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Social protection and agriculture: Introduction to the special issue

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ABSTRACT

Social protection programmes have expanded rapidly in many developing regions over the past two decades, covering about 2.1 billion people. The evidence shows social protection not only has positive welfare impacts, it also stimulates productive activity among beneficiary households and the local economy. Most of the extreme poor live in rural areas, with agriculture an important part of their livelihoods and policies to promote agricultural growth being essential. Both social protection and agricultural policies are needed for poverty reduction. However, the synergies inherent between the two are not yet fully understood. We review some of the key issues related to maximizing synergies between social protection and agricultural policies: targeting, informal support systems, gender, institutional demand, impact evaluation and research priorities.

This article introduces a special issue compiled from background papers for *The State of Food and Agriculture 2015: Social protection and agriculture: breaking the cycle of rural poverty. The State of Food and Agriculture*, is a flagship publication of the Food and Agriculture Organization of the United Nations, published since 1947. The papers were prepared by experts from various institutions including the Brazilian Institute for Colonization and Land Reform, the University of Brasilia, the International Policy Centre for Inclusive Growth, the International Food Policy Research Institute, the Overseas Development Institute and the World Poverty Institute at Manchester University. Consultations informed by the background papers included additional experts, drawn from the National Autonomous University of Mexico, the Global Forum on Agricultural Research, the World Bank, World Food Programme, International Fund for Agricultural Development, UNICEF, and Jawaharlal Nehru University.

The focus on social protection was motivated by the lingering high levels of poverty and food insecurity, despite progress in reducing both. The contribution by Lowder et al. (2017, In this issue) details that in 2011 about 1 billion people lived in extreme poverty, i.e. they lived on less than $1.25 a day and about 2 billion people were poor, living on less than $2.00 a day.[2] Three-quarters of the extreme poor lived in rural areas and many were engaged in agriculture deriving an important part of their household income from activities around crop, livestock and/or fisheries.

Hundreds of millions of rural families are trapped in a cycle of hunger, poverty and low productivity that causes unnecessary suffering and impedes agricultural development and broader economic growth. Breaking this cycle requires actions in two complementary domains: social protection and growth in the productive sectors of the economy. Because most of the poor live in rural areas and agriculture remains the most important productive sector for rural people in many developing countries, linking social protection with smallholder agricultural development is a potentially powerful means of breaking the cycle of rural poverty.

Over the longer term, inclusive economic growth is the only sustainable path out of poverty. Evidence shows that economic growth has been an essential factor in driving down poverty rates. In countries that have a large share of their labour force engaged in agricultural activities, growth originating in agriculture has been particularly effective at reducing poverty (Christiaensen et al., 2011). However, even with economic growth, movement out of poverty is slow and not all the poor benefit from growth. Poverty often begins with poor nutrition and health, especially in early childhood, leaving households vulnerable to shocks, which have significant and persistent effects. Also, small family farmers are subject to risks and shocks and face difficulties in accessing markets, which are often malfunctioning or do not exist. As a result, poor households often adopt livelihood strategies that minimise their exposure to risks and that require minimal investments but also reduce their income-earning potential and trap them in cycles of poverty and vulnerability.

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[1] The views presented in this paper are those of the authors and do not necessarily represent the official view of FAO or its member countries.

[2] $1.25 and $2.00 a day refer to international poverty lines, with dollars measured in constant 2005 PPP dollars – denoted by the symbol $.

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Without targeted public assistance, many of the poor and vulnerable will suffer unnecessary hardship and lasting deprivation, perpetuating poverty for future generations. The concept of social protection evolved out of the "social safety nets" agenda of the 1980s and 1990s and initially addressed shocks but over time came to include chronic poverty. There is no single definition of social protection, but a broadly representative definition is "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 marginalized; with the overall objective of reducing the economic and social vulnerability of the poor, vulnerable and marginalized groups" (Devereux and Sabates-Wheeler, 2004, p. 9).[3]

Although there is still debate in some circles over the nature of the concept, it is generally agreed that social protection includes three broad components: social assistance, social insurance and labour market protection (Barrientos, In this issue; World Bank, 2014).

Social assistance programmes are publicly provided transfers that aim to reduce the incidence or depth of chronic poverty.[4] The most common programmes are: (1) unconditional transfers, i.e. programmes that distribute cash or vouchers, or are in-kind, without anything required of the beneficiary. Examples of unconditional cash transfer programmes are Kenya's Cash Transfer Programme for Orphans and Vulnerable Children (CT-OVC), Lesotho's Child Grant Programme (described in Daidone et al. (In this issue)) and South Africa's Child Support Grant, which target poor households with children. Another form of unconditional transfer is India's Targeted Public Distribution System, a food price subsidy. There are about 122 developing countries with unconditional cash transfer programmes and 95 developing countries with unconditional in-kind transfer programmes (World Bank, 2017). (2) Conditional transfers, which are like unconditional transfers except that they require beneficiaries to meet some specified conditions, typically regarding behaviour change for improving human capital accumulation among children. Examples of conditional cash transfers are Mexico's Programa de Educación, Salud y Alimentación (PROGRESA) and Brazil's Bolsa Família.[5] (3) Public works programmes, also referred to as cash- or food-for-work, or guaranteed employment programmes, which require beneficiaries to work to create or maintain household or community assets. Examples of public works programmes are India's Mahatma Gandhi National Rural Employment Guarantee Act – the world's largest anti-poverty public employment programme – and Ethiopia's Productive Safety Net Programme, which is a public works programme that also includes cash transfers to poor households.

