

Linking social protection and agriculture in Sub Saharan Africa

Benjamin Davis

Food and Agriculture Organization,
the From Protection to Production Project, and
the Transfer Project

WFP

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Strengthening coherence between social protection and agriculture

- Economic and social impacts of social cash transfer programmes
 - Provide insight into how social protection can contribute to sustainable poverty reduction and economic growth at household and community levels.
 - Government-run cash transfer programs in seven countries
 - Malawi, Ghana, Ethiopia, Lesotho, Zambia, Zimbabwe and Kenya
- Evidence-based policy support
 - In collaboration with the WFP, UNICEF, NEPAD and others
 - Evidence-based policy work to strengthen coherence between agriculture and social protection
 - Malawi: Inter Agency Resilience Programme at district level
 - Regional dialogue between Ministries of Agriculture, Social Welfare and Finance, Civil Society Organizations and development agencies

Why do livelihoods matter for social cash transfers?

- Most beneficiaries in Sub Saharan Africa are rural, engaged in agriculture and **work for themselves**
 - Zimbabwe, Kenya, Lesotho, Zambia: >80% produce crops; >50% have livestock
- Most grow local staples, using traditional technology and low levels of modern inputs
 - Most production consumed on farm
- Most have low levels of productive assets
 - .5 -2 hectares of agricultural land, a few animals, basic agricultural tools, few years of education
- Engaged on farm, non farm business, casual wage labour (ganyu/maricho)
 - Around ¼ in wage labor, ½ on farm, 10-20% non farm business
 - Wage labour mostly casual agricultural
- Large share of children work on the family farm
 - 50% in Zambia, 30% in Lesotho, 42% in Kenya
 - 41% ganyu labor in Malawi

Reaching social goals requires sustainable livelihoods

- Work in context of multiple market failures in credit, insurance, etc
 - Constrain economic decisions in investment, production, labor allocation, risk taking
 - Short time horizon—imperative of meeting immediate needs
 - Lack of liquidity, difficult to manage risk
 - Decisions about production and consumption linked
- “non separability” of production and consumption means that **social objectives are conditioned by livelihoods—and vice versa**
 - Labor needs (adults and children), including domestic chores
 - Investment in schooling and health
 - Food consumption, dietary diversity and nutrition
 - Intra household decision making
 - Dynamic between men and women, old and young
- Ultimately, **reaching social goals requires sustainable livelihoods**

Policy makers are concerned about

Dependency



Social cash transfers targeted to poorest of the poor can have productive impacts

- Long term effects of improved human capital
 - Nutritional and health status; educational attainment
 - Labor productivity and employability
- Transfers can relax some of constraints brought on by market failure (lack of access to credit, insurance)
 - Helping households manage risk
 - Providing households with liquidity
- Transfers can reduce burden on social networks and informal insurance mechanisms
- Infusion of cash can lead to multiplier effects in local village economy

Countries/evaluations included in this review

- Malawi
 - Mchinji pilot, 2008-2009
 - SCT Expansion, 2013-2015
- Kenya
 - CT OVC, 2007-2011
- Zambia
 - Child Grant, 2010-2014
- Ethiopia
 - Tigray SPP, 2012-2014
- Ghana
 - LEAP, 2010-2012
- Lesotho
 - CGP, 2011-2013
- Zimbabwe
 - HSCT, 2013-2014
- Tanzania
 - TASAF Pilot, 2009-2012

Mixed method approach

- **Household and individual level impacts** via econometric methods (experimental and non experimental)
- **Perceptions** on household economy and decision making, social networks, local community dynamics and operations via qualitative methods
- **Local economy effects** via LEWIE (GE) modeling

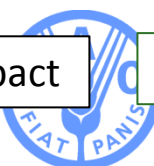
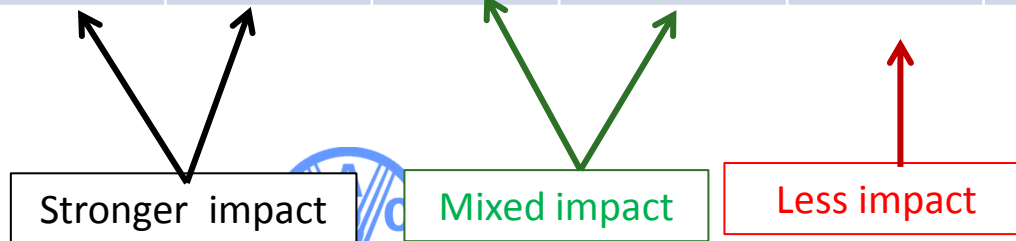
Still waiting for household level analysis from:

- Zimbabwe (end 2014)
- Ethiopia (end 2014)
- Malawi (early 2015)
- Zambia three year follow up (end 2014)

