

Promoting Agriculture for Social Protection or Social Protection for Agriculture?

(ii) Policy Approaches and Emerging Questions

Risk and vulnerability play important roles in keeping poor rural people poor. Both agricultural and social protection policies can help growth benefit the poorest and most vulnerable people.

In this second briefing paper on Agriculture and Social Protection we outline important interactions between social protection and agriculture development policies. Four strategic approaches addressing (with differing success) these interactions are described, together with the main policy instruments associated with them, and design and implementation issues for these instruments discussed.

Interactions between social protection and agriculture are important and complex

There are a number of important and complex interactions between social protection and agricultural growth policies and interventions, including:

- Multiple impacts of interventions across different livelihood components;
- Multiple ways these interactions work: 'within livelihoods' on different livelihood components, behavioural changes, and productivity changes; 'between livelihoods'; changing prices and social, political and economic relations at multiple scales (individual, household, community, district, national, regional and global relations);
- Variation of impacts and interactions between different individuals, households, communities, etc, depending upon agro-ecological, social, political and economic conditions and history;
- Different characteristics and impacts of wide range of policy instruments, varying context and the ways they are implemented;
- Multiple, contested, sometimes complementary, sometimes conflicting policy objectives, with multiple stakeholders. Often processes affecting policy choices, design and implementation are little understood;
- Uncertainty and lack of information about: conditions in rural areas; resources available

for policy interventions; possible changes in conditions and resources; and likely intervention outcomes.

Strategic approaches to agricultural growth and social protection policies

Box 1 suggests four broad strategic approaches to social protection and agricultural growth and the policy instruments commonly associated with them. The first three approaches have been associated respectively with post-independence state led development policies, earlier liberalisation policies, and the new social protection growth agenda (see Social Protection Briefing paper 1).

Policies promoting social protection from agricultural growth have been remarkably successful in stimulating widespread growth in

some (mainly Asian) countries but have failed disastrously in other (mainly African) countries due to inappropriate, weak and costly implementation. Where successful these strategies, providing complementary services promoting crop production, also provided some systemic social protection in terms of welfare and risk management for both producers and poor consumers.

Independent approaches to agricultural development and social protection have a poor record in stimulating staple crop based agricultural growth in poor rural economies which have not yet achieved an agricultural transformation. Limited cash crop successes run the risk of encouraging inequitable growth and dualism.

Strategies promoting social protection for agricultural growth face very significant challenges in overcoming problems of high

Box 1.

A. Social protection (*inter alia*) from agriculture and agricultural growth:

- Output price & market interventions
- Input subsidies & delivery systems
- Credit subsidies & delivery systems
- Infrastructure development
- Technical change
- Land reform
- Livestock services
- Complementary coordination across agricultural services which also provide some social protection.

B. Social protection *independent* of agricultural growth:

Agricultural development policies include:

- removal of tariffs and regulations protecting state monopolies
- dismantling or privatisation of parastatals
- infrastructure development
- removal of price controls
- technical change & infrastructure

Social Protection instruments include:

- Unconditional cash transfers
- Food aid
- Public works
- Conditional cash transfers
- Food for education

C. Social protection for (*inter alia*) agricultural growth (instruments with less explicit welfare focus):

- Risk insurance
- Resilience building instruments
- Public works programmes
- Inputs for work programmes

D. Social protection through (*inter alia*) agriculture (primary focus on directly delivering social protection welfare rather than agricultural development):

- Targeted input programmes
- Some aspects of land redistribution
- Some cash transfers
- Inputs for work programmes

transaction costs, adverse selection and moral hazard in crop insurance and micro-finance programmes in poor rural areas.

There is an important research agenda here in comparing the costs and effectiveness of more generic growth and social protection approaches used in earlier state led agricultural development policies (for example food price stabilisation interventions) with more recent micro- level social protection approaches. Similarly lessons need to be learnt from the successes and failures of state, market and civil society engagement in these different approaches. Lessons should identify different combinations of instruments and stakeholder roles and relations that can best promote both agricultural and non-agricultural growth and social protection in different contexts and might, for example, allow the 'social protection through agriculture' approach to become more effective in promoting both sustainable agricultural growth and social protection.

Key issues for social protection and agricultural growth policies

Policy approaches to social protection and agricultural growth have changed radically over the last forty years, often driven by international 'one size fits all' 'fashions' which have not recognised important contextual issues in different countries.

Clear policy principles are needed to guide the development of contextually appropriate, complementary and flexible policy goals and instruments in both agricultural development and social protection. Contextualised principles should take account of (inter alia):

- constraints and opportunities in agricultural and non-agricultural sectors;
- the structures of people's livelihoods, and opportunities, constraints and risks people face;
- current conditions and dynamics of change

in market and supply chain development;

- existing formal and informal social protection mechanisms;
- capacity and resources for implementation of agricultural and social protection interventions;
- specific characteristics, strengths and weaknesses of different agricultural and social protection interventions in achieving particular outcomes in different contexts.

Food access and prices and HIV/AIDS impacts are two specific issues where there are particularly strong and complex linkages between agriculture and social protection.

Design and implementation issues for social protection instruments

Agricultural and social protection instruments should be designed and implemented to exploit synergies and avoid conflicts between them. A number of issues need to be addressed:

- Choice of type of transfer (e.g. cash, food, inputs, or vouchers) should take into account: multiplier effects of different transfer types; specific programme objectives; programme and recipient costs; and market development and effects
- Timing is critical in seasonal agriculture, and interventions should support, not undermine, people's strategies for coping with seasonal vulnerabilities and for exploiting seasonal opportunities
- Scale: Both the size and number of transfers have important threshold and multiplier effects affecting social protection and agricultural outcomes in livelihoods and economies
- Conditionality often results in unintended effects which have to be considered in terms of cost and outcome trade-offs across multiple objectives

- Stability and reliability of programmes over time have critical effects on their ability to deliver risk insurance benefits, as these depend people's trust in their ability to access services when needed
- Targeting: Effective targeting is critical to the success of non-universal social protection, but is difficult to achieve and requires substantial resources
- Costs increase sharply with targeting strictness and the remoteness of the target population
- The political economy of local, national and international relations: The funding, design and delivery of social protection and agricultural policies are highly political. Support for different initiatives depends upon their objectives and the interests of financiers, implementers and intended and unintended beneficiaries. Consistent and predictable social transfers require long-term commitment of national governments and, in poorer countries, donors and/or NGOs.

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This Policy Brief was written by **Andrew Dorward, Rachel Sabates Wheeler, Ian MacAuslan, Chris Penrose Buckley, Jonathan Kydd, and Ephraim Chirwa** of the **Future Agricultures Consortium**. The series editor is David Hughes. Further information about this series of Policy Briefs at: www.future-agricultures.org

The Future Agricultures Consortium aims to encourage critical debate and policy dialogue on the future of agriculture in Africa. The Consortium is a partnership between research-based organisations across Africa and in the UK. Future Agricultures Consortium Secretariat at the University of Sussex, Brighton BN1 9RE UK T +44 (0) 1273 915670 E info@future-agricultures.org

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