



Instruments for Linking Agricultural Growth and Social Protection

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Alternative or Complementary?

- Agricultural policies and social protection policies dealt with by separate Institutions
- Trade-off between expenditure on SP and agricultural growth programmes: more for growth or more for social protection?
- Links between two remain poorly conceptualised leading to sub-optimal growth and pro-poor strategies

Risk and vulnerability: Domestic or Productive Spheres?

- Risk and vulnerability prevent take-up of new opportunities in agriculture
- Risk management in agriculture focus on productive sector activities
- Risk management under social protection focuses on domestic domain



Domestic *and* Productive Spheres

- Shocks and stresses differ between the productive and domestic spheres
- if there is no safety net in the domestic sphere, substantial resource flows *out* of agriculture can occur
- strengthening or protection of individually owned assets, and the guaranteeing of rights of access to those not owned, is crucial to build long-term resilience to shocks and stresses



Programme Objectives

- Better understand how social protection policies and agricultural policies can complement each other to achieve more efficient and equitable combinations of growth and poverty reduction?
- Support DFID country offices in their dialogues with governments and other partners to enable more coherent and ‘joined-up’ agriculture and social protection policies

Productive safety nets in Ethiopia

- Timeliness = investment
- Public works vs own livelihoods
- Cash transfers: lessons for stimulating supply responses





Employment Guarantees in India

- Impact on labour productivity?
- Addresses risk associated with seasonality – if well planned.
- Assets creating by MEGS may contribute to increasing agricultural productivity
- Despite concerns about exclusion, evidence suggests that MEGS has mobilised women and enhanced their independence
- Rural transformation or rural trap?



CGE Modelling in Cambodia

- Prices, shift in demand and/or in supply
 - Consumption and production with a sectoral approach
 - Poverty and income distribution
 - Growth
 - Investment and productive strategies
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- Cash transfers vs inputs subsidies vs food aid
 - Targeting: households with(out) labour / land



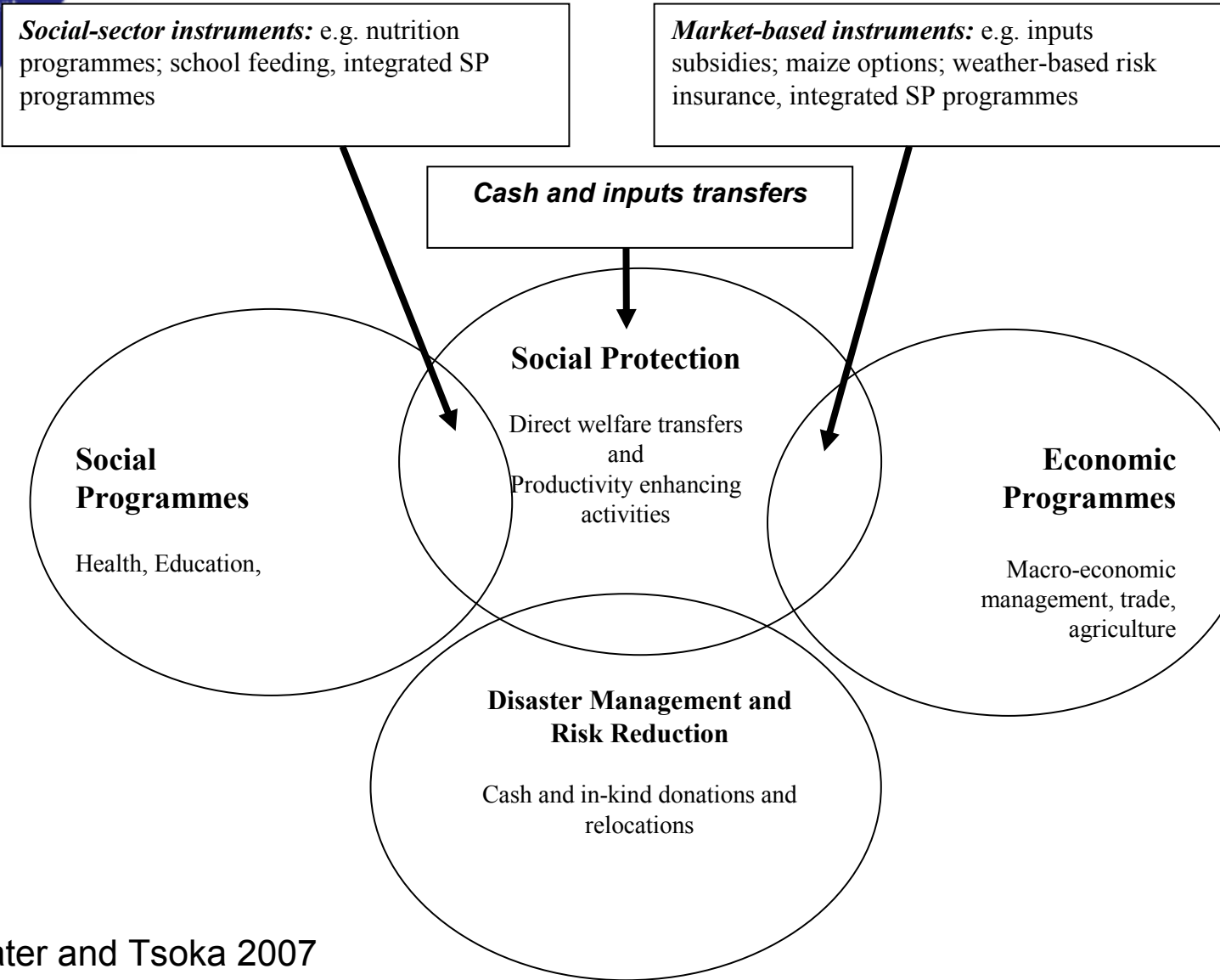
Emerging lessons (1)

