

Strengthening coherence between social protection and agriculture in Sub Saharan Africa

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FAO

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What is PtoP about?

Strengthening
coherence between
social protection and agriculture



First, understanding the economic impacts of social protection

- Provide insight into how social protection can contribute to sustainable poverty reduction and economic growth at household and community levels.
- Currently working with impact evaluations of government-run social cash transfer programs in seven countries
 - Malawi, Ghana, Ethiopia, Lesotho, Zambia, Zimbabwe and Kenya
 - Adding Rwanda

Second, evidence-based policy support

- Focusing on strengthening coherence between agricultural and social protection policy and programming
 - Regional and country level dialogue between Ministries of Agriculture, Social Welfare and Finance, Civil Society Organizations and development agencies
 - Malawi: Inter Agency Resilience Programme at district level
- In collaboration with the UNICEF, WFP, NEPAD, ILO, World Bank and others

How we work

- Approach
 - Adding value to existing impact evaluations—focusing on economic and productive impacts
 - Leading, participating in, coalitions in regional and country-level policy support
- Based in FAO, **strategic partnership with UNICEF** in both analytical work and policy support
- Implementation predicated on partnerships
 - Government and UNICEF country offices
 - DFID and World Bank country teams
 - UNDP in communications; external researchers
 - Emerging partnerships with WFP, ILO, World Bank and others in policy work
- Funding
 - Initial funding from DFID (2011-2014) and EU
 - Currently supported by EU and FAO regular funds through 2015

Social cash transfer programs in Sub-Saharan Africa

- Target households that are poor and vulnerable, with few assets and often limited labor—the poorest of the poor
- Eligibility often includes presence of orphans and vulnerable children
- Many elderly or single-headed households, which face constraints in caring for children
- Usually unconditional
 - ...though sometimes some “messaging,” e.g., about using the cash for children
- Objectives focus on reducing poverty and vulnerability, assuring food security, protecting children

Why do livelihoods matter for social cash transfers?

- Most beneficiaries in Sub Saharan Africa are rural, engaged in agriculture and **work for themselves**
 - >80% produce crops; >50% have livestock
- Most grow local staples, traditional technology and low levels of modern inputs
 - Most production consumed on farm
- Most have low levels of productive assets
 - few hectares of land, a few animals, basic tools, few years of education
- Engaged on farm, non farm business, casual wage labour (ganyu)
- Often labour-constrained
 - Elderly, single headed household
- Large share of children work on the family farm
 - 50% in Zambia, 30% in Lesotho, 42% in Kenya

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

Policy makers are concerned about

Dependency



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

- 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

Main topics of study in analytical work

- Impact of cash transfer programs on
 - Household and individual level productive decisions (or livelihoods)
 - Investment/change in productive activities (agricultural and non agricultural)
 - Labor supply on and off farm and domestic activities
 - Risk coping strategies
 - Social networks
 - Food security
 - Community dynamics
 - Local economy income multiplier
- Role of implementation in mediating these impacts
- Our partners look at social outcomes

Mixed method approach

- Household and individual level impacts via econometric methods based on impact evaluation design
 - **FAO and AU, UNC, AIR, OPM**
- Local economy effects via CGE (LEWIE) modeling
 - **UC Davis**
- Perceptions on household economy and decision making, social networks, local community dynamics and operations via qualitative methods
 - **OPM and FAO**

Countries, programmes and evaluations

- 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

Still waiting for household level analysis from:

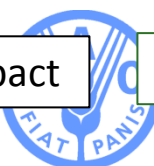
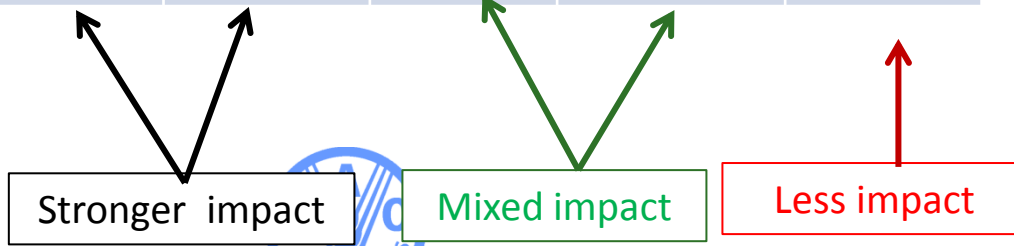
- Zimbabwe (end 2014)
- Ethiopia (end 2014)
- Malawi (early 2015)
- Zambia three year follow up (end 2014)

