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social protection

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Linking social protection and the productive sectors

Agricultural productivity can be supported by well-designed social protection programmes

Key points

- In relation to the productive sectors, social protection can enhance resilience in the face of threats, limit disinvestment, and, by reducing perceptions of high risk, promote investment by the poor.
- Though some of the links between social protection and growth are specific to the agricultural sector, others are more generic.
- Agriculture can be more socially protecting, and social protection more sensitive to impacts on production, if ministries of finance can leverage joined-up thinking and action.

Overseas Development Institute

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Agricultural growth is key to rural poverty reduction. It can also be socially protecting: through growth, agriculture enhances the volume and stability of food supplies, keeping down food prices. The landless benefit from the jobs it creates, and its multiplier effects stimulate growth and job creation in other sectors. However, agricultural growth, and the social protection it can bring, is vulnerable to shocks and stresses because of weather, health, financial and other problems. Particularly vulnerable are small farmers and farm workers, who share their human and financial resources between the domestic (home) and productive (work) environment, and can be affected negatively by problems in either. For these poor people, such shocks and stresses can cause severe asset loss and further impoverishment.

Social protection assists poor people in the agricultural sector by reducing both:

- the risk and vulnerability to shocks and stresses, and
- the perceptions of high risk in the sector, which may otherwise prevent the poor from venturing into new opportunities.

Risk-prone rainfed farming of food crops in Tanzania.

This paper, based on a collaboration between the Overseas Development Institute and the UK Department for International Development's (DFID) Renewable Natural Resources and Agriculture Team, sets out current practice and future prospects in respect of how social protection and agriculture (broadly defined to include crops and livestock) relate to each other, and offers some conclusions on how social protection can support poor people in the agriculture sector to take advantage of emerging opportu-

Box 1: Traditional forms of social protection

There are many examples of traditional social protection in rural areas. Extended families allow better provision of food and shelter than might be available via nuclear families, especially for those unable to engage fully in the productive economy (the sick or elderly, children, and women having large numbers of dependents). Village food bank schemes, or the sharing of produce among neighbours, allow consumption smoothing during times of food scarcity. Sharing the costs and benefits of livestock herding provides a hedge against risk, as does sharecropping where rents are set at reasonable levels.

Table 1: Examples of the two-way links between agriculture and social protection

	Social protection oriented outside agriculture, but impacting on it	Policies within agriculture to make it more socially protecting for producers and labourers	The social protection impacts of agriculture on consumers and others
International	Promotion of workers' rights; 'decent work' agenda;[1] foreign aid distributed to households in cash and in kind (including food aid).	International crop and livestock disease prevention and control; international research into 'pro-poor crops' such as cassava.	Smoothly functioning 'futures' markets, combined with surpluses generated by agricultural innovation, keep supplies steady and prices low.
National	Cash transfers as a stimulus to local market demand; if poorly timed, food transfers can undermine local markets. Improved human capacities through health and education; improved health and life insurance; schemes to improve security of access to and ownership of assets by poor households.	Crop and asset insurance, , crop sales on 'futures' market, investment in irrigation, soil and water conservation, markets etc. Public works on irrigation, drainage, feeder roads etc. Creation of other community assets such as improved woodlots and grazing land.	New technology (e.g. new types of plant and livestock with improved nutritional value, improved pest resistance and drought/flood tolerance) keeps supplies steady and prices low even within areas having limited access to markets.

nities, and also protect them when their livelihoods are threatened by change.

Defining social protection, risks and vulnerability in the context of agriculture

Social protection is defined here as *the public actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given society*. It is mandated either by the state or by organisations claiming to pursue the public interest – such as non-governmental organisations (NGOs) – and implemented by public or private organisations. Transfers from the state to individuals, in cash or in kind, are a major plank of social protection and aim to increase and/or smooth consumption, as well as, in some cases, build up their assets. But there are also more specific initiatives to build up assets, from those that are highly tangible (physical and financial assets) to those that are less so (skills, health, citizenship). Some also aim to improve access to assets by the poor. In many contexts, traditional, often informal, social protection measures are also in place (see Box 1), though there can be no hard-and-fast rule over whether new forms of social protection should displace the old: where they do so, this may result in some enhanced status for beneficiaries, but possibly at the cost of reduced social cohesion.

Risk is the likelihood of occurrence of a potentially harmful event (in some definitions, multiplied by the value of harm that it could cause). Risks (such as weather-based impacts) are amenable to actuarial assessment and so, in principle, are insurable; uncertainties (such as political disturbance) are not. Vulnerability is high where households have limited capacity to prevent, mitigate or cope with the effects of risky or uncertain events. Better access to assets can enhance this capacity, and, for instance, the DFID-supported Chars Livelihoods Project in Bangladesh has distributed large numbers of livestock to reduce vulnerability and enhance productivity (see Box 2).