Households invest in livelihood activities— though impact varies by country

	Zambia	Malawi	Kenya	Lesotho	Ghana	Tanz
Agricultural inputs	+++		-	++	+++ (1)	
Agricultural tools	+++	+++	NS	NS	NS	
Agricultural production	+++ (2)		NS	++ (3)	NS	
Sales	+++	NS	NS	NS	--	
Home consumption of agricultural production	NS	+++	+++ (4)		NS	NS
Livestock ownership	All types	All types	Small	Plgs	NS	Small
Non farm enterprise	+++	NS	+FHH -MHH	-	NS	

- 1) Reduction hired labor
- 2) Overall value of production; reduction in cassava
- 3) Maize, sorghum and garden plot vegetables
- 4) Animal products



Shift from casual wage labor to on farm and family productive activities

adults	Zambia	Kenya	Malawi	Lesotho	Ghana	Tanz
Agricultural/casual wage labor	---	--- (1,2)	---	-- (2)	NS	
Family farm	+ (2)	++ (1)	+++	++ (2)	+++	
Non farm business	+++	NS		+	NS	
Non agricultural wage labor	+++	NS	NS	NS	NS	
children						
Wage labor	NS	NS	---	NS	NS	(5)
Family farm	NS	--- (3)	+++ (4)	--	NS	(5)

No clear picture on child labor (but positive impacts on schooling)

Shift from casual wage labour to family business—consistently reported in qualitative fieldwork



- 1) Positive farther away
- 2) Varies by age, gender
- 3) Particularly older boys
- 4) Increase chores, reduction leisure
- 5) No impact on time use; labor not reported

Improved ability to manage risk

	Zambia	Kenya	Malawi	Ghana	Lesotho	Tanz
Negative risk coping			---		---	
Pay off debt	+++			+++	NS	
Borrowing	---	NS		---	NS	NS
Purchase on credit	NS			NS	NS	
Savings	+++	+++		+++	NS	++ poorest
Give informal transfers			NS	+++	+++	
Receive informal transfers				NS	+++	
Remittances			---	NS	---	NS (1)
Trust (towards leaders)						++

1) Mixes remittances and informal transfers



- Reduction in negative risk coping strategies
- Increase in savings, paying off debt and credit worthiness—risk aversion
- Some instances of crowding out



Strengthened social networks

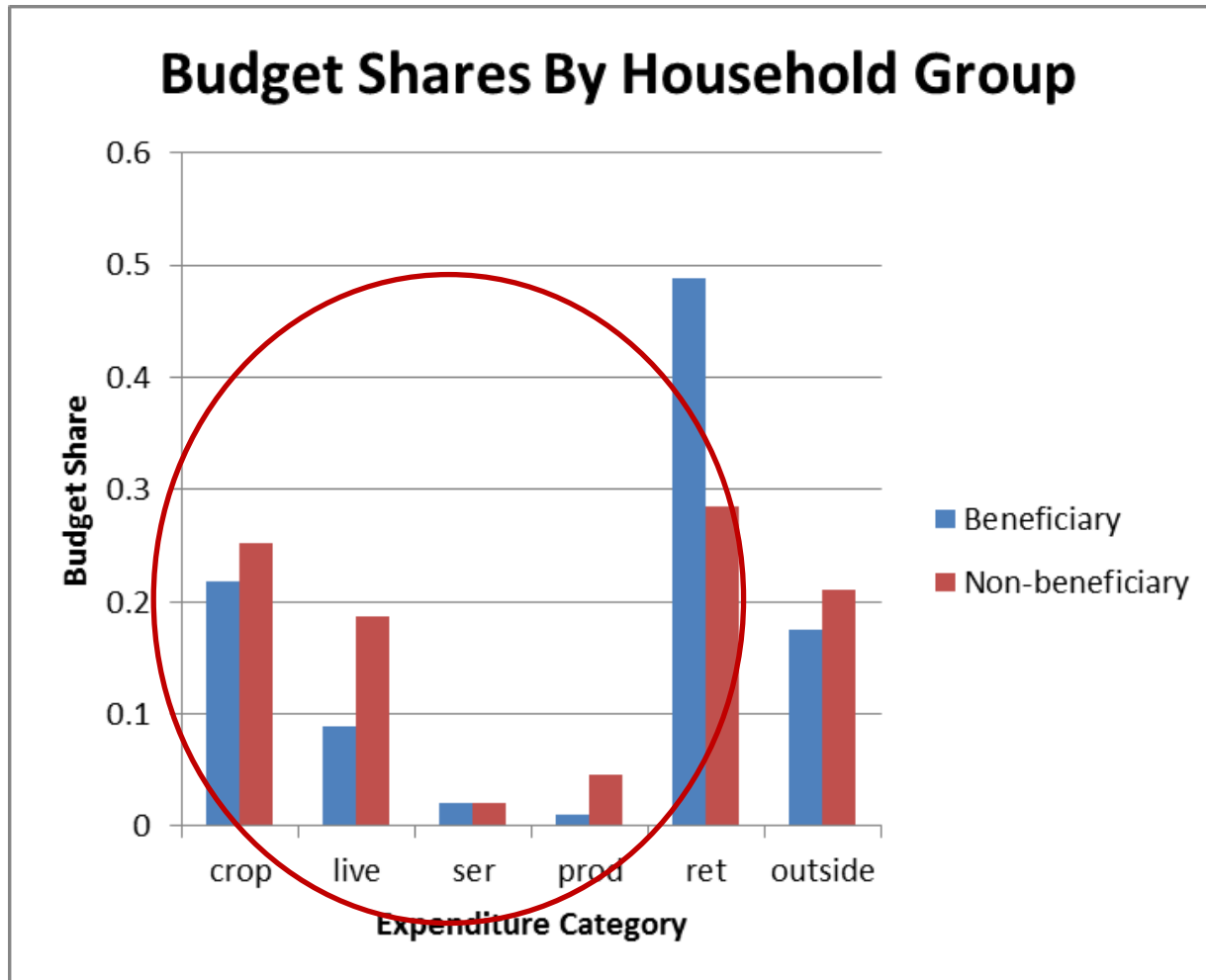
- In all countries, re-engagement with social networks of reciprocity—informal safety net
- Allow households to participate, to “mingle” again



