to assist people to manage risk and vulnerability, as in the case of social safety nets that are introduced to replace income that is lost due to a livelihood shock. A familiar example is pensions that are triggered when workers retire from employment, and their labour income (wages) is partly replaced by transfer income (pensions). At the other end of the life-cycle, young children are not working and earn no income, so they depend on either family support or social transfers. Orphans are considered to be vulnerable and in need of social protection because they have lost their parental support, for instance. Social transfers in the form of disability grants can also be the sole source of income for persons with disability.

Figure 11 illustrates the hypothetical case of a smallholder household that is not poor initially ('before'), but is surviving at the poverty line on combined income from crop production and remittances from relatives, and is vulnerable to perturbations in either income component. When a drought strikes this livelihood system, production collapses and even if private transfers continue at the same level, this household is pushed below the poverty line and faces hunger, destitution and the risk of having to adopt a range of adverse coping strategies to survive. To protect drought-affected households against these undesirable outcomes, the government in this scenario introduces a public works programme, providing enough payment in cash or food to restore the household to its previous standard of living ('after'), hovering around the poverty line.

However, social protection is nowadays defined in terms of longer-term predictable transfers, rather than ad hoc emergency responses, so humanitarian relief is specifically excluded from definitions of social protection that establish clear boundaries between these two categories of interventions. The scenario depicted in Figure 11 could also be applied to non-crisis contexts, such as regular agricultural seasonality. One example is the Productive Safety Net Programme in Ethiopia, which operates its public works component for six months every year, timed to coincide with months when food needs are high and rural employment opportunities are most limited. Even more effective are demand-driven 'employment guarantee schemes', pioneered in India and now piloted in other countries including South Africa, which allow rural households to apply for public works employment whenever they need it most.

The vulnerability reducing benefits of demand-driven public works (or other social protection interventions) can be substantial. In Figure 11, instead of waiting for a drought to impoverish people before delivering a response, a timely intervention would ensure that total household income remains more or less unchanged after a drought (or throughout the year), but the composition of income would vary between the 'before' and 'after' scenarios. In good rainfall years and in the months following the main annual harvest, the composition of income would look like the 'before' column. In drought years and during the annual 'hungry season' when on-farm granaries are depleted, the composition of income would shift towards the 'after' column. If the social protection system is fully responsive, timely and effective, there should be no drop in income and full 'consumption smoothing' will be achieved.

Figure 11. Social safety nets to mitigate vulnerability to shocks



Source: adapted from Devereux (2001: 270)

Note that Figure 11 depicts a household that subsists at the poverty line initially and returns to the level of the poverty line post-intervention. An alternative representation could set the poverty line lower or initial income 'before' the drought shock higher, reflecting the reality that vulnerability also affects households that are not poor, and that social protection – especially social safety nets and social insurance mechanisms – is not only for poor people.

Recognising that every source of income or component of a livelihood system is vulnerable to shocks and stresses, Figure 12 identifies several specific objectives for social protection and food security programming that would reduce or better manage the risks associated with production-based, labour-based and transfer-based sources of food and income. Figure 12 also lists several specific social protection instruments that could address these risks (e.g. insulating agriculture against drought), or respond to them effectively if they materialise (e.g. insurance).

Figure 12. Social protection instruments to protect lives and livelihoods and reduce vulnerability

Income sources	Objective 2 – Protection: Reduce vulnerability	Social protection instruments
Production	<ul style="list-style-type: none"> • Reduce variability of crop and livestock production • Insure agriculturalists against crop and livestock losses 	<ul style="list-style-type: none"> • Public works projects that provide access to irrigation for agriculture • Weather-indexed insurance
Labour	<ul style="list-style-type: none"> • Protect farmers against loss of income following a shock or during the hungry season • Reduce reliance on child labour for economic activities • Protect workers against loss of employment or temporary breaks in paid work 	<ul style="list-style-type: none"> • Employment-based safety nets (seasonal cash- or food-for-work; employment guarantee schemes) • Extend social security systems to provide unemployment insurance to informal and self-employed workers (e.g. farmers); add income insurance in case of occupational injury or disability
Transfers	<ul style="list-style-type: none"> • Protect market-dependent food consumers against food price variability • Stabilise individual or household income against life-cycle risks and livelihood shocks 	<ul style="list-style-type: none"> • Open market operations (grain reserve management) • Food aid and food subsidies • Unconditional cash transfers • Vouchers (food or commodities)

In chapter 4 we will discuss selected case studies of interventions that have aimed to stabilise incomes through targeted social protection support to production- and labour-based incomes, or by delivering social transfers that have consumption smoothing objectives or outcomes.

2.3. Guiding principles

Although food security is often seen as a technical issue that requires delivering economic and financial support to the agriculture sector, it is ultimately about people who are struggling to construct sustainable livelihoods, often in fragile or even marginal agro-ecological areas. It is vital, therefore, that interventions are sensitive to the local social and environmental contexts.

2.3.1 Gender sensitivity

Social protection is often criticised for being ‘gender-blind’, which potentially has negative consequences for women. For instance, if cash transfers and other forms of social assistance are delivered to the household head, he is invariably a man unless no adult male is present, meaning that women in male-headed households do not necessarily derive equal benefits from these

interventions. This gender-blindness is especially pronounced in agricultural policy, since men are still considered, often incorrectly, to be the main (or only) farmers in many rural communities. If male farmers are considered to be more productive, then the policy drive to maximise production and crop yields could dominate considerations of equity. One example comes from the Farm Input Subsidy Programme (FISP) in Malawi.

“A recent assessment of the gendered impacts of the FISP found that male-headed households are more likely to receive fertiliser and seed coupons, even though female-headed households are generally poorer, and that farm plots controlled by women are less likely to have either subsidised or commercial fertiliser applied to them.” (HLPE, 2012: 32-33)

Efforts to make social protection programming more gender-sensitive have not always had the desired effects, because gender-sensitive programming requires more than ‘including’ women (Holmes and Jones 2013). Often attempts to include women lead to ‘adverse incorporation’, leaving women apparently better off in some dimensions but worse off in others. Three cases in point are examined here: applying gender

quotas on public works programmes; paying cash transfers to women in male-headed households; and assigning the responsibility for complying with conditions on conditional cash transfer programmes to mothers or female carers.

Applying gender quotas on public works programmes

In order to prevent men dominating public works employment, administrators sometimes introduce gender quotas to ensure that women get equal opportunities. The intentions are to ensure that women enjoy economic autonomy and that the food or cash transferred benefits children in the household. However, this overlooks important realities, not least women's 'triple burden' of productive activities, reproductive labour (domestic responsibilities including child-care) and community obligations which leaves them time-poor relative to unemployed or under-employed men. Also, the heavy manual labour required for public works projects (such as breaking stones for road-building) might be inappropriate for women.

Modifications to public works design have been introduced to make them gender-sensitive. Women can be asked to work fewer hours than men to allow them to meet their domestic obligations. Activities on public works projects are classified as 'light', 'moderate' or 'heavy', and women are allocated only 'light' and 'moderate' tasks while men do the 'heavy' tasks. However, these divisions of tasks can result in lower remuneration for women. Projects can also be selected that alleviate women's time constraints, such as installing water-points nearer their homes or paying women for providing childcare on infrastructure projects – although such innovations can reinforce stereotypical gender roles. Alternatively, or in addition to these options that give value to women's skills and care work, women could receive training on what are typically seen as 'male' jobs while technologies are developed that reduce their work burdens and are ergonomically suited for women.

Paying cash transfers to women even in male-headed households

Efforts to empower women economically have recently extended to nominating women as recipients of cash transfers that target poor households, even in male-headed households. This is also done in recognition of women's role as primary caregivers, so that transferring cash to women is expected to generate higher returns in terms of child wellbeing outcomes. It also tends to improve food security within the household, because women are often responsible for managing the household's food supply. It can also empower women, because giving cash to women reduces their reliance on men and increases their status, self-confidence and decision-making power within the household. However, this strategy can backfire if men resist being sidelined. Other mechanisms might need to be put in place to ensure that women have control of these transfers. In Brazil, the government passed a law to ensure that female beneficiaries of *Fome Zero* (Zero Hunger) were made the legal recipients and managers of transfers, which had an effect on the control over this cash. Likewise, cash transfer programmes in other Latin American countries also have women as primary recipients. In India, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) opened bank accounts for women participants. In isolated cases there have been reports of increased domestic violence against female cash recipients, so it is important to monitor the effects on intra-household relations.