Social protection and the agricultural context

There are a wide range of possible interactions between agriculture and social protection. Listed below are starting points for thinking about these interactions:

1. Resources in small-scale farming flow freely between domestic and productive domains, so that to reduce shocks and stresses in one can impact positively on the other. Examples of shocks in the productive domain include weather or price shocks, whereas long-term depletion of soil, forest and water is a potentially important stress. Stresses in the domestic domain include long-term disability and more predictable outgoings such as marriage-related expenses. Ways in which social protection which is not focused on agriculture but can still impact on it are set out in the second column of Table 1.
2. Agriculture can impact in a socially protecting way on households and individuals as consumers, even if they have no connection with the production side of agriculture. This is illustrated in the final column of Table 1.
3. Finally, measures taken within agriculture can be socially protecting for those whose livelihoods depend on it, such as labourers and farmers, as illustrated in the third column of Table 1.

A classic example of how not to deliver social protection in relation to agriculture is the late provision of food aid, i.e. its provision at a time when locally produced food is being harvested, so running the risk of depressing local markets. There may be no alternative to food aid in some circumstances, but where markets are working adequately, cash instead of food transfers are finding favour and can stimulate local agricultural markets.

Applying social protection to agriculture

Three conventional 'modes of operation' of social protection can also apply to agriculture. Social protection can seek to:

- **Prevent** the onset of shocks or stresses. At the international level this can include measures to prevent the spread of pests and diseases; nationally, it can include irrigation, or improved soil and water conservation (see Table 1);
- **Mitigate** their impact through, for example, crop and/or other asset insurances, the promotion of enterprise diversification within farms and so on, or
- **Enhance** the resilience of households and individuals, through, for example, asset-building strategies, so that they are better able to cope with the impacts.

These arguments can be extended: on the production side, almost any public investment or provision of service can be made more or less socially protecting. Thus, investments in transport, storage and processing infrastructure, and improved regulation of markets, if managed sensitively, all have the capacity to reduce risk and vulnerability. Similarly, investment in assets such as health and education can help individuals identify how to prevent, mitigate and cope with shocks and stresses in both domestic and productive spheres. Investment in less tangible assets, such as awareness amongst the poor of their rights, and capacity to demand their entitlements, can have similarly positive outcomes.

On the social protection side, the growing attention to cash transfers, especially targeted and conditional transfers, corresponds with a concern that they should support asset creation, as with, for instance, the provision of child support linked to attendance at clinics, or of school fees and related expenses on condition of regular attendance. But, since a large proportion of the incomes of the poor is spent on food, even transfers intended purely as income support, such as social pensions, will enhance demand for food and, providing that there is some scope for supply response, will provide a much needed boost to agriculture in remote areas which are poorly linked with wider markets. In addition, there is some evidence from southern Africa that part of pensions payments are invested in potentially productive assets, such as the education of grandchildren, especially where the 'middle generation' is missing owing to HIV/AIDS.

What is clear is that there are no 'silver bullets' among measures to make agriculture more socially protecting. Taking part in the forward selling of commodities in order to obtain better and more predictable prices may benefit larger farmers typically producing a surplus. Experience with new forms of crop insurance, that are based not on individual fields but on average weather over several square kilometres, is limited so far, but has been applied largely to monocultures of commercial crops such as cotton or tobacco. It will be more difficult to apply to small-scale mixed cultivation of food crops typically practised by the poor. In the few instances where insurance works for the poor, initial subsidy, information campaigns and institutional strengthening will help it to gain ground. Public works schemes that offer state-sponsored work (and wages) to poor households, when they need it, provide a further example: if well-managed, they can support the incomes of the poor, as well as creating or rehabilitating assets of particular relevance to them.