Social insurance programmes are typically financed by contributions from employees, employers and the state, and are based on the insurance principle, as individuals or households protect themselves against risk by pooling resources with a larger number of similarly exposed individuals or households. Such programmes address life-cycle, employment and health contingencies.

Labour market programmes provide unemployment benefits, build skills and enhance workers' productivity and employability. Programmes are classified as either "passive", such as those securing minimum standards and safeguarding workers' rights, or "active", in that they actively enhance employability.

Evidence presented in Lowder et al. (2017, In this issue) shows that social protection programmes have expanded rapidly in many regions over the past two decades. In part this is due to the successful experiences with large-scale programmes that help the poor and vulnerable, for example in Brazil, Ethiopia, India and Mexico. About 2.1 billion people in developing countries – about one-third of the population of the developing world – are covered by some form of social protection. However, there is wide variation among regions, with coverage being lowest in the regions where the incidence of poverty is highest. The authors also report that the available evidence shows that social assistance is by far the most common form of social protection in the developing world. Furthermore, within most countries, the poor are more likely to receive social assistance than other forms of social protection, whereas higher-income groups tend to benefit more from social insurance and labour market programmes (Fiszbein et al., 2014). Globally, about 24% of the extreme poor were reached by social assistance while only about 3% were covered by social insurance and 3% by labour market programmes. It is for this reason that the background papers and the State of Food and Agriculture 2015 focused on social assistance and in the discussion that follows the term social protection can be taken as synonymous with social assistance programmes.[6]

The positive impacts of social protection are clear across a number of outcomes.[7] For one, social protection programmes, when appropriately designed and targeted, help alleviate poverty and hunger. Often, these programmes also allow households to diversify their food consumption and – when designed in a gender-sensitive manner and accompanied by complementary interventions in health, sanitation, home gardens and nutrition education – improve nutrition, health and education outcomes. Importantly, evidence shows that social protection interventions stimulate productive and economic activity among beneficiary households, as well as in their surrounding economies as recipients purchase food, agricultural inputs and other rural goods and services.

The paper by Tirivayi et al. (In this issue) espouses the central theme of this special issue: both social protection and agricultural policies are essential for poverty reduction but the synergies inherent between the two sectors are not yet fully understood and appreciated.[8] Social protection measures are needed to relieve the immediate deprivation of people living in poverty and to prevent others from falling into poverty when a crisis strikes. Social protection can also help recipients become more productive by enabling them to manage risks, build assets and undertake activities that are more remunerative.

Notwithstanding their proven potential, social protection programmes generally transfer small amounts (Lowder et al., 2017, In this issue) and for limited periods, and alone they will not sustainably lift rural households out of poverty. Social protection programmes also do not address the structural factors that limit access to natural resources, factors of production, technologies and markets (Tirivayi et al., In this issue). Rather, by helping households manage risk and by alleviating credit and liquidity constrains, such programmes can complement agricultural policies and interventions and contribute to stimulating farm output, income and overall household welfare and are particularly relevant in regions like sub-Saharan Africa where 72% of the rural population are smallholder farmers (World Bank, 2007).

The contribution by Barrientos (In this issue) notes that household welfare is impacted by a variety of factors and hence the context is important for policy design. Depending on the factors driving poverty, social protection programmes may need to blend welfare smoothing and redistribution. The article identifies three broad social assistance programme types: pure income transfers, transfers combined with asset accumulation, and integrated antipoverty programmes, which reflect

[3] Most definitions are broad, but governments, donors and other actors often have particular viewpoints and objectives: UNICEF, for example, has a child-focused approach (Gentilini and Omamo, 2009). As Barrientos (In this issue) notes, the World Bank, and other Washington-based agencies, use the term 'safety nets' to describe all programmes and interventions focused on poverty reduction in developing countries.

[4] Devereux (2002) notes that when the transfers are guaranteed and predictable they also perform a "social insurance" function, i.e. they smooth consumption and prevent destitution following a shock.

[5] The programme started in 1997 as PROGRESA and was renamed (and slightly modified) Oportunidades in and Prospera in 2014.

[6] We also note that emergency assistance is not included in social assistance as the two have different rationales, objectives, target groups and sources of financing (Barrientos, In this issue).

[7] See FAO (2015) for more detail.

[8] Tirivayi et al. (In this issue) look at the interaction between agriculture and social assistance programmes.