Assigning responsibility to mothers for complying with conditional cash transfer conditions

Conditional cash transfers (CCTs) that deliver cash to poor families if they comply with certain conditions often impose extra stress on women, who typically have the responsibility within families for ensuring that children get immunised and go to school. CCTs have been accused of paternalism, because they try to regulate

people's behaviour, and of sexism, because they reinforce stereotypical gender roles. "CCTs give mothers a central role in their design; as stipendiaries, they are responsible for fulfilling the demands of the programme through a quasi-contractual arrangement" (Molyneux 2007: 70). Some CCTs in Latin America now include training sessions for men, to sensitise them to their shared responsibilities for meeting programme conditionalities and for the overall care of their children.

2.3.2 Social inclusion

Well-designed social protection can play a positive role in promoting social inclusion. Three principles are proposed by Van Ginneken (2006). First, gear social assistance towards social inclusion and employment, by reaching vulnerable groups such as older persons, persons with disability and indigenous peoples, with appropriate forms of support. Second, operationalise social security as a human right, since a right enshrined in legislation empowers even the poorest and politically marginalised citizens to claim their entitlements from the state. Third, achieve universal coverage through a plurality of approaches, since social inclusion implies extending coverage and provision of social protection and social services to all, not only to targeted sub-groups of the population. A universal approach, as advocated by the UN through the Social Protection Floor, avoids the social problems of stigma, exclusion and tensions between beneficiaries and non-beneficiaries that are often associated with targeted programmes. However, operationalising a universal, rights-based principle in practice is very challenging, especially in low-income food-deficit countries (LIFDCs)⁸ where fiscal constraints necessitate a reliance on development partners for a high proportion of social protection financing.

2.3.3 Environmental sustainability

In a context of climate change, and especially in relation to agriculture-based or agriculture-dependent livelihoods, social protection interventions in rural areas should at least be environmentally neutral or, ideally, environmentally enhancing. Projects selected for public works or for livelihoods packages might include soil and water conservation or afforestation. Inputs subsidised or delivered through vouchers and input fairs could include drought-tolerant varieties and indigenous crops, rather than hybrid or genetically modified varieties and exotic crops. As was seen above, "no regrets" interventions to "climate-proof" rural economies can and should be identified that protect or promote local livelihoods while they simultaneously protect or promote the local environment (Siegel, Gatsinzi and Kettlewell 2011).

It is important to be aware that there are also potential negative trade-offs. Social protection that raises household income could lead to environmentally damaging outcomes, such as promoting unsustainable agricultural practices (e.g. the use of chemical fertilisers rather than organic manure), or increased consumption of meat and processed foods that have higher (worse) ecological footprints. It follows that environmentally neutral social protection requires designing interventions to avoid such potential trade-offs, or they should be combined with other policies to mitigate these trade-offs.

8 According to the FAO, as of 2014 there are 55 LIFDCs across the world. 37 LIFDCs are in Africa and 13 are in Asia. www.fao.org/countryprofiles/lifdc [accessed 14 June 2014].)

Social protection impacts and policy choices

This chapter reviews empirical evidence from various social protection programmes of successful experiences with promoting agricultural production, livelihood diversification and poverty reduction, in rural areas of low-income and middle-income countries.

It is important to be aware of the significant role of non-farm activities in rural livelihoods. The promotion of non-agricultural sources of income may in fact be the most effective route out of poverty and food insecurity for rural households in many low-income countries.

Reviewing survey data across 16 countries from Africa, Asia, Eastern Europe and Latin America, Davis et al. (2010: 51) find that off-farm activities account for about half of total income in all countries outside of Africa, where high levels of poverty are associated with high dependence on family farming. For example, on-farm agriculture (crops and livestock production) accounted for 78 percent of total household income in Nigeria and 66 percent in Malawi in 2004, but only 17 percent in Bangladesh and 26 percent in Indonesia in 2000. Moreover, “the share of rural on-farm income falls, and the share of rural non-agricultural income increases, with increasing levels of GDP per capita”. This suggests that deriving food and income from agriculture is largely a subsistence-oriented strategy and that rural development and rural poverty reduction are more likely to be achieved by supporting non-agricultural livelihood activities.

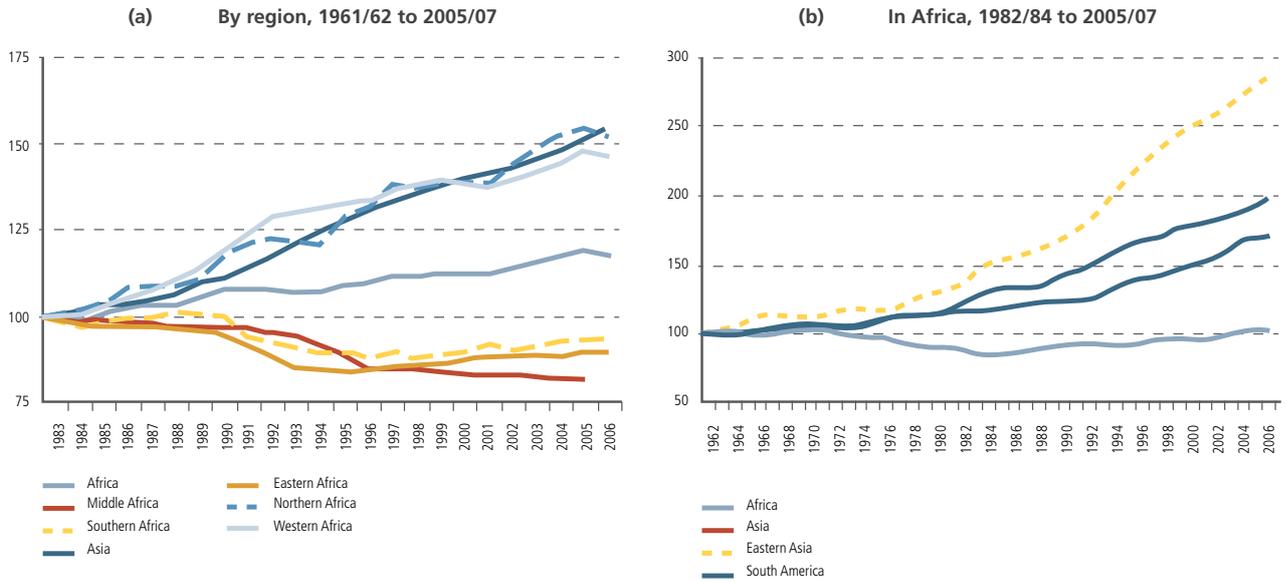
3.1. Promoting livelihoods to reduce poverty through social protection

The consolidated conceptual framework identifies four discrete channels through which rural livelihoods can be promoted to reduce poverty and vulnerability: enhancing production-based and labour-based income, and enhancing livelihoods through social transfers.

3.1.1 Enhancing production-based income

Food production per capita in Africa has been stagnant since the 1960s (Figure 13a). Because inadequate food production by smallholder families is a major source of household food insecurity, one solution must be to raise the productivity of smallholder agriculture in Africa, and social protection has a clear role to play in this. However, a disaggregated approach is needed. Within Africa, there are differences across countries and regions. Stagnating or falling food production per capita and the highest levels of chronic and acute food insecurity are concentrated in eastern, southern and central Africa. In northern and western Africa, food production per capita has actually been rising since the 1980s (Figure 13b).

Figure 13. Trends in food production per capita, by region and in Africa



Source: Wiggins and Leturque (2010: 15, 16)

“In much of Africa, few things can do as much to reduce poverty as can increased agricultural productivity. Hence it is justified to focus on agriculture” (Wiggins and Leturque 2010: 20). Various social protection and related interventions have the potential to boost agricultural production and incomes. Five options are discussed here: agricultural input subsidies, public works programmes, investment of cash transfers, asset packages, and local procurement that creates a ‘structured demand’ for smallholders’ produce.

Agricultural input subsidies

Input subsidies are usually implemented by Ministries of Agriculture but are often considered as part of social protection policy as well as agricultural policy, especially if they are targeted at low-income smallholders, because they aim to improve household food security and reduce hunger. Effective input subsidies reduce the annual ‘food gap’ in deficit producer households by boosting their harvests, thereby reducing

the need for food aid or social assistance when harvests are inadequate.

Despite being an integral component of the ‘old’ food security agenda in the 1960s and 1970s, input subsidies fell out of favour in the 1980s when ‘Washington consensus’ thinking turned against state interventionism in agriculture and in favour of market-oriented solutions to rural poverty and food insecurity. However, in several countries the removal of input subsidies was associated with a period of heightened food insecurity, and some countries reintroduced input subsidies. Just as social protection interventions tend to target individuals and households rather than operating at the sectoral or macroeconomic level, so the new generation of input subsidies tend to be targeted at poor farmers. Malawi provides a compelling case study.

Following the removal of general price subsidies on fertiliser and seed in Malawi in the 1990s, a famine occurred in 2001/02 that was partly blamed on farmers’ inability to access inputs from the market. In 2004, the Government of Malawi reintroduced input subsidies, but

on a targeted rather than universal basis, by distributing coupons to farmers who were identified as unable to afford unsubsidised fertiliser. The Farm Input Subsidy Programme (FISP) in Malawi was rigorously evaluated over four agricultural seasons between 2004/05 and 2010/11, by tracking a panel survey of 461 farming households.