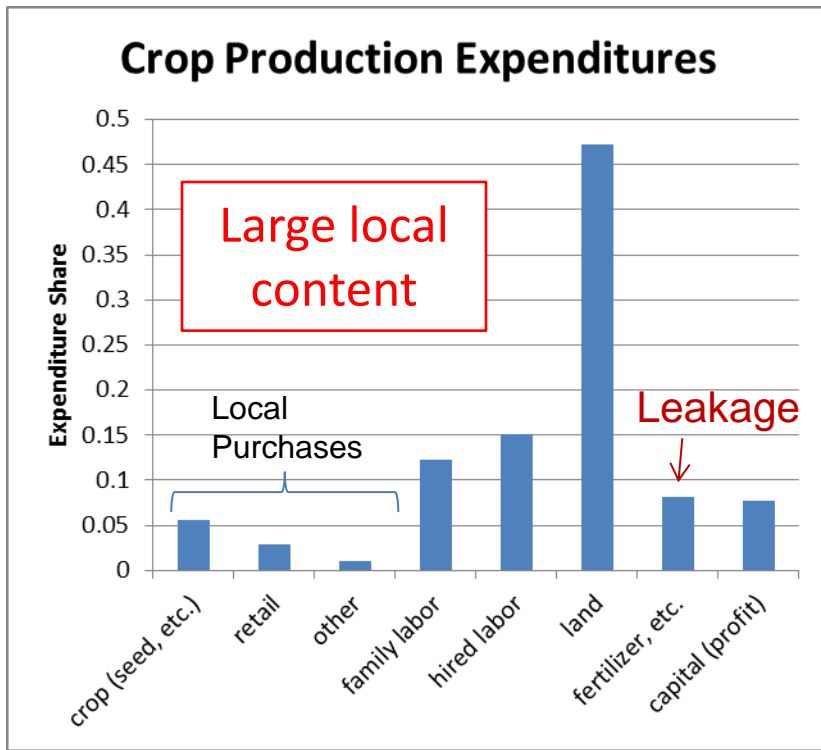
Impacts beyond the beneficiary household: local economy income multipliers

- Transfer raises purchasing power of beneficiary households
- As cash spent, impacts spread to others inside and outside treated villages, setting in motion income multipliers
- Purchases outside village shift income effects to non-treated villages, potentially unleashing income multipliers there.
- As program scaled up, transfers has direct and indirect (general equilibrium) effects throughout region.
- Three possible extremes:
 - Local supply expands to meet all this demand
 - Big local multiplier
 - Everything comes from outside the local economy
 - No local multiplier at all: 1:1
 - Local supply unable to expand to meet demand, and no imports
 - Inflation
- Have to follow the money
 - Surveys and LEWIE model designed to do this

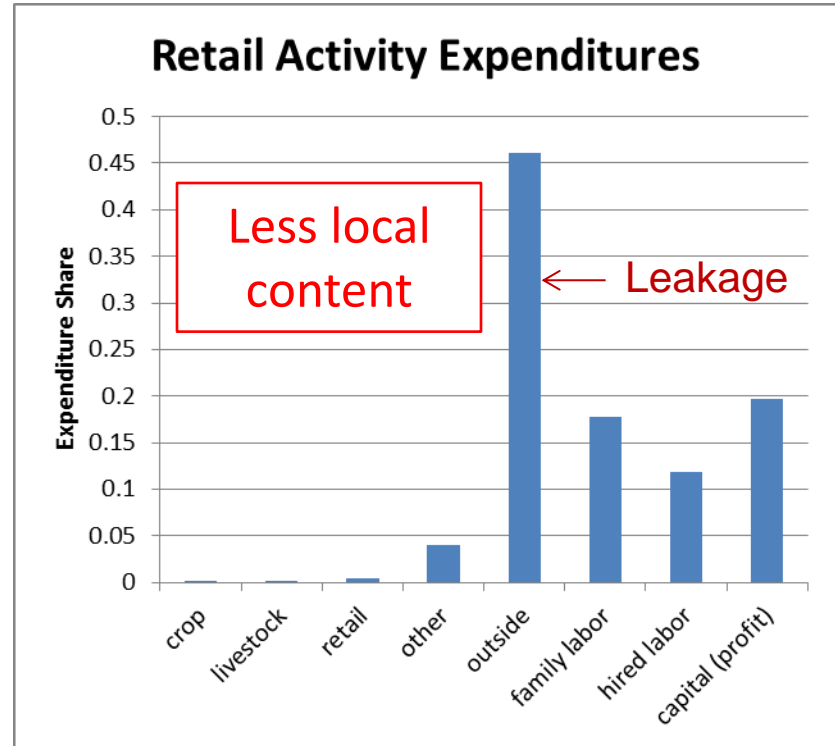
Ghana: LEAP households spend about 80% of income inside the local economy



