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# Harnessing informal institutions to strengthen social protection for the rural poor

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## ABSTRACT

Social protection has emerged as an effective policy response to tackle food insecurity, increase agricultural productivity and promote rural development across the developing world. Despite the proliferation of social protection programmes, their coverage is still low and informal support systems continue to be the key means of protection for the majority of the rural poor and vulnerable. Although their significance has remained largely invisible in policy and programming, there is growing interest to explore their potential and to support linkages with formal programmes. This article reviews the main types of informal social protection with their strengths and weaknesses, identifies their linkages to formal social protection, and proposes ways to strengthen them for more robust and inclusive social protection systems.

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## 1. Introduction

Social protection has become a key policy response to address risk, vulnerability and chronic poverty across the developing world over the past two decades. Evidence from low and middle income countries where agriculture remains the major source of livelihoods for the poor demonstrates that social protection programmes are particularly effective in reducing hunger by enabling recipients to increase consumption, improve agricultural productivity, manage risks and build assets. Recognising that the right to adequate food and to social protection are human rights under international laws, governments also increasingly commit to the provision of social protection for all their citizens (FAO, 2015).

As social protection is still nascent with limited outreach particularly in low income countries and in regions where most of the world's poor live (FAO, 2015; World Bank, 2015), traditional support mechanisms continue to be the principal means of protection and survival (Devereux and Getu, 2013). Firmly embedded in customary law and social institutions, these long-standing informal mechanisms aim to protect livelihoods and guarantee a minimum level of subsistence for all community members (Platteau, 1991). Despite their significance, they have largely remained invisible in formal policy and programming and there is limited research documenting their reach and efficacy (Devereux and Getu, 2013; Vinci et al., 2014). However, there is increasing interest to explore them and promote synergies between informal social

support mechanisms and formal social protection programmes in order to enhance food security, agricultural growth and sustainable rural development.

By reviewing existing evidence, this article aims to contribute to the ongoing discussion and identify areas that demand further policy and programming attention. The next section presents key conceptual frameworks and typologies of informal social protection mechanisms, while Section 3 describes their different types and discusses their strengths and weaknesses in relation to food security and agricultural productivity. Section 4 looks in more detail at the linkages between informal and formal support mechanisms and the last section concludes by calling for more research and proposing ways to best strengthen these linkages for robust, more inclusive and culturally-relevant social protection systems.

## 2. Informal and formal social protection

Long before the advent of formal social protection programmes, traditional communities created a 'bewildering variety' of informal support mechanisms to ensure a minimum subsistence for all their members (Platteau, 1991). The particular forms these mechanisms took were determined by historical circumstances and environmental factors, including the history of social relations, natural constraints, population density, production risks and available technology (ibid.). However, they were all founded on the principles of reciprocity, mutual obligation and trust, ruling that those in

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need today receive help from the ones to be in need tomorrow so that all members are protected and the community survives (Norton et al., 2001).

Building on the seminal work by Platteau (1991), Verpoorten and Verschraegen (2010) distinguish between three key types of informal social protection, all of which primarily aim to reduce food insecurity as well as meet other basic needs. The first type includes *collective rules and mechanisms* which refer to the ways in which available productive assets and work opportunities are traditionally allocated to ensure every household in the community has some guarantee of survival on an annual basis. *Reciprocity networks or gift exchange arrangements* are the second type and include a wide variety of arrangements, ranging from women sharing food with one another to men and women working on one another's farms and loaning out agricultural tools. The third type of informal social protection consists of more modern *insurance mechanisms*, best characterised as semi-formal rather than informal, given that they have a more structured organisation with concrete participation rules and procedures; well established throughout the developing world, these mechanisms have in recent decades structured and monetised reciprocity networks. A fourth type, not discussed by the aforementioned authors, but common around the world, is the important support provided by *religious organisations* (Norton et al., 2001).