Significant impacts were found at the level of households, markets and the economy. Strong positive effects were found in terms of improved availability of maize and lower maize prices in rural markets, as well as higher wage rates for agricultural labour (*ganyu*). The combination of increased production, cheaper maize and higher returns to *ganyu* reduced hunger in food insecure rural households. Households that received FISP coupons were 22 percent more likely to report 'adequate' maize production. Two-thirds of households reported that food security had improved at household and community levels, as a result of the subsidy programme. On the other hand, the subsidies were not sufficient to close the production gap completely, and 60 percent of coupon recipients were still net buyers of maize. One reason is that many poor farmers sold their coupons to wealthier farmers, due to urgent needs for cash. This reduced the direct impacts of the subsidy on food consumption, poverty and food insecurity, as well as the ability of smallholder farmers to graduate out of the programme (Chirwa *et al.* 2013).

A review of input subsidies in four African countries (Ghana, Malawi, Tanzania and Zambia) concluded that these programmes "are too costly and inefficient" and that "most programme benefits accrue to less-poor and politically well-connected households as well as large input suppliers" (Baltzer and Hansen 2011). They therefore do not generally achieve equitable outcomes and social protection objectives, or only partially and very inefficiently. A more promising approach is 'smart subsidies', which target the poorest farmers, use existing private input supply systems, and have credible exit

strategies, with the objective of maximising effectiveness at lowest cost.

Public works programmes

Public works projects that are carefully selected, well designed and well implemented can contribute to raising agricultural productivity and protecting the natural resource base against degradation and over-exploitation. In Ethiopia and Rwanda, the public works components of major social protection programmes have led to extensive terracing of hillsides, bringing more land under cultivation, raising the productivity of existing farmland, and protecting the soil and water supply. Public works projects can also bring irrigation canals or trenches to smallholder farms, protecting crop yields against drought or erratic rains, building resilience against climate change, and even allowing a second harvest in unimodal (one rainy season) agro-ecologies.

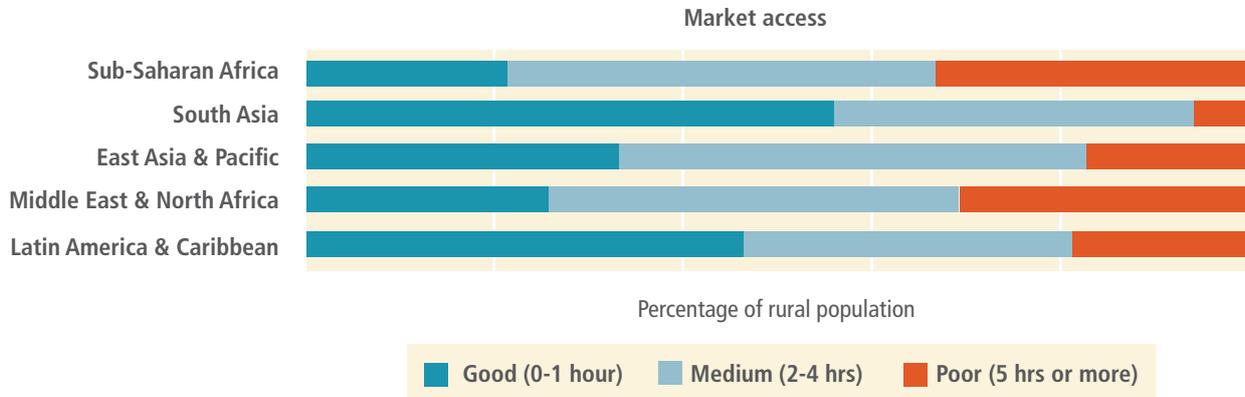
Public works projects can also impact positively on farmers' access to markets, which is important both for purchasing inputs and accessing government extension services and for selling produce. An estimated one-third of farmers in Africa live more than five hours walking time from their 'local' market, compared to only one in twenty in South Asia (Figure 14). Public works can construct, maintain and rehabilitate rural infrastructure such as feeder roads, which improve market access and reduces costs for farmers and traders of transporting produce to markets. There is robust empirical evidence from Ethiopia that rural communities with access to more and better quality roads have higher economic growth rates and higher consumption levels than more remote communities (Dercon *et al.* 2006).

The economic returns of public works investment in rural infrastructure were estimated in studies of food-for-work in Bangladesh, which found "significant benefits to agriculture, including a doubling of fertiliser use and of land under irrigation by programme participants. Also, because feeder roads improve access to

government services and to input and output markets, fertiliser prices were lower, fertiliser use was higher, and post-harvest paddy prices increased in villages where labour-based

infrastructure programmes had constructed rural roads and other physical infrastructure” (Devereux and Solomon 2006: 16).

Figure 14. Farmers’ access to markets, by region



Source: World Bank (2007) reproduced in Wiggins and Leturque (2010: 23)

Many rural public works activities in agriculture-based communities contribute directly to ‘drought-proofing’ local economies and livelihoods. In Ethiopia, the Productive Safety Net Programme (PSNP) runs more than 30 000 public works projects each year, with an emphasis on soil and water conservation, social infrastructure and roads. In India, the MGNREGA “has contributed to setting up water harvesting structures, minor irrigation tanks, community wells, land development, flood control, plantation, etc. [One study] estimated the farm productivity improvements arising from

one of the NREGA schemes to de-silt six dams – the additional output due to this was 2.2%. The positive spillovers were found to particularly benefit marginal farmers” (Alderman and Yemtsov 2012: 52 53).

Cash transfers

There is a great deal of evidence that cash transfers, especially (but not only) those delivered to households in rural areas, are invested in agriculture. Some of the findings from several case studies in Africa and Latin America are summarised in Box 1.

Box 1. Selected evidence on investment of social transfers in agriculture

- GAPVU was a cash transfer programme in urban Mozambique in the 1990s that assisted, among others, destitute people who had been displaced from rural villages by civil war. Many GAPVU participants invested some of their cash in backyard gardens and chicken coops, growing maize and vegetables for consumption and sale, or rearing chickens to sell their eggs.
- Older persons who receive social pensions or old age grants in several countries in southern Africa – Lesotho, Namibia, South Africa and Swaziland – are found to use some of their pension money as working capital for agriculture, either their own plots or the farms of their families.
- In Malawi and Zambia, evaluations of social cash transfer programmes found that

participants significantly increased their ownership of agricultural assets, especially livestock (poultry and small ruminants), after each programme started and relative to a control group.

- PROCAMPO is a cash transfer programme in Mexico that assisted farmers who were adversely affected by NAFTA. Each dollar spent on Mexico's PROCAMPO increased household income by US\$ 1.60–2.40. More than two-thirds of participants bought agricultural inputs with this cash.
- After 8 months (3 payment cycles), participants in Mexico's *Oportunidades* programme had invested 14 percent of their cash transfers in farm animals, land for farming, and micro-enterprises. Rates of return on these investments were estimated at 15 percent (income) and 13 percent (consumption), and household consumption was projected to increase by 1/3 after 5 years in the programme.
- Participants on *Red de Proteccion Social*, a conditional cash transfer programme in Nicaragua, invested some of their cash transfers in agricultural equipment.
- Older persons in rural Bolivia who received social pensions through the *Bonosol (Bono Solidario)* programme invested some of this transfer income in agriculture. An evaluation concluded that their consumption increased by twice the value of their pensions.

Source: Alderman and Yemtsov (2012: 41–44)

Asset packages

Social protection or livelihood programmes that target smallholder farmers, with the objective of graduating them out of extreme poverty and food insecurity, often transfer productive assets as well as cash or food. The idea is that cash and food transfers support consumption, while assets support productive activities, either agricultural or non-agricultural, to raise household incomes. As discussed above, the BRAC graduation model

involves a sequenced set of support, including coaching and training and access to financial services (savings and microcredit for working capital) as well as a cash stipend and transfers of income-generating assets such as livestock or access to farmland. A similar approach was adopted in the Chars Livelihood Programme, also in Bangladesh, while the Food Security Programme in Ethiopia also offers livelihood packages (assets plus training) to food insecure farming households (Box 2).

Box 2. Asset transfers in Bangladesh and Ethiopia

"Chars Livelihoods Programme (CLP) in Bangladesh provides the one-time transfer of investment capital, accompanied by a package of other social and market development inputs to the 50 000 poorest households living on island chars (areas of new land formed through soil erosion and deposition). To achieve significant and sustainable incomes, around £100 of investment capital, with

further training and support worth £100 per household, are deemed necessary. From the different choices offered to households in early 2006, the 'fixed package' of 1 heifer, 4 goats and 10 chickens per household proved least successful, with many of the animals dying or being sold. A flexible asset package proved more successful, as did one in which new assets were accompanied by livestock services

(de-worming, vaccinations) plus a stipend of approximately £2.20 per month over 18

months, which removed the need to sell assets in order to meet regular needs.”