These production activities buy inputs from each other, pay wages, and make profits



Payments to factors



Payments to factors

Simulated income multiplier of the Ghana LEAP programme

MAX

Every 1 Cedi transferred can generate 2.50 Cedi of income

Base model

Income multiplier

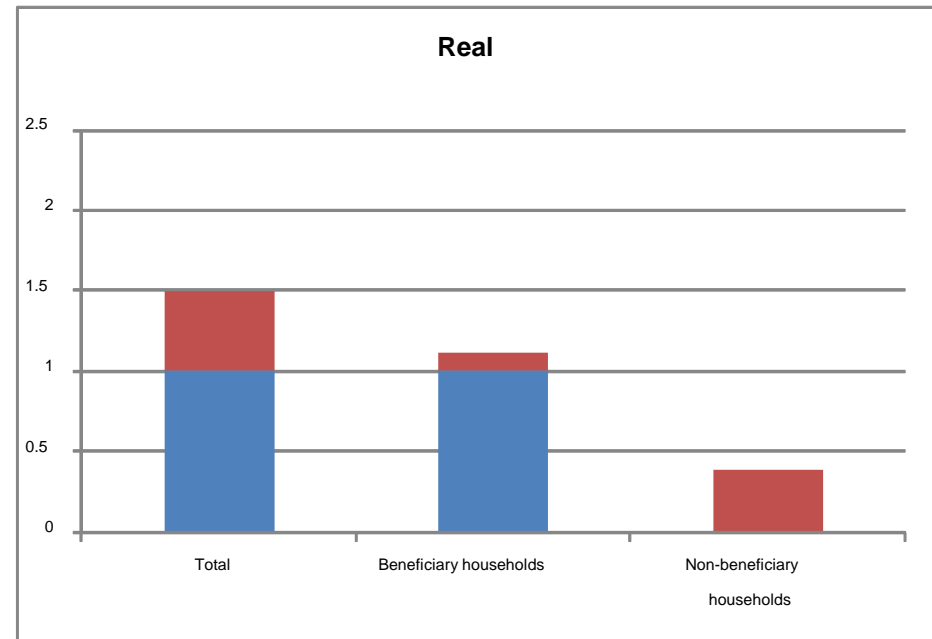
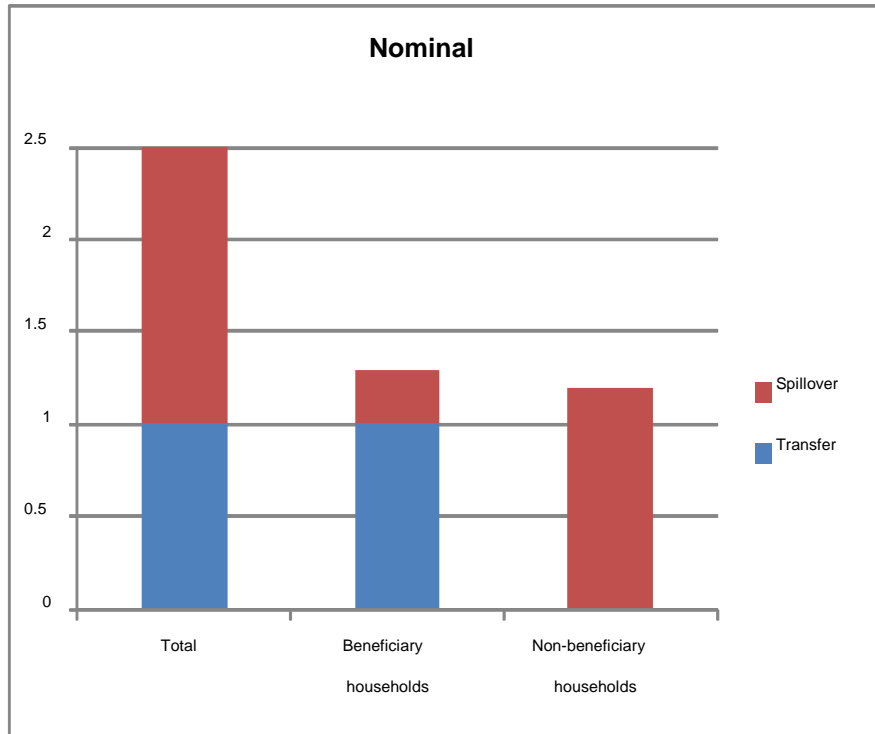
Nominal (CI)	2.50 (2.38 – 2.65)
Real (CI)	1.50 (1.40 – 1.59)