While ultimately aimed at the same goal of providing social protection, formal and informal systems (see Fig. 1) are different from one another in three key ways. First, informal social protection is guided by cultural and religious principles as well as family and community values, whereas formal social protection is driven by economic and social principles linked to national and international strategies and frameworks. Second, informal social protection is financed by individuals and communities, while formal systems are supported by public revenue, international donors or Non-Governmental Organisations (NGOs). Finally, informal forms of social protection – although not necessarily the more modern semi-formal mechanisms which represent a middle ground – lack the institutional arrangements, regulations and accountability mechanisms that characterise formal social protection (Teshome, 2013).

### 3. Types of informal social protection mechanisms

As discussed above, the literature identifies four key types of informal social protection mechanisms with their own strengths and weaknesses: collective rules and mechanisms, reciprocity networks or gift exchange arrangements, semi-formal insurance mechanisms and religious-based support.

#### 3.1. Collective rules and mechanisms

Guaranteed access to vital productive assets and opportunities for every household was the main method used by traditional communities to protect their members from hunger and destitution. Collective rules and mechanisms governed access to available assets and opportunities, including access to land through sharecropping, access to other productive assets and access to work opportunities (Platteau, 1991).

Within a context of unequal distribution of productive assets and labour scarcity, sharecropping arrangements allow the tenant or sharecropper the right to use land in return for paying the owner a percentage of the production. There are various sharecropping forms with a long history and widespread prevalence throughout the world. Sharecropping is considered an informal risk-sharing strategy as in the case of bad harvest the rent paid is lowered or even cancelled off (ibid.). However, economic analyses have questioned its efficiency on the grounds that the sharecropper induces less effort and invests less in land improvement. Comparing inputs and investment on plots tenanted and owned by the same households, a study in India estimated a total output loss from sharecropping close to 25% (Deininger et al., 2012). Moreover, despite providing some protection, sharecropping arrangements have been part of exploitative patron-client systems tying the poor to wealthier landlords.

Apart from access to land, other informal arrangements enable the poor to access valuable assets such as inputs or livestock in pastoralist communities. Poor landowners receive capital for the purchase of seeds, fertilisers or draught power from wealthy individuals and in return provide part of the harvest (Oduro, 2010). Pastoralists also have several informal practices which involve offering animals to poor members in order to smooth consumption; in Ethiopia, *dabare* is such a practice in which better-off members lend milking livestock to poor households with children (Addis and Assefa, 2013). Traditional mechanisms also offer households without assets access to work opportunities to ensure their survival (Platteau, 1991). However, population pressure, climate change, private property rights and increased commercial pressures on land have weakened informal arrangements of access to land, assets and employment for the poor and the vulnerable.

#### 3.2. Reciprocity networks or gift exchange arrangements

This second type of informal support mechanisms consists of labour-sharing groups, informal mutual aid associations and gift exchanges, including remittances.

##### 3.2.1. Informal labour-sharing groups, mutual aid and gift exchange networks

Widespread across the developing world, labour-sharing groups are informal reciprocity networks involving a number of

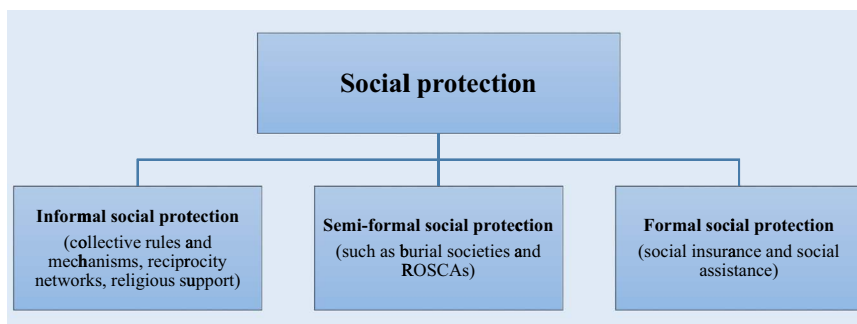


Fig. 1. The main components of social protection.

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