The Food Security Programme (FSP) in Ethiopia includes the Household Asset Building Programme (HABP), initially known as the Other Food Security Programme (OFSP). These are interventions that promote agricultural production and asset accumulation by food insecure rural households. Specific livelihood activities supported include livestock rearing, beekeeping for honey production, and irrigation and soil conservation for enhanced crop yields. Typically, registered PSNP Public Works participants apply for livelihood ‘packages’ which they receive on subsidised credit terms. Initially, OFSP uptake was low, either because low-income farmers were reluctant to take on debt or because agricultural extension workers and

Development Agents (DAs) were over-stretched and could not provide support with developing business plans and providing training on new livelihood activities. Access to HABP has steadily increased. An impact evaluation found that households that participated in Public Works and took an OFSP/HABP package reduced their months of food insecurity by 1.5 months compared to households that received no FSP benefits, and by 0.6 months compared to households that participated only in Public Works that year. Households that took an OFSP/HABP package also had higher livestock holdings and owned more farm tools, they were more likely to apply fertilisers and they had significantly higher levels of grain production.

Sources: Alderman and Yemtsov (2012: 40-41) for Bangladesh; Guush Berhane *et al.* (2011) for Ethiopia.

Local procurement

Any programme that generates a ‘structured demand’ for local smallholders’ produce has the potential to raise the incomes of low-income farmers. Local procurement is growing as a modality for linking small farmers to markets. Examples include Brazil’s Food Purchase Programme, Purchase from Africans for Africa (PAA), Home-Grown School Feeding (HGSF) and Purchase for Progress (P4P).⁹ P4P is a World Food Program (WFP) initiative that

aims to replace imported food aid with locally purchased food, wherever this is feasible and cost-effective. The overarching objective is to reverse the disincentive effects of imported food aid on local farmers and traders, and instead to stimulate crop production and rural economic activity. WFP’s P4P pilot project in 21 countries purchased US\$100 million of food from local farmers between 2008 and 2012 (WFP 2013). A case study from Mali illustrates the benefits of P4P for farmers, their communities and the local economy (Box 3).

Box 3. Case study: Purchase for Progress (P4P) in Mali

“Since 2009, P4P has worked with the Dry Cereals Producers Union in Cinzana (USCPCS). In partnership with PRECAD, AMASSA Afrique Verte and Sasakawa Global 2000,

P4P has trained the smallholder farmers on farming techniques and access to agricultural inputs, cereals commercialization, tendering, organisation management and post-harvest

⁹ See <http://paa-africa.org/about/paa-brazils-food-purchase-programme/>, <http://paa-africa.org/>, <http://hgsf-global.org/>, and <http://www.wfp.org/purchase-progress/>, respectively.

handling. They have also been equipped with scales, pallets and sieves, instruments that help them partake in other competitive markets beyond WFP. During the P4P pilot, the USCPCS Farmer's Organisation has supplied WFP with 1 250 metric tons of quality commodities including millet, sorghum and beans to a value of US\$ 525 000. USCPCS is also supplying quality cereals to food processors and other buyers. The positive impacts of the P4P project have encouraged more farmers to join the USCPCS

Farmers' Organisation which has almost tripled its members from 145 in 2009 to 427 in 2013. Moreover, the 40 000 inhabitants in Cinzana continues to benefit from the new schools and health centres that the local government is building as a result of the increased tax revenues from smallholder farmers. In total, WFP has purchased 13 400 metric tons of quality commodities from P4P supported farmers organisations in Mali, injecting more than US\$ 7 million into the economy."

Source: WFP (2013: 4)

A specific application of local procurement principles is Home-Grown School Feeding. Whereas conventional school feeding programmes use project food aid, HGSF purchases food from local farmers instead to supply local schools. Local caterers are also hired to cook meals, using food that is produced and consumed locally. HGSF therefore generates all the direct benefits of other school feeding programmes, in terms of educational and nutritional benefits for children, as well as secondary benefits for local farmers and improved household and national food security (Sumberg and Sabates-Wheeler 2011).

reduction in many low-income countries. Apart from public works programmes, relatively few social protection interventions support off-farm labour-based income directly. Microfinance for micro-enterprises is widespread in rural areas of developing countries, but is not usually classified as social protection. However, in comprehensive graduation-oriented programmes, the package of support provided usually includes both social transfers (to protect livelihoods) and assets plus microfinance plus training (to promote livelihoods). One case study comes from the VUP in Rwanda, which offers loans to cooperatives as well as individuals (Box 4).

3.1.2 Enhancing labour-based income

As noted above, rural non-farm activities are the main driver of rural development and poverty

Box 4. Case study: A carpentry cooperative in rural Rwanda

'Twisungane' means 'Together as one' or 'Solidarity'. The Twisungane Carpentry Cooperative has 11 male and 5 female members. It is a wood and carpentry business. They buy trees or timber and make planks for housing, doors and window-frames, and coffins. Only 3 members are carpenters, the others purchase wood and market products, including even the sawdust, which is used for

mulching vegetables and as organic manure.

They borrowed Rwf.1.6 million from the Ubudehe Credit Scheme (UCS) in February 2011. The loan was used to buy equipment, including: saws, axes, hammers, pangas, ropes for felling trees, vices for cutting planks, also nails, varnish and paint. They even bought a small forest from a local farmer to ensure a steady supply of wood.

The loan was repaid over 12 months at Rwf 136 000 per month, including interest at 2 percent. They repaid on time every month. The cooperative covered its costs and generated a gross income of Rwf 600 000–800 000 per month, enough to make the repayment

and leave a small surplus, even after paying themselves (e.g. the carpenters earn Rwf 3 000 per day). Net profits were deposited in the Cooperative's account at the local SACCO, but some was drawn to use as working capital for purchasing wood and other materials.

Source: Devereux (2012: 21)

Lessons and evidence from public works programmes illuminate several pathways from social protection to higher incomes, as well as some challenges.

Public works programmes generate income directly

As noted above, social protection can enhance non-agricultural income in rural households by providing employment opportunities directly, through public works programmes. If these work opportunities are explicitly linked to agricultural activities there is a potential 'win-win' between production- and labour-based incomes. One example is watershed development, as recommended by Saxena (2008: 7) for upland areas of India.

"launch watershed development programmes in uplands, where most tribes live. In a successful watershed programme the poor benefit in three ways. First, as the net sown area and crop intensity increases more opportunities for wage employment are created, which may also increase the wage rate besides the number of days of employment. Second, increased water availability and reduced soil erosion increases production on small and marginal farmers' lands. And last, the higher productivity of Common Property Resources (CPRs) improves access of the poor to more fodder, fuelwood, water and NTFPs [Non-Timber Forest Products]."

Public works income is invested in farming, including substitute labour

Although concerns are often expressed that public works projects may compete with on-farm labour requirements and undermine household food crop production, there is no convincing evidence for this labour substitution effect. On the contrary, some studies have shown that part of the income transferred as public works wages is invested in farm inputs such as seeds and fertiliser (for evidence from Ethiopia, see Holden, Barrett and Hagos 2006), and may also be used to hire labour to substitute for the farmers' labour while they engage in public works activities (for evidence from Kenya, see Bezuneh, Deaton and Norton 1988).

Social protection enhances agricultural workers' bargaining power with employers

Cash transfers and public works income can enable rural labourers to negotiate higher wages and better working conditions, by reducing their dependence on exploitative employers and empowering them economically. In Ethiopia, cash-for-work projects gave poor villagers an alternative employment option and allowed them to negotiate more favourable share-cropping contracts with wealthier local farmers. In India, cash transfers and public works programmes have similarly empowered landless labourers and smallholder farmers to bargain for better working conditions and higher wages (Alderman and Yemtsov 2012: 57-58). One study found that the Maharashtra Employment Guarantee Scheme was associated with rising average agricultural

wages, in contrast to neighbouring states where the employment guarantee was not operational (Dev 1996).

Public works can benefit rural households and the environment

Another application of public works projects could be to support community reforestation activities. In India, Saxena (2008: 7) argues for “a

drive to plant fruit trees on degraded forests and homestead lands that belong to or have been allotted to the poor. This will not only make the poor people’s diet more nutritious, but will also diversify their livelihoods and reduce seasonal vulnerability.” Sometimes, as in Niger (see Box 5 below), these practices already exist, but in places where they do not they can be incentivised as public works projects, as they were during the drought in Niger in 1984/85.