Production constraints can limit local supply response, which may lead to higher prices and a lower multiplier

When constraints are binding, every 1 Cedi transferred can generate 1.50 Cedi of income

MIN

Nearly all the spillover goes to non-beneficiary households



¾ of increase in value of production goes to non beneficiary households

Production multiplier for:	Beneficiary	Non beneficiary
Crop	0.05	0.22
Livestock	0.02	0.15
Retail	0.24	0.54
Services	0.02	0.08
Other Production	0.01	0.04
TOTAL	0.34	1.03

For every 1 Cedi transferred to beneficiary households, the value of production earned by non beneficiary households increases

1.03 Cedi



Alternative market structure scenarios (Lesotho)

		Base	Alternative 1	Alternative 2
Elasticity of labor supply		High	Low	Low
Liquidity constraint on purchased inputs		Off	off	on
Total Income multipliers				
	Real	1.36	1.14	1.02
	(CI)	(1.25- 1.45)	(1.08- 1.20)	(0.94- 1.09)

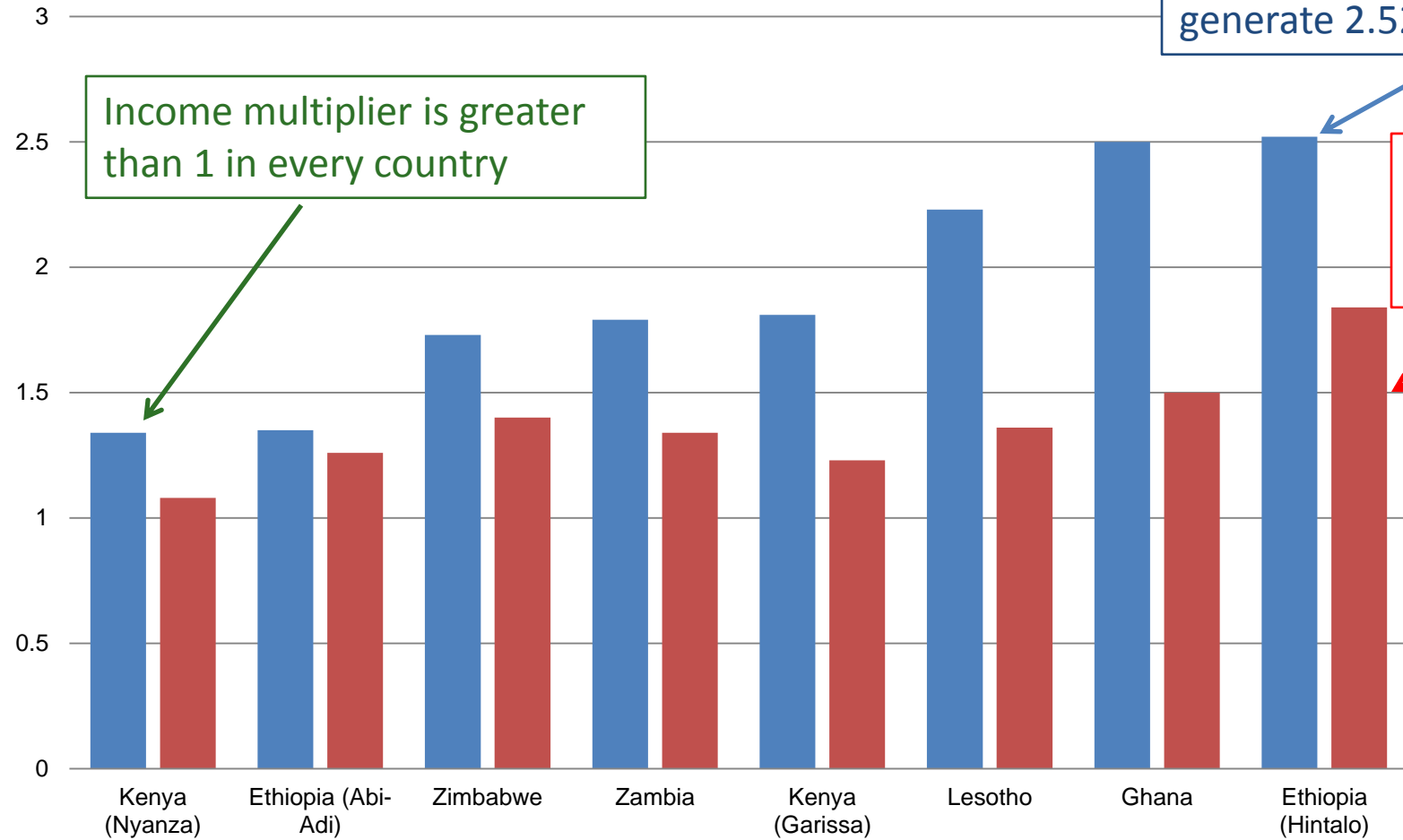
Keeping constraints on land and capital;
Assumptions on market structure come from
qualitative fieldwork and expert opinion