Households invest in livelihood activities— though impact varies by country

	Zambia	Malawi	Kenya	Lesotho	Ghana
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
Livestock ownership	All types	All types	Small	Plgs	NS
Non farm enterprise	+++	NS	+FHH -MHH	-	NS

Many stories told in the qualitative fieldwork

- 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
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
Family farm	NS	--- (3)	+++ (4)	--	NS

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

Improved ability to manage risk

	Zambia	Kenya	Malawi	Ghana	Lesotho
Negative risk coping			---		---
Pay off debt	+++			+++	NS
Borrowing	---	NS		---	NS
Purchase on credit	NS			NS	NS
Savings	+++	+++		+++	NS
Give informal transfers			NS	+++	+++
Receive informal transfers				NS	+++
Remittances			---	NS	---
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



Beneficiaries are happier...and people with hope are more likely to invest in the future

	Zambia	Kenya	Malawi	Ghana	Lesotho
Are you happy with your life?				+++	
Are you very satisfied with your life?			+++		
Quality of life score		+++ (3)			
Are you better off than 12 months ago?	+++ (1)				
Do you feel you life will be better off two years from now?	+++ (2,3)				

- 1) Zambia CGP
- 2) Zambia Monze
- 3) Cross section

Feelings of renewed hope, dignity consistently reported in qualitative fieldwork

Increase in food security

	Zambia	Kenya	Malawi	Ghana	Lesotho
Not enough food at least one month					NS
Months with sufficient food			+++		NS
Months some shortage					+++
Months extr shortage					---
Eats more than one meal a day	+++		+++		
Food security scale	+++		+++	+++	NS
Is not severely food insecure	+++				
Better off than 12 months ago	+++				
Child smaller meal					---
Child fewer meals than needed				---	---
Child sleep hungry				---	NS

Improved dietary diversity

	Zambia	Kenya (1)	Malawi	Ghana	Lesotho
Meat	+++	+++	+++	---	NS
Dairy	+++	+++	+++	NS	NS
Cereals	+++	NS	+++	NS	NS
Fruits/vegetables	NS	NS	+++	NS	NS
Sugars	+++	+++	+++	NS	NS
Fats, oil, other	+++	+++	+++	+++	NS
Dietary diversity	+++	+++	+++	NS	NS

1) 2007-2009

Big impact, partially through increased agricultural production

Little impact

Strong impacts on social dimensions.... though variation across countries

- Reduction in poverty
- Increased school enrolment
 - Similar to CCT results from Latin America
- Reduction in morbidity (diarrhea/illness)
 - Positive, but less consistent, impact on access to health care
- Improvement in different aspects of child welfare
 - Shoes, clothing, birth registration, vaccination
- Emerging evidence that transfers enable safe-transition of adolescents into adulthood
 - Reduction in transactional sex, sexual debut, pregnancy,

Why?

What explains differences in household-level impact across countries?

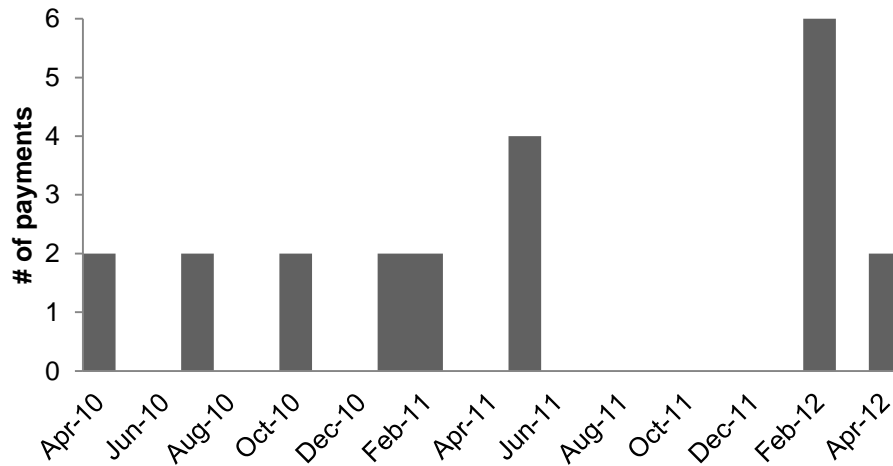
	Crop	Livestock	NFE	Productive labor	Social Network
Zambia	yes	yes	yes	yes	
Malawi	yes	yes	no	yes	small
Kenya	no	small	yes	yes	
Lesotho	yes	small	no	no	yes
Ghana	no	no	no	small	yes