Box 5. Case study: Farmer-managed natural regeneration in Niger

“For centuries, farmers in Sahelian Niger had managed their woodlands to produce continuous harvests of trees. In the 1970s and 1980s, however, they faced significant tree losses from drought and human population pressures. In the early-1980s, they started experimenting with a process known as farmer-managed natural regeneration (FMNR)—a low-cost way of growing and reproducing trees and shrubs that provides useful food, fuel, or fodder.

The original model for FMNR was developed by Tony Rinaudo of Serving in Mission, an international missionary organization. The model grew out of his observation that underneath farmers’ cleared fields lay extensive webs of living tree roots and stumps that were continually throwing up new shoots and stems. Here was an invaluable source of new tree stock—a virtual nursery.

Rinaudo and local farmers developed an effective way of regenerating these trees. First, from among the mature root systems in the field, farmers would choose tree stumps based on the usefulness of the species. They would then select the tallest and straightest stems to protect on each stump and remove the rest. Thereafter, they would regularly prune the selected stems to promote their growth and the production of food, fuel, or fodder, while removing new, competing stems as needed. Periodically, they would harvest one of the original stems and choose a newly

sprouting stem as a replacement. Farmers could then grow other crops between and around the trees. The techniques were flexible, and farmers adapted them to their own situations and objectives.

Rinaudo, knowing the value of trees to farmers, offered food to farmers during the droughts of 1984 and 1985 in return for protecting on-farm natural regeneration. Many farmers immediately did so, but when food aid stopped, few continued to protect and manage their trees. Those who had cut their trees soon observed the benefits of FMNR, however, and the technique spread.

The trees generated a range of benefits. They reduced wind speed and evaporation. In the 1980s, crops had to be replanted three or four times as they were covered by windblown sand, but today farmers typically plant only once. The trees produce at least a six-month supply of fodder for livestock, and they provide firewood, fruit, and medicinal products that farm households can consume or sell. Moreover, certain tree species, such as the winter thorn acacia (*Faidherbia albida*), enhance fertility by adding nitrogen in the soil.

Many villages now have 10 to 20 times more trees than 20 years ago. In the area where the Serving in Mission project took place, 88 percent of farmers practiced FMNR in their fields, adding an estimated 1.25 million trees each year.”

Source: Reij et al. (2009: 55)

Self-targeting on public works programmes can be ineffective

'Self-targeting' the poorest by offering payment in food (food-for-work) rather than cash, or setting public works wages below the market rate (cash-for-work), is ethically problematic and may be counter-productive. High energy expenditure in exchange for small food rations can result in negative net nutritional benefits, as was recorded in Niger (Webb 1995). Self-targeting through low wages is also unnecessary, because the heavy labour and time requirements are enough to discourage anyone who has more lucrative employment from applying. In a surplus labour context where poverty is widespread and unemployment or underemployment is very high, it is not feasible to calibrate the public works wage rate to screen out the poorest from the less poor – almost any employment opportunity, no matter how badly remunerated, is seen as better than none. On the other hand, raising the wage to a 'decent income' level increases project costs and could reduce the number of workplaces available, given a fixed budget constraint. It could also result in displacement of people from farming (and other work) into the public works programme, with potentially negative effects on agricultural productivity.

Also, many very poor households are labour-constrained. Two research studies in Cambodia and Ethiopia found that better-off households had excess labour and were therefore better able to take up food-for-work opportunities than their poorest neighbours, who either had no labour capacity or no 'surplus' labour to allocate to public works projects (Bennett 2001 and Barrett and Clay 2003, respectively, cited in FAO 2006: 42). This means that public works needs to be complemented with interventions that reach the labour-constrained poor with social assistance that does not come with a work requirement. Some public works programmes, such as the PSNP in Ethiopia and the VUP in Rwanda, deliver 'direct support' (cash or food transfers) to poor

households that are unable to participate in public works projects.

Public works programmes do not necessarily build human capital

Many public works programmes claim to provide skills training, that participants should find useful in applying for employment in the private sector after leaving public works. In practice, however, the type of work offered is usually unskilled manual labour, and budgets for training or apprenticeships are low because of the objective of reaching large numbers of poor people. As a result, public works participants typically do not find access to formal employment easier after the public works project ends. This challenge could be remedied if the nature of the work offered under public works changes, and if more serious emphasis is placed on building skills.

Another possible constraint on labour-based income growth derives from the fact that public works can 'trap' people in moribund rural areas rather than migrating to seek more lucrative employment elsewhere. This criticism has been made against the MGNREGS in India as well as other large-scale public works programmes (Alderman and Yemtsov 2012: 53). Again, if public works provided participants with useful skills and experience that they could sell to employers in the labour market, this criticism would be effectively addressed.

3.1.3 Enhancing livelihoods through social transfers

Social transfer programmes can facilitate livelihood diversification in rural areas. Cash transfers and food aid both allow households to reallocate some of their labour out of agriculture towards more lucrative rural non-farm employment opportunities. A food aid programme in Mexico (*Programa de Apoyo Alimentario*) and conditional cash transfer programmes in Brazil (*Bolsa Familia*) and Mexico (*Oportunidades*) were all associated with a diversification of household income portfolios

and reallocation of household labour from low-return agricultural activities towards higher return non-agricultural activities (Alderman and Yemtsov 2012: 48).

There is also ample evidence that even small cash transfers to extremely poor people are invested (in productive assets and in on-farm and off-farm livelihoods) as well as consumed (i.e. used to finance purchases of food and groceries). In one pilot project in Zambia, one-third of cash transferred to 'ultra-poor' households (labour-constrained, HIV-affected and older-headed), was invested in small livestock and inputs for the family farm, or used as working capital for non-agricultural micro-enterprises such as basket-weaving (Devereux *et al.* 2005). An evaluation found that the Social Cash Transfer Programme in Malawi was associated with a 52 percent increase in goat ownership and a 30 percent increase in sickle ownership. Child labour outside the home decreased, as did household involvement in off-farm waged employment, as labour was reallocated towards household farming (Covarrubias, Davis and Winters 2012). Further, this programme led to an increase in the share of food consumption obtained from home production (Boone *et al.* 2013).

In Zambia, receipt of one government cash transfer, the Child Grant Program (CGP), led to a 34 percent increase in the area of worked land as well as an increase in the use of agricultural inputs, including seeds, fertilizers and hired labour. The increase in agricultural input use led to increased production—approximately a 50 percent increase in the value of overall production. The increase in production appeared to be primarily sold rather than consumed on farm; the CGP led to a 12 percentage point increase (from a 23 percent base) in the share of households selling their harvest. In Lesotho, the government's Child Grants Programme (CGP) increased the share of households using and purchasing, and expenditure on, crop inputs, including an eight percentage point increase in the share of households using pesticides (from a

base of 12 percent). As in Zambia the increase in agricultural input use led to a large increase in maize and sorghum production, as well as to an increase in the frequency of garden plot harvest among beneficiary households.

Cash transfers have also consistently led to an increase in the ownership of livestock. This impact included impacts on all types of animals, large and small, in Zambia (Daidone *et al.* 2014) and Malawi (Boone *et al.* 2013), to small animals in Kenya (Asfaw *et al.* forthcoming), Lesotho (Pellerano *et al.* 2014) and Tanzania (Evans *et al.* 2014). No significant impact was found in Ghana, however (Handa *et al.* 2013). Similarly, a large impact of the programme was found on the purchase of agricultural tools in Malawi and Zambia, while no impact was found in Kenya, Lesotho and Ghana. Finally, the Zambia CGP led to a 16 percentage point increase in households with non-agricultural business enterprises. The Kenya CT-OVC led to a similar increase on female-headed households, and a decrease among male headed households.

Related to the increase in agricultural activities on farm, but with more consistent results across countries, labour has moved on-farm – the programmes in Zambia and Malawi, and to a lesser extent in Kenya, led to a shift from agricultural wage labour to on-farm activities for adults. In Zambia, receipt of the CGP transfer led family members to reduce participation in, and intensity of, agricultural wage labour. The impact was particularly strong for women—a 17 percentage point reduction in participation and 12 fewer days a year. Both males and females increased time spent in family agricultural and non-agricultural businesses. In Ghana, the LEAP programme in Ghana also led to an increase in on-farm activities. Similar shifts from agricultural wage labour of last resort to on farm activities were reported in the qualitative fieldwork in Kenya, Ghana, Lesotho, Malawi and Zimbabwe (Barca *et al.* 2014).