Cash transfers lead to income multipliers across the region

Every 1 Birr transferred can generate 2.52 Birr of income

Income multiplier is greater than 1 in every country

If constraints are binding, may be as low as 1.84

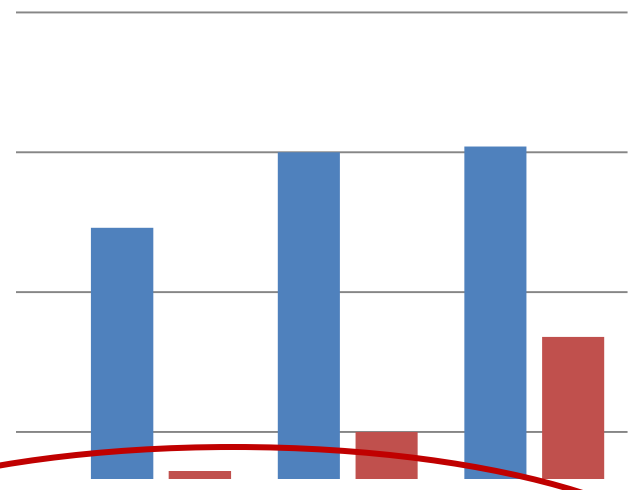


■ Nominal multiplier ■ Real multiplier

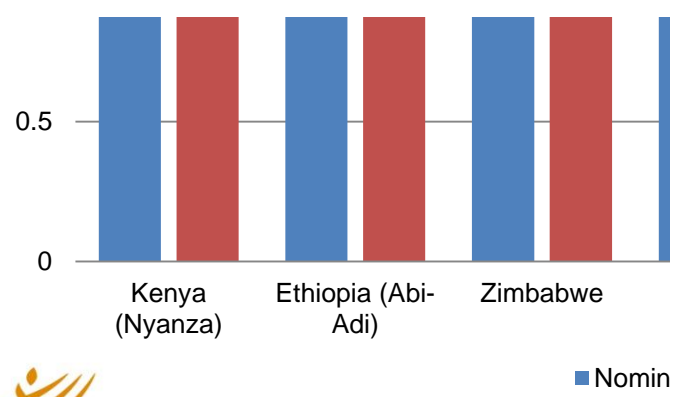


Size of income multiplier varies by country and context—Why?

- Which sectors get stimulated
 - Where do households and activities spend their income?*
- Openness of economy
 - How much demand is for goods produced inside the economy?
 - What goods are tradable, where are prices determined?



• Retail: biggest sector, and most open



- Supply response
 - Intensity of local production in different inputs (labor, etc.)*
 - Elasticities of these inputs' supplies
- Other constraints
 - Cash constraints on inputs
 - SCT loosens these for beneficiaries, but not for non-beneficiaries

What explains differences in household-level impact across countries?

	Crop	Livestock	NFE	Productive labor	Social Network
Zambia	yes	yes	yes	yes	
Malawi	yes	yes	no	yes	small
Kenya	no	small	yes	yes	
Lesotho	yes	small	no	no	yes
Ghana	no	no	no	small	yes