- Timing and predictability of transfers
- Scale of transfer
- Need for additional investment and access to complementary services



Emerging Lessons (2)

- Scope of social protection:
 - Institution responsibilities – single department / ministry? Multiple ministries?
 - Scope of instruments – Welfare-enhancing? Productivity-enhancing?
 - Dealing with disasters



Emerging lessons (3)

- Different poverty groups
- Problem-focused vs. instrument-focused
- Type of transfer

Rural HH	Domestic shocks and stresses	Production shocks and stresses	Financial interventions potentially complementary to agricultural growth:	
			to address <i>Shocks</i> Risk reduction through:	to address <i>Stresses</i> and <i>chronic poverty</i>
Large-scale farmers	Illness Injury Disability Death Costs of weddings and other rituals	Collapse in prices resulting from globalisation Extreme weather events (drought, hail, flooding) Degradation of soil, water and other NR Inadequate access to input, finance and output markets owing in part to failed liberalisation	Price hedging; crop insurance Facilitate and regulate market-based farm asset insurance and domestic insurances (health; life; assets) to prevent flight of capital out of agriculture	Not necessary – assets adequate
Marginal farmers	Illness Injury Disability Death Costs of weddings and other rituals	Extreme weather events (drought, hail, flooding) Degradation of soil, water and other NR Inadequate access to input, finance and output markets owing in part to failed liberalisation (Possibly) collapse in prices resulting from globalisation	Crop insurance Promotion of private sector inputs supply and marketing may have to be accompanied by measures to reduce market segmentation and interlocking Insurance and savings schemes may require a strong public or community-based leadership Employment assurance schemes of some importance	Promote asset accumulation by savings schemes, possibly including “matching funds” Targeted transfers to cope with stress of old age, prevent (and possibly reverse) outflow of capital from agriculture and enhance consumption of agricultural products; Promote micro-savings, micro-credit, micro-insurance
Farm labourers	Illness Injury Disability Death Costs of weddings and other rituals	Loss of rural employment opportunities and/or reduction in real wages attributable to the above Loss of opportunities for seasonal/permanent migration attributable to same or other causes	Indirectly via interventions to stabilise prices and promoting and (perhaps initially) subsidising farm asset and domestic insurances insofar as they impact on food prices and job opportunities; domestic insurances likely to be particularly important Public works programmes Support for seasonal migration through improved information, accommodation, education provision for children, easier means of making remittances etc	Promote asset accumulation by savings schemes, possibly including “matching funds” Targeted transfers to cope with stress of old age, prevent (and possibly reverse) outflow of capital from agriculture and enhance consumption of agricultural products; Promote micro-savings, micro-credit, micro-insurance Investigate possibilities of occupation-linked insurance and pensions
Unable to engage in economic activity	Illness Injury Disability Death Costs of weddings and other rituals	Reduction in informal intra-household transfers resulting from above shocks/stresses in agriculture Reduction in opportunities for gathering fodder/fuel from commons owing to NR degradation	Indirectly through keeping food prices stable Employment assurance irrelevant	Targeted transfers such as social pensions for the elderly, widows and disabled; school feeding programmes; promotion of infant health and nutrition; distribution of free or subsidised food. Schemes to rehabilitate the commons and ensure equitable access

Poverty, Risk and Vulnerability Profile for Malawi

Ultra-poverty rate:

22%

Poverty rate: 52%

Poorer

Richer

Ultra-poor:

- Few assets. Little or no land.
- Income < food needs
- Chronic illness, female headed, elderly headed, high dependency ratios
- Vulnerability – low because of low-risk, low-return livelihood strategy
- Pathway out of poverty: Long-term investment in human capital, utilising existing labour and other assets
- Objective of social protection: Ensure consumption and maintain assets; Access to social services (health and education)
- Options for social protection: Direct transfers, inputs support

Destitute: as ultra-poor but fewer assets, no labour, often female/child/elderly headed

Poor:

- Some land or labour and other assets but vulnerable to further impoverishment
- Income < food and non-food needs
- Heavily dependent on a single activity – usually agriculture –
- Vulnerable to climate / weather shocks / crop failure, chronic illness.
- Net consumers of food
- Little resilience to shocks
- Pathway out of poverty: Increase capacity to deal with shocks
- Objective of social protection: Asset building, reducing or mitigating risks that households face; Access to social services; Agricultural credit
- Options for social protection: Direct transfers, inputs support, subsidies to support investment in risky activities

Transient Poor / At risk:

- Land and labour assets
- Some resilience but face a broad range of shocks
- Objective of social protection: Prevent slide into poverty during times of shock or stress
- Options for social protection: Social insurance; Micro-finance, especially credit

Heavily dependent on single livelihood activity

Increasing diversification of livelihoods



Source: Slater and Tsoka 2007



Four outstanding questions

- 1) Understanding graduation – beyond anecdotal evidence
 - e.g. asset-based strategies
 - e.g. logic of graduation – Zambia



Logic of graduation Zambia

- Incapacitated & Low-capacity households

PWAS / Cash Transfers



Food Security Pack



Fertiliser Support Programme

- Implementation and institutional challenges



Four outstanding questions

1. Understanding graduation – beyond anecdotal evidence
2. Impacts on growth
 - CGE modelling in Cambodia
3. *How much growth will we get from a US\$ X million investment in social protection?*
4. Politics / Political Economy of Social Protection