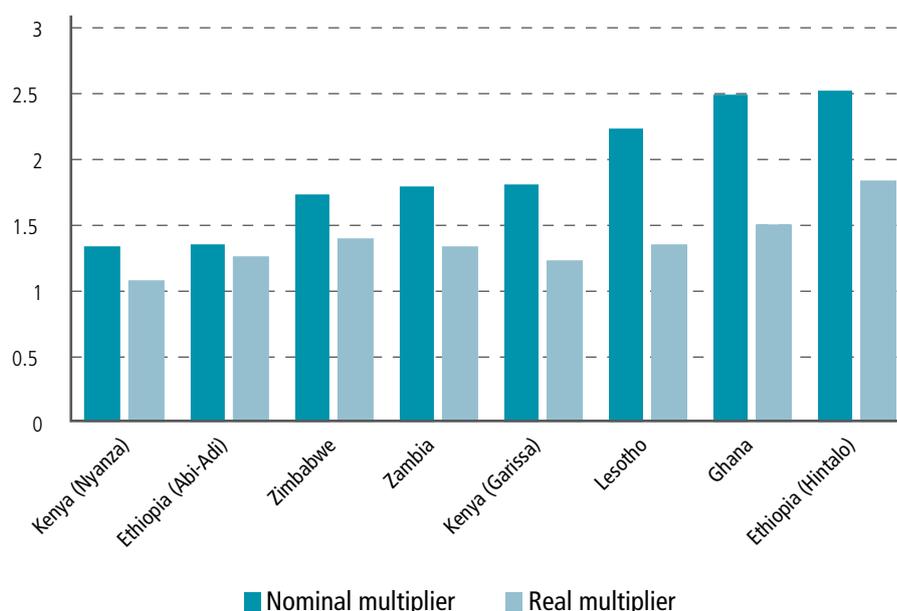
Cash transfers also have wider impacts beyond beneficiary households, which can contribute

to local economic development and poverty reduction. An impact evaluation of Lesotho's Child Grants Programme found a substantial multiplier effect: each 1 maloti transferred generated 2.23 maloti of additional income in the local economy (Taylor, Thome and Filipski 2014).

When beneficiaries receive the cash transfer they spend it. The transfer's impacts are then transmitted from the beneficiary household to others inside and outside the local economy, often to households not eligible for the cash transfer, who tend to own the local businesses. These income multipliers have been measured via an innovative village economy model, called the LEWIE (Local Economy-wide Impact Evaluation) model, developed for the PtoP project. LEWIE models constructed for the cash transfer programmes in Kenya, Lesotho, Ghana, Zambia, Zimbabwe and Ethiopia generated nominal income multipliers ranging from 2.52 in Hintalo-Wajirat in Ethiopia to 1.34 in Nyanza, Kenya, as seen in the blue bars in Figure 15. That is, for every Birr transferred by the programme in

Hintalo-Wajirat, up to 2.52 Birr in income can be generated for the local economy. However, when credit, capital and other market constraints limit the local supply response, the increase in demand brought about by the cash transfer programme may lead to increased prices, and consequently a lower income multiplier. Simulations incorporating such constraints find that the 'real' income multiplier can be significantly lower than the nominal income multiplier. Differences among countries, and among areas within countries, are driven by the openness and structure of the local economy, where money is spent in the local economy and the intensity of the supply of goods produced within the local economy. The key insight is that non-beneficiaries and the local economy also benefit from cash transfer programmes via trade and production linkages, and that maximizing the income multiplier may require complementary interventions that target both beneficiary and non-beneficiary families (Taylor *et al.* 2013; Kagin *et al.* 2014; Taylor, Thome and Filipski 2014; Thome *et al.* 2014a; Thome *et al.* 2014b; Thome *et al.* 2014c).

Figure 15. Cash transfer income multipliers (LEWIE model)



Sources: based on several studies cited in the text

3.2. Protecting lives and livelihoods to reduce vulnerability through social protection

The consolidated conceptual framework recognises that sources of income need to be not only enhanced or promoted, but also protected against risks and shocks. This sub-section considers measures that protect production, labour and transfer income, and interventions that provide protection against food price volatility.

3.2.1 Protecting production-based income

Given the heavy dependence of rural livelihoods across the world on rainfed agriculture and the (possibly increasing) variability of rainfall and hence of harvest outcomes, crop insurance is a logical mechanism for protecting farmers against the income losses that follow production shocks. However, conventional crop insurance has been difficult for smallholder farmers in (sub-) tropical countries to access. Premiums are often

unaffordable due to farmers' lack of collateral, high transactions costs for insurers in verifying individual farm losses, moral hazard (the possibility that insured farmers will reduce their work effort), adverse selection (the likelihood that high-risk individuals will apply for insurance) and the risk of covariant weather shocks – which might be increasing due to climate change (Alderman and Haque 2006).

Weather-indexed crop insurance offers a potential solution to some of these challenges. Instead of insuring against low crop yields, farmers are insured against bad weather. All participating farmers receive a pay-out if precipitation falls below a specified threshold, so no assessment of individual farm losses is needed and pay-outs should be prompt. Sometimes the pay-out is calibrated for different levels of rainfall deficit: 30 percent below average pays more than 20 percent below. Pilot projects have been launched in several countries, including Ethiopia, Kenya, Malawi, India and Mexico. One case study of contract farmers in India reveals the importance of accurate weather data to avoid under-payments or over-payments (Box 6).

Box 6. Case study: Insurance for contract farming in India

"In 1995, to secure its supply of potatoes for potato chips, PepsiCo started a contract farming program in India. PepsiCo distributes fertilizer, provides access to pesticides, and requires contracted farmers to use their potato seed. ... Contracted farmers have the option of buying a weather index-based insurance product, which is sold by ICICI Lombard and managed by Weather Risk Management Services (WRMS). The product is intended to protect against losses caused by late blight, a fungal disease linked to temperature and humidity, and the index incorporates both of these variables. PepsiCo was motivated to add index insurance to its contract farming package in order to limit farmers' weather-related risk...

"Designed by WRMS and available since 2007, the insurance pays out based on the number of consecutive days of average relative humidity greater than 90% and/or average temperatures between 10°C and 20°C. The product is designed to cover yield losses above 40%, with farmers bearing losses up to this point. Some 4250 farmers purchased the insurance in 2007, and 4575 in 2008; approximately 50% were smallholders, owning less than 5 acres (2.02 hectares) of land. ...

The first season of 2007 revealed a certain level of basis risk. In some locations the index showed 85% loss, whereas actual losses were roughly 50%; other locations received payouts without suffering any loss; while in still others the loss

predicted by the index (45%) was less than the actual damage (50–60%). In response, more weather stations were installed near farms. In the second 2007 season, basis risk still occurred, but was reduced. Payouts matched the observed damage in two locations, though for another two the index showed lower levels than the actual losses. The first season of 2008 gave satisfactory results, primarily due to a further increase in the number of weather stations.

... the potential to apply this contract farming model to other crops and value chains seems high. Farmers integrated into a value chain have better potential for sustained growth in their income and improvements in their quality of life. They are also better positioned to take advantage of income-generating options that require up-front investment. Index insurance can play a key role in protecting these investments against weather shocks.”

Source: Hellmuth *et al.* (2009: 47-48)

Challenges remain in scaling up pilot projects to national programmes. Farmers seem to be either unwilling or unable to pay full premiums, so these schemes require subsidising, which donors and NGOs are only willing to do for limited numbers of participants. “[E]mpirical analyses show that there is still a large difference between the ability of the poorest households to pay for these services and the cost at which they can be provided. It is hard to imagine that this gap between demand and supply can be bridged without public intervention or collaboration with civil society organizations” (Alderman and Yemtsov 2012: 45).

Even with discounted premiums to encourage uptake, scepticism remains, possibly because few insurance schemes offer 100 percent made. Balzer and Hess (2010: 118) conclude: “Initial results are encouraging and show that weather index-based insurance can work, but few programmes have demonstrated any real capacity to scale up.”

3.2.2 Protecting labour-based income

Public works employment was discussed above as a means of raising rural incomes, especially if the assets created by public works projects improve crop yields, agricultural employment or access to input and output markets. The more traditional social protection function of public works is to protect consumption in rural households against

compensation. An index-based livestock insurance pilot project in northern Kenya, for instance, paid out during the 2011 Horn of Africa drought – but only for projected livestock mortality above 15 percent, so pastoralists who lost 20 percent of their animals received enough cash to replace only one-quarter of these losses (ILRI 2011). Conversely, if no pay-outs are made, poor people who purchased insurance might feel their money was wasted.

A pilot project in Anhui province, China offered a weather-indexed group insurance policy to cover the entire rice crop of 482 farming households in one village. Farmers paid only 20 percent of the premium, with 80 percent being subsidised. However, owing to favourable weather conditions, no insurance pay-outs were harvest failure or seasonal fluctuations in income, but public works programmes have not always done this effectively, because they are supply-driven – if public works comes to your community at the right time of year and you get registered on the project and you earn enough food or cash to buy food then your family’s consumption will be stabilised through the ‘hungry season’ until the next harvest, but more often than not these preconditions are not fully met.

For this reason, the innovative ‘employment guarantee scheme’ that started in Maharashtra in the 1960s and was extended to a national programme in India in 2005, represents a paradigm shift in social protection practice.