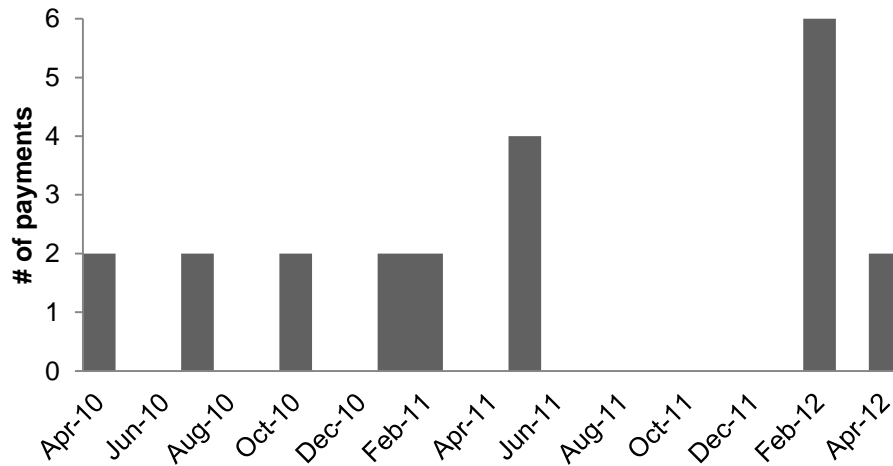


Predictability of payment

Lumpy and irregular



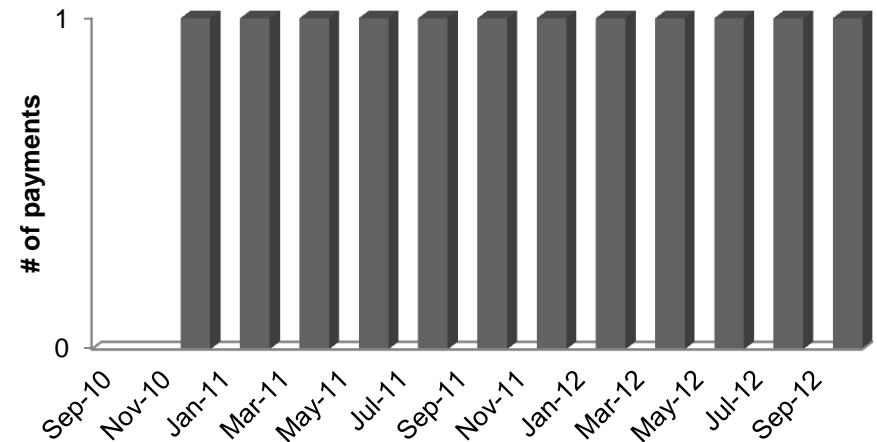
Ghana LEAP



Regular and predictable

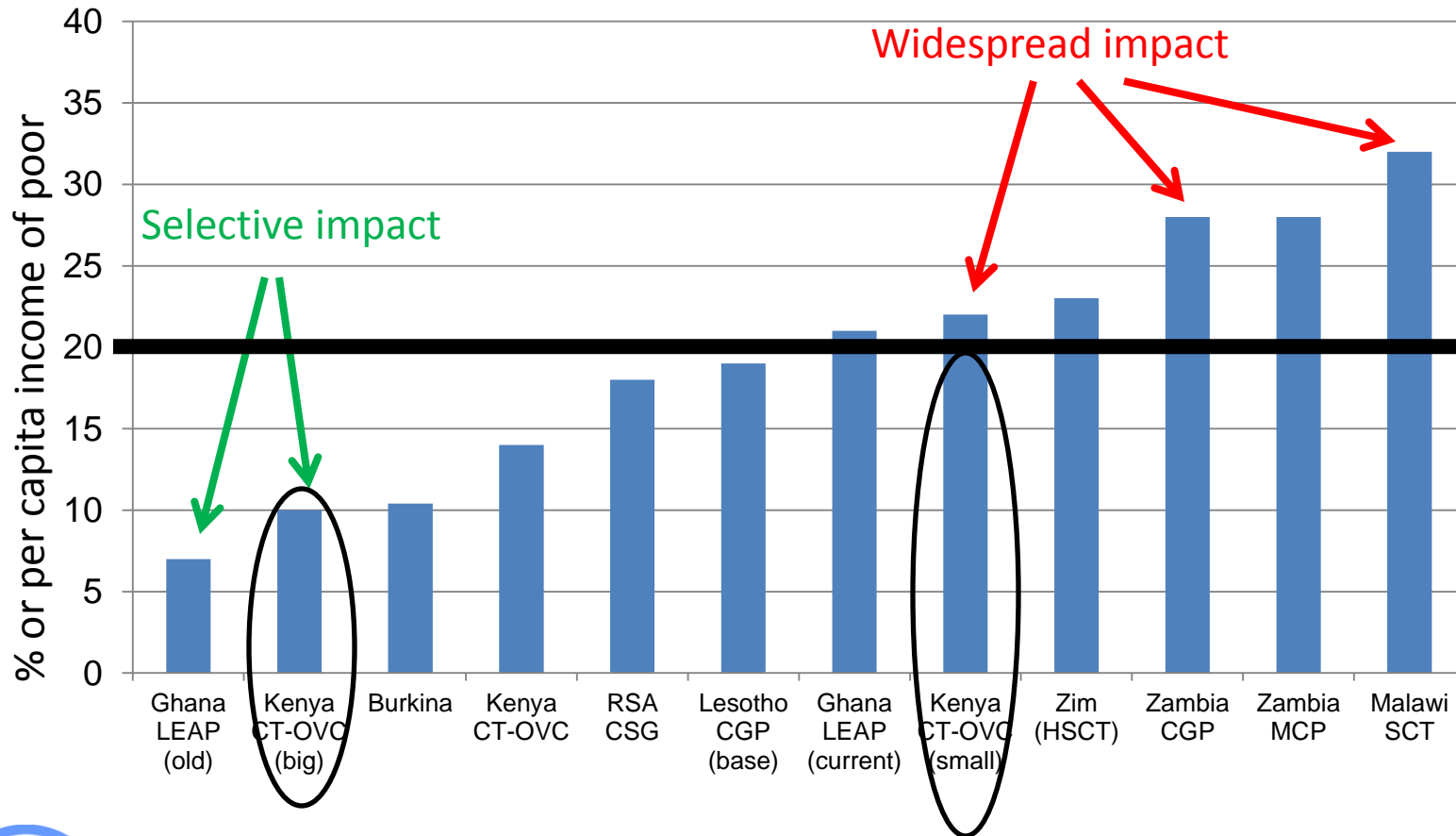


Zambia CGP



Regular and predictable transfers facilitate planning, consumption smoothing and investment