In short, measures appropriate to one category

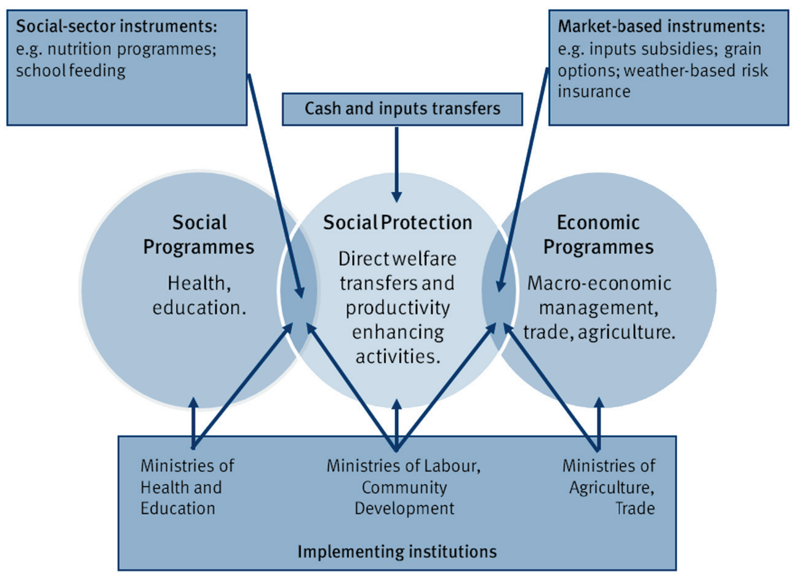
Box 2: Experiences of linking social protection and growth

Public works: Indian National Rural Employment Guarantee Act (NREGA)
With a 2006–07 budget of some £1bn, equivalent to 0.3% of GDP, allocated under the umbrella of the Indian National Rural Employment Guarantee Act (NREGA), this is probably the largest rights-based social protection initiative in the world. When fully fledged, it will cost around four times this amount and cover some 450,000 households. NREGA provides for up to 100 days of work to each household falling below the poverty line. NREGA has the potential to bridge social protection and growth, by creating or rehabilitating growth-related assets useful to the poor. However, early evidence suggests only limited awareness among the poor of their 'right to work' (especially in more remote tribal areas), and a focus on a standardised set of assets, with little consideration for local relevance. Two further difficulties from the growth perspective are that NREGA does not provide skills enhancement and does not, therefore, strengthen human capital. In addition, by taking (state-sponsored) work to the people, it may discourage them from moving to more economically dynamic areas. There is little evidence of new, more honest, practices among local bureaucrats to deliver NREGA, and allegations of demands for bribes in order to issue jobcards are numerous.

Asset building: Chars Livelihoods Programme (CLP), Bangladesh
The CLP will provide 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 approx £2.20 per month over 18 months, which removed the need to sell assets in order to meet regular needs.[2]

Human capital development: Oportunidades, Mexico
Mexico's cash transfer programme, Oportunidades, provides income transfers to five million households, conditional on children's school attendance and families' regular visits to health care centres. Oportunidades has proved to be an effective social protection tool in terms of improving human capital capacities in poor households. It has done this through improved school enrolment rates at both primary and secondary levels, especially for girls, improved nutrition, and reduction in the incidence of illness among children under five. Whilst the programme focuses on breaking the intergenerational incidence of poverty, there is scope for improving its design to maximise synergies with productive activities at the household level, and to maximise the impact of transfers on local economic development (Handa and Davies 2006).

Figure 1: The range of social protection interventions



of those depending on agriculture are not automatically relevant to others. Measures will have to be selected according to the characteristics of target groups as well as to variations in local contexts.

As Figure 1 shows, thinking about this range of social protection interventions across both social and economic public policy spheres suggests that social protection needs to be delivered by a variety of institutions in order to meet the twin objectives of protection/maintaining poor people's consumption and promoting growth and agricultural livelihoods.

Conclusions

Agricultural policy is in disarray in many countries, with retrenchment in public services and investment, vacillation in donor support, and, apart from a few niches, little effective private service provision. A revitalised agriculture needs new approaches, and reducing risk and vulnerability should be a major pillar of new policy. To do this requires the exploitation of links with social development ministries, as well as measures within the mandate of agriculture ministries. Such measures can:

- help minimise disinvestment by the poor and promote investment;
- strengthen (via cash transfers) demand for local produce; and
- enhance the resilience of households in the face of shocks and stresses.

Any expectation that ministries of agriculture and of social development will work closely together may be based on unrealistic expectations of 'joined-up' government. However, ministries of finance, through their leverage on departmental budgets, can exert positive influence on collaboration. For international agencies, aid frameworks agreed with finance ministries can leverage in the same direction, possibly through Poverty Reduction Strategies. At the same time care has to be taken to ensure that sectoral support, through, for example, Sector Wide Approaches (SWAps), does not take a narrow view that impedes cross-departmental collaboration.

Overall, this paper has argued that the range of complementarities between production- and social protection-related interventions goes well beyond the sphere of insurance, which has recently been a focus of much attention. Some are generic, others context-specific. Once these complementarities have been identified, it will be necessary to re-prioritise public expenditure, and to (re-)design implementation mechanisms to reach the poor more effectively.

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References and Endnotes

Endnotes

1. See ODI Briefing Paper 27, 'Rural employment and migration: in search of decent work', available at www.odi.org.uk/agriculture
2. For more information, visit www.clp-bangladesh.org

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