People who need work can now request employment from their local administration at any time at the local minimum wage for up to 100 days every year. If work is not provided within a reasonable time and within walking distance of the applicant's home, compensation should be paid anyway. This upgrades public works from a discretionary programme to a legally enforceable claim by all rural citizens, and introduces a rights-based dimension to social protection in India, since the National Rural Employment Guarantee Act (NREGA) was promulgated in response to an action lodged against the state when a death by starvation in Rajasthan was ruled a violation of the constitutional right to food. Challenges in implementation, especially in poorer states, have inhibited full realisation of the NREGA – subsequently renamed the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) – but the concept of a demand-driven right to employment has since been adopted or is under discussion in Bangladesh, Nepal and Pakistan (Chopra and Koehler 2014).

There is credible empirical evidence that guaranteed access to public works employment not only reduces income variability and smooths consumption, but also encourages risk-taking by farmers: “evidence from the Employment Guarantee Scheme (EGS) in Maharashtra, India shows that the program has encouraged farmers to take greater risks by planting higher-yielding crop varieties. The duration of participation in the program reduces the variance of household income among beneficiaries” (Alderman and Yemtsov 2012: 47).

One challenge that public works always faces as a social protection intervention is that the work requirement inadvertently excludes households with no labour capacity. In India this has especially affected older couples or older persons living alone. Instead of denying MGNREGA employment to these highly vulnerable people, Saxena (2008: 7) argues that their entitlement should be increased: “Monitor the inclusion of

old people especially widows among the wage workers, who are often turned away illegally from the worksite. Their work guarantees should be extended to 150 days through an amendment in the Act.”

3.2.3 Protecting against food price volatility

Although social protection typically provides social assistance or social insurance to individuals and households, some sources of food insecurity derive not from deficits at the individual or household level but from weak markets or macro-economic instability, and these issues require interventions at a higher level. For people who are market-dependent for food (which includes many deficit producers who are net consumers), the price of food is a major determinant of their food (in)security. The 1974 famine in Bangladesh, for instance, was triggered not by inadequate food supplies but by rice price inflation that left millions of landless labourers unable to purchase enough food for their subsistence (Sen 1981). Conversely, smallholder farmers who are net producers need to be protected against commodity price collapses. It follows that efforts to build comprehensive social protection systems must include measures to deal with food price instability, but how best to do this has been the subject of animated debate for centuries.

Galtier (2011, 2013) has argued persuasively that, especially in developing countries, public intervention is needed to stabilise food prices, especially during periods of crisis such as the global food price shocks of 2007/08. This contradicts the current dominant orthodoxy (what Galtier calls the ‘Doctrine’) which argues that vulnerable people should be protected against the consequences of food price instability – e.g. through targeted cash transfers – but that governments and agencies should not interfere with markets. “Soaring prices on international markets in 2008 and 2010 and the food insecurity and political instability they generated in developing countries are beginning to break

the taboo that has weighed for the last 20 years on state intervention to stabilise cereal prices" (Galtier 2011: 1).

Galtier draws a distinction between mechanisms that reduce price instability and mechanisms that

buffer people against its effects, and between market-based actions and public interventions. This generates a 2x2 matrix of possible non-exclusive strategies (Table 4).

Table 4. Four 'pure' strategies to manage price instability

Modality of action	Goal		
		Stabilize price	Reduce the effects of price instability
	Market-based	Strategy A	Strategy B
	Based on public interventions	Strategy C	Strategy D

Source: Galtier (2013: 73)

Strategy A aims to reduce price instability by either (i) strengthening agricultural trade so that food supplies can be moved more efficiently from surplus to deficit countries or regions; or (ii) making food production more resilient against natural hazards (e.g. by disseminating drought-tolerant crop varieties) and more responsive to price movements.

Strategy B describes various risk-hedging tools – such as futures markets and call options – that pay compensation when prices rise or fall outside a specified price band, or else deliver food at guaranteed prices irrespective of price movements after the contract is agreed.

Strategy C refers to public interventions that either fix food prices by decree (e.g. pan-seasonal pricing of staple grains) or else maintain prices within a floor and ceiling price band by open market operations (e.g. buffer stock management) or by regulating imports or exports.

Strategy D describes transfers of resources (emergency food aid, predictable cash transfers or vouchers) to vulnerable people, to enable them to smooth their food consumption through periods of price instability.

According to Galtier (2013: 73), the hegemonic policy approach favours market-based strategies (A and B) over public interventions (C and D): it insists "that strategy C should not be used ... and

that use of strategy D should be restricted by (i) activating transfers only in periods of crisis and (ii) targeting them to food insecure households and persons". Galtier shows why market-based strategies are inadequate in developing countries to provide full insurance and protect welfare against food price instability, and he proposes complementing the market-based approaches with two additional policies:

"(i) structural safety nets that transfer cash or assets on a regular basis to vulnerable households to rebuild their capacities and resilience and (ii) public schemes that prevent grain prices from reaching extremely high values. Safety nets are necessary to support households that are already so decapitalized that their resilience is close to zero or are suffering from chronic malnutrition. Ceiling prices are necessary to limit the decapitalization process and strengthen the effectiveness of safety nets, especially where grain price crises are frequent" (Galtier 2013: 6).

National grain reserves are one food security mechanism that were popular with governments in the 1960s and 1970s, but fell out of favour when less interventionist approaches became dominant in the 1980s, because they were managed by agricultural parastatals that were criticised for being fiscally expensive, inefficient,

market distorting and interfering with private sector development. Grain reserves are often managed strategically, stabilising food supplies and smoothing prices across seasons and years by parastatals purchasing grain after harvest and storing it until prices started rising, then releasing these stocks either as food aid or at subsidised prices on local markets.

The Sahelian food crisis of 2005 and the global food price crisis of 2007/08 provided fresh impetus to public initiatives to stabilise food prices, including through strategic management

of national or regional grain reserves (Box 7). At least 35 countries released public grain stocks onto domestic markets in 2007/08 in an attempt to stabilise food prices, either through subsidised sales, or as food assistance, or to replenish community-level food reserves (e.g. in Mali, which avoided the urban food riots that afflicted several neighbouring countries). These interventions along Strategy C of Table 4 were especially successful in containing price rises in large Asian countries such as India, Indonesia and Pakistan (HLPE 2011).

Box 7. Case study: Public grain reserves in West Africa

“After the devastating food crisis of 2005, actors in the Sahel, including governments, started to reconsider how public reserves could be used: first, as domestic price stabilisation tools; second, as a source of emergency food for humanitarian aid during crises; and third, as sources for food distribution programmes. For example, the ECOWAS Agricultural Policy of 2009 (ECOWAP) includes a reference to outlining a regulatory framework that will encourage the development of the establishment of a regional system of ‘buffer stocks’ and ‘food security stocks’. ...

This has given impetus to ECOWAS to move forward with developing a *mechanism of regional buffer food stocks to manage the risk of food insecurity and volatile prices*. In March

2012, delegates of 15 countries within ECOWAS signed a regional Framework of Cooperation for a regional food reserve. This agreement outlines the principles and mechanisms, and assigns the technical coordination and management of the regional food reserve to CILSS.

This is progress towards using public food reserves to stabilise food prices. However, at this stage it is a very modest initiative. Seven countries (including Niger, Mali, Senegal and Nigeria) have agreed to put aside 5% of their existing national food reserves for regional use. There is an urgent need for the participation of other coastal countries, such as Ghana, who normally supply the structural deficits of the Sahel.”

Source: Gubbels (2012: 27)

3.2.4 Protecting livelihoods through social transfers

Even when a social protection programme is in place, it might not be capable of responding effectively to variable levels of need, for example seasonal fluctuations in hunger or a sharp rise in food insecurity following a weather shock. Recognising this need for flexibility, some programmes have introduced contingency financing mechanisms. A good case study comes

from Ethiopia’s Productive Safety Net Programme (PSNP), which introduced a Drought Risk Financing (DRF) contingency fund in 2007. The purpose was to allow the programme to scale up in drought years, in two ways: by temporarily increasing the number of PSNP participants to reach drought-affected non-participants; and by increasing the amount of support delivered to existing PSNP participants, for instance by extending public works activities from six months

to nine months following a drought-triggered harvest failure.

The DRF contingency fund has already been used three times – in 2008, 2009 and 2011 (Clarke and Hill 2013) – which highlights the need for a scalable safety net that responds rapidly to climatic variability in rainfall-dependent communities. Impact evaluations have found that PSNP transfers provided partial protection (though not complete insurance) against rain failure in 2008, allowing participating households to smooth consumption and retain their productive assets, thereby avoiding damaging coping strategies such as distress sales of livestock and land (Béné *et al.* 2012).