Bigger transfer means more impact



Demographic profile of beneficiaries

More labour-constrained

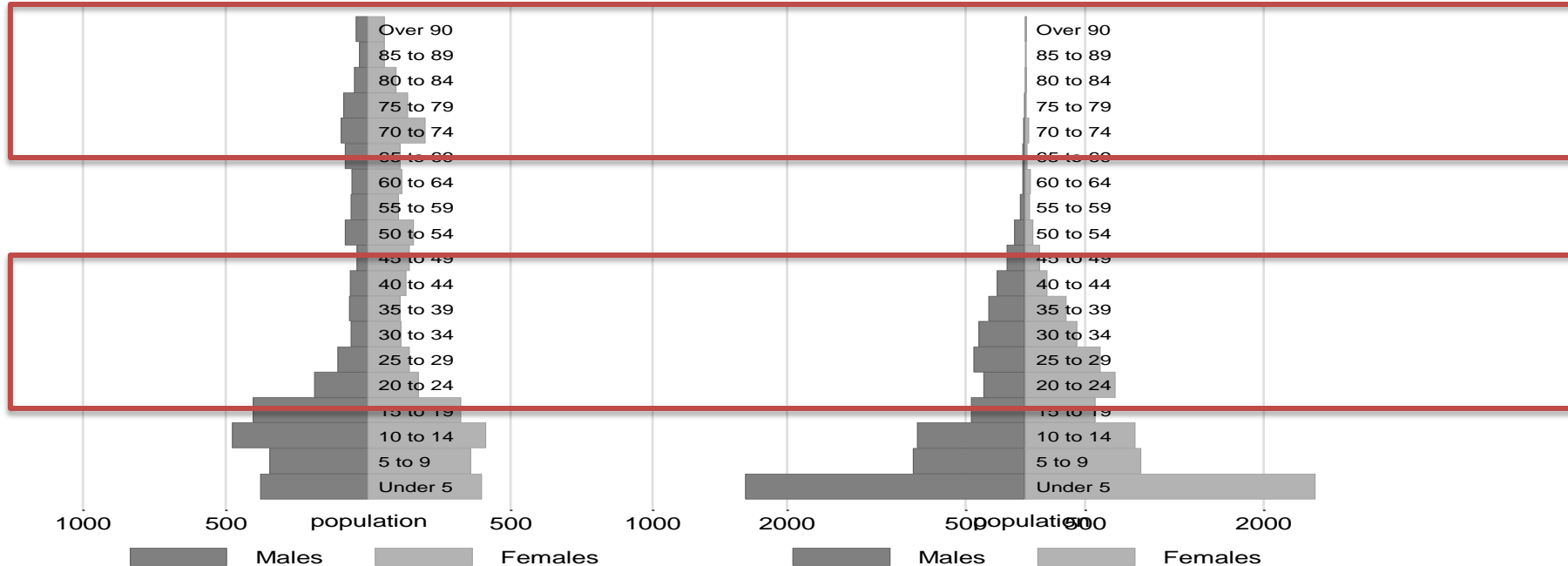


More able-bodied



Ghana LEAP

Zambia CGP



Economic context matters

- Vibrant and dynamic local economy?
- Opportunities awaiting if only a bit more liquidity?

Programme messaging matters

- Messaging in unconditional programmes, and conditions in CCTs, affects how households spend the transfer
- Lesotho: CGP transfer combined with Food Emergency Grant
 - Instructed to spend on children (shoes and uniforms)
 - Instructed to spend on agricultural inputs
 - **And they did!!**

Beneficiaries are hard working and are responsible for their own income generation and food security

How can cash transfers be better linked to livelihoods?

1. Ensure regular and predictable payments
2. Link cash transfers to livelihood interventions
3. Consider messaging—it's ok to spend on economic activities
4. Consider expanding targeting to include households with higher potential to sustainably achieve self-reliance
 - including able-bodied labour

But keeping in mind potential conflicts and synergies with social objectives

Agriculture, livelihood interventions play important part in social protection systems

- Reaching social objectives and reducing vulnerability require sustainable livelihoods
- Almost three quarters of economically active rural population are smallholders, most producing own food
- Small holder agriculture as key for rural poverty reduction and food security in Sub Saharan Africa
 - Relies on increased productivity, profitability and sustainability of small holder farming
- Social protection and agriculture need to be articulated as part of strategy of rural development
 - Link to graduation strategies

Our websites

From Protection to Production Project

<http://www.fao.org/economic/PtoP/en/>

The Transfer Project

<http://www.cpc.unc.edu/projects/transfer>