A major challenge facing low-income countries is the fiscal cost of providing comprehensive social protection, or of responding effectively to covariant shocks (such as drought) affecting large numbers of citizens. De Schutter and Sepúlveda¹⁰ (2012: 3) argue for “the creation of a Global Fund

for Social Protection (GFSP), to provide States the financial support needed to make social protection viable. The GFSP would provide two services: (1) it would respond to “structural,” or endemic, poverty by providing support for States to meet basic social protection floors; and (2) it would serve as a reinsurance provider offering protection to the State against unexpected shocks to their social insurance systems” (see Figure 16). The two branches of the GFSP could be run purely through global public institutions or as a ‘hybrid model’ involving public partnerships or sub-contracts with commercial insurance agencies.

Critics have argued that such a global fund might make sense as a mechanism for providing compensation against the impacts of global ‘bads’, such as the impacts of climate change. However, it is less convincing as a mechanism for underwriting national social protection systems, and raising the required levels of financing is likely to be very challenging (Rob Vos, *pers. comm.*).

Figure 16. The two branches of the Global Fund for Social Protection



Source: De Schutter and Sepúlveda (2012: 12)

10 From 2008 to 2014, Olivier de Schutter was the UN Special Rapporteur on the Right to Food and Magdalena Sepúlveda was the UN Special Rapporteur on Extreme Poverty and Human Rights.

Conclusion

There are strong elements of continuity between the food security agenda of the late 20th century and the social protection agenda of the early 21st century. Instruments common to both agendas – such as public works, school feeding and input subsidies – have persisted but are evolving. Supply-driven public works projects are becoming demand-driven ‘employment guarantee’ schemes.¹¹ School feeding programmes that were dominated by imported food aid are being replaced by local procurement for ‘home-grown school feeding’. Expensive and inefficient general input subsidies are being superseded by targeted ‘smart’ subsidies.

However, there are also some important differences and contrasts. The ‘old’ food security agenda was characterised by heavy parastatal interventionism in agricultural production and marketing, with subsidies and open market operations, and was criticised for undermining private sector activities. Conversely, the ‘new’ social protection agenda targets individuals and households, and has been criticised for failing to address structural constraints at the sectoral or macroeconomic level. There is great – but so far under-exploited – potential for drawing on the positive features of both agendas.

From the perspective of agriculture, rural poverty and food insecurity, all of the major conceptual frameworks for social protection have useful and relevant features. **Social Risk Management** provides a coherent framework for rural risk analysis and a typology of possible

programmatic responses – risk reduction, risk mitigation and risk coping. **Transformative Social Protection** identifies a wider range of interventions – protective, preventive, promotive and transformative – thereby focusing on both ‘livelihood protection’ and ‘livelihood promotion’ objectives, on both ‘economic’ and ‘social determinants’ of poverty and vulnerability, and on reducing vulnerability as much as reducing poverty. **Adaptive Social Protection** links three agendas – social protection, disaster risk reduction, and climate change adaptation – to provide a coherent response to the threats posed to agricultural livelihoods by climate change. The **Social Protection Floor** takes a rights-based approach to extending income security to all, and is currently exploring integrating the right to food alongside the right to social security.

Several analytical frameworks also add value to the understanding of rural poverty and vulnerability and the identification of appropriate policy responses. The **entitlement** approach disaggregates sources of food and income (production, labour, transfers), and analyses food insecurity as an inability of these sources to generate access to adequate food. The **life-cycle** approach recognises that different people have different vulnerabilities and social protection needs, drawing a basic distinction between ‘dependent’ and ‘economically active’ people, and between different life-cycle phases, from infancy to old age. An **agricultural livelihoods** approach identifies four broad

11 Note that several social safety net programmes of the 1980s and 1990s were also demand-driven. Social investment funds in Latin America invited local communities to submit ideas for community development projects, while many emergency employment programmes were self-targeted.

strategies: social protection from, independent of, for, and through agriculture. **Social protection for food security** clusters instruments into social assistance, income generation, ‘twin-track’ measures, risk management, and risk reduction. Finally, **graduation model** programmes deliver a suite of social protection and complementary interventions, including livelihood packages (assets, training, microfinance) with the aim of ‘graduating’ participants out of extreme poverty and food insecurity.

These conceptual and analytical frameworks overlap and often reflect differences of emphasis rather than of substance. Which framework should be chosen depends partly on the local context, including existing policies and programmes, as well as the objectives being prioritised by governments and agencies. The consolidated framework proposed in this paper organises social protection and other related interventions around three sources of income and food (production, labour, and transfers), which social protection policies and programmes should target in order to either raise or stabilise income, while respecting three principles (gender sensitivity, social inclusion, environmental sustainability). The two programming objectives are to promote livelihoods to reduce poverty, and to protect livelihoods to reduce vulnerability.

The selection of appropriate social protection instruments for rural poverty reduction should be driven at least partly by evidence, which is accumulating for different interventions across many countries. Policies that have been found to promote livelihoods and reduce rural poverty include: agricultural input subsidies (which raise production and rural wages and reduce food prices), public works programmes (which create physical infrastructure that can raise crop yields), cash transfers (which are invested in productive assets and farming), asset packages (which generate complementary income streams), and local procurement (which creates ‘structured demand’ for smallholders’ produce).

Policies that have been found to protect livelihoods and prevent (further) rural poverty include mechanisms to stabilise food prices, either market-based (risk-hedging tools such as futures markets and call options) or public interventions (such as strategic grain reserve management). Although grain reserves were dismissed as part of the ‘old food security agenda’, the 2007/08 food price crisis revived interest in this option. Livelihoods can also be protected against shocks by social transfer programmes that are flexible and scalable, for example by introducing a contingency mechanism that allows increased levels of support or registration of additional programme participants during crisis periods.

Efforts to make social protection more gender-sensitive have achieved mixed results. Naming women as recipients of cash transfers has demonstrated some success in terms of critical food security outcomes such as children’s nutrition. However, interventions such as public works and conditional cash transfers must be carefully designed to avoid reinforcing stereotypical gender roles. Options include adding care work for women on public works projects, to complement heavy manual labour that is more suitable for men, and ensuring that female care-givers are not penalised if families are unable to comply with cash transfer conditions. Other innovative ideas for enhancing the food security potential of social protection interventions include building nutrition education and hygiene awareness into conditional cash transfers and graduation programmes. These behavioural change components have been implemented in some cases.

Another recent development in thinking on social protection for rural poverty reduction is the importance of adopting a life-cycle approach. Achieving the right to food might require direct transfers of food to non-working vulnerable groups such as children and older persons, or cash transfers to finance the purchase of food.

For working adults who are poor and food insecure, access to income and food can be supported in various ways, including through direct transfers but also through providing employment (jobs, food-for work or cash-for-work) or by promoting food production (e.g. agricultural input subsidies).

Though it is tempting to conclude from the many positive success stories that social protection programmes are solving problems of rural poverty and food insecurity almost on their own, this conclusion would be misleading and incorrect. An analysis of *Oportunidades*, a conditional cash transfer programme in Mexico that has been subjected to several positive evaluations, found that commendable efforts to reach marginalised indigenous people did not necessarily translate into better job prospects and higher incomes for these groups. The programme aims to break the intergenerational transmission of poverty by promoting parents' investment in their children's education, but poor quality of education and labour market rigidities (due partly to discrimination against minority groups) undermined these intended impacts (Ulrichs and Roelen 2012). This highlights the importance of taking the context into account when designing and evaluating social protection programmes, and of linking social protection to other interventions (e.g. in education and labour markets) in an integrated systems approach.

But social protection systems are built not only on evidence of positive impacts from various countries. Selecting social protection instruments to reduce rural poverty and food insecurity is only one step in the process of building a social protection system. This requires undertaking a vulnerability analysis and a needs assessment, to generate a suite of social protection (and other) responses appropriate to the local context. From this set of potential interventions, the selection process must next take account of what is financially and politically feasible. Financial feasibility relates to what is affordable and whether a financing strategy exists that

will ensure the selected interventions are sustainable over time. Political feasibility refers not only to ideological biases (for instance, the neo-liberalism that dominates contemporary development policy, which favours targeted over universal programmes) but also political expediency (calculations about which policies will win votes from key constituencies) (Devereux and White 2010). The most effective social protection policies for rural poverty reduction are not necessarily those that have had the greatest impacts and were most cost-effective in other countries, but those that are well integrated with the country's agriculture sector policies and are fully aligned with the priorities and vision set out in national development plans.

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Social protection has emerged as a key element in global policy debates on poverty reduction and the post-2015 Development Agenda. This paper presents a framework for linking social protection to food security, rural development and poverty reduction. Based on an extensive review of the impact of social protection on agricultural production and rural poverty reduction, the paper illustrates how social protection can contribute to food security and rural development. The paper includes policy recommendations that will support the design and implementation of social protection policies, which are aligned with broader agriculture, rural development and poverty reduction policies, to help rural populations manage risks effectively.



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