Predictability of payment

Lumpy and irregular



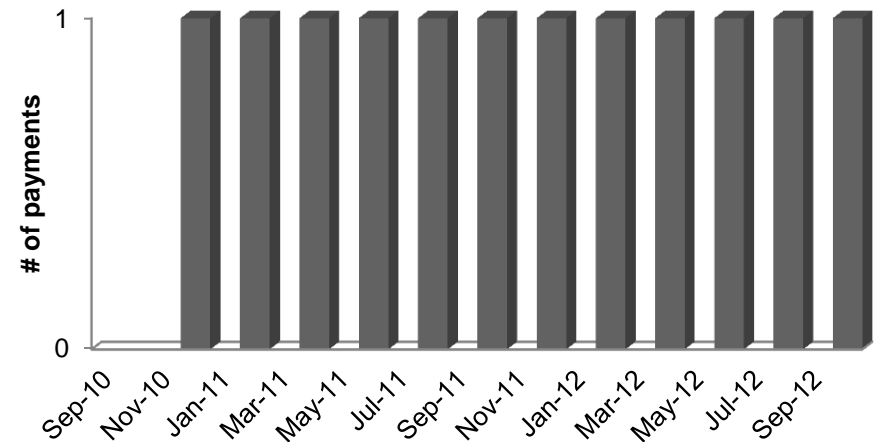
Ghana LEAP



Regular and predictable

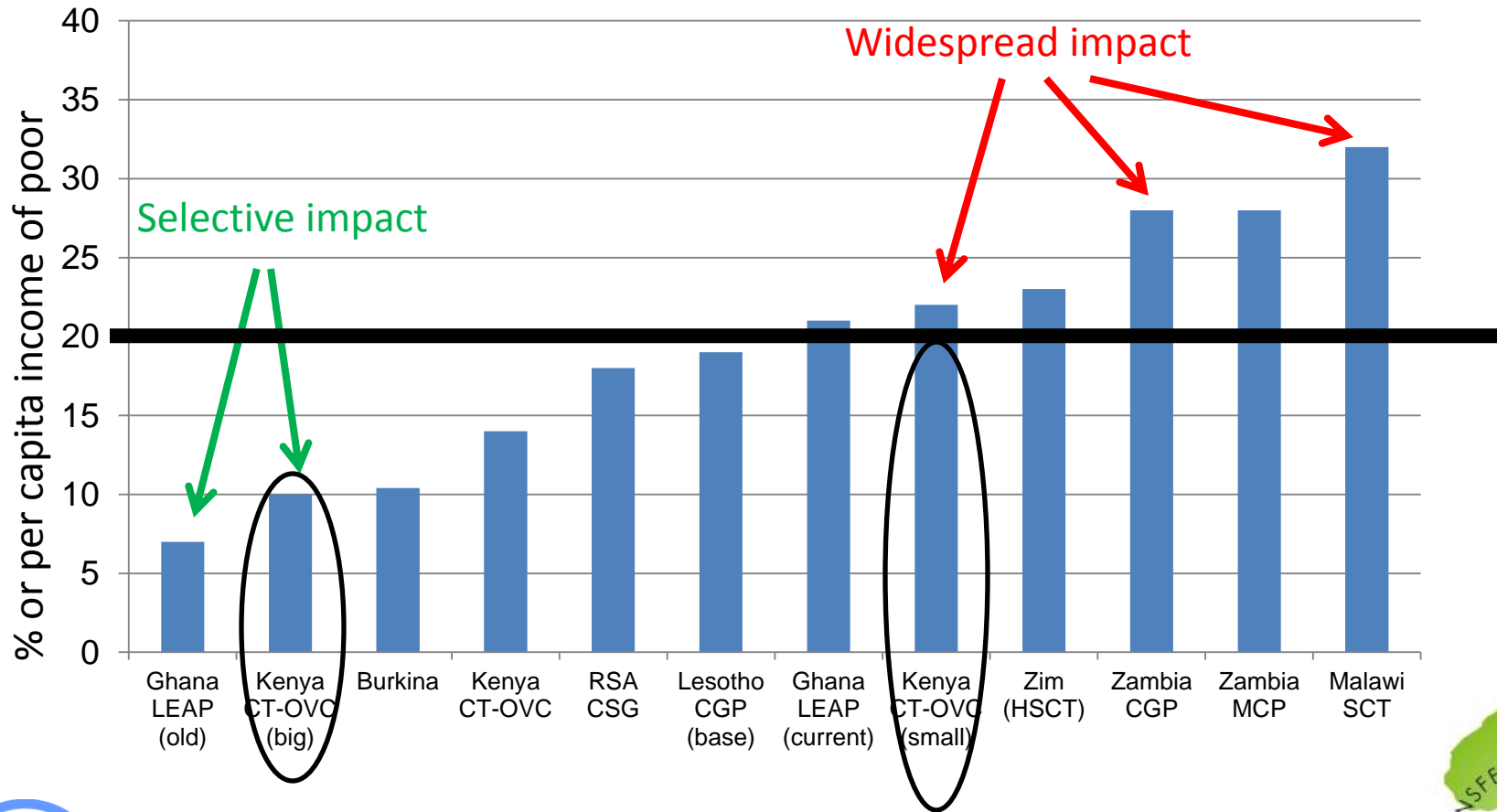


Zambia CGP



Regular and predictable transfers facilitate planning, consumption smoothing and investment

Bigger transfer means more impact



Demographic profile of beneficiaries

More labour-constrained

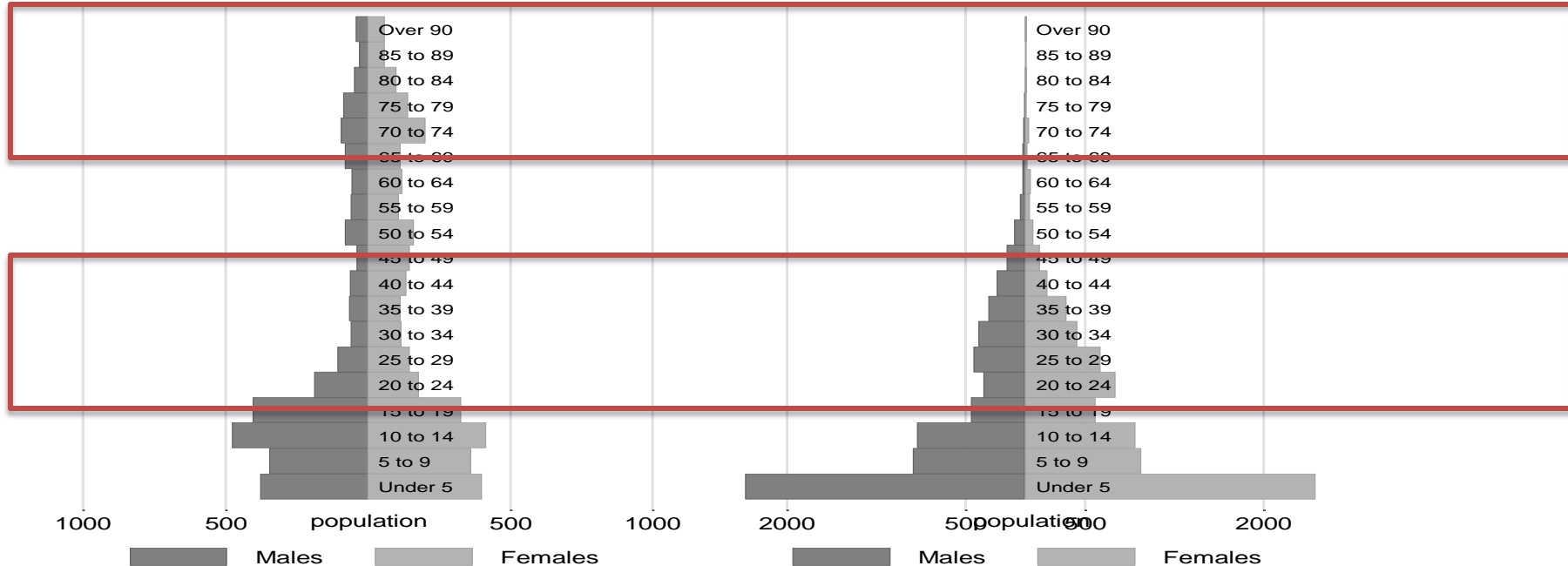


More able-bodied



Ghana LEAP

Zambia CGP



Differential access to assets

- Besides labor, those with a bit more land, or access to other agricultural assets
 - Story often repeated in qualitative field work

Economic context matters

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

Effectiveness of local committees

- Play important role in suggesting options for beneficiaries, facilitating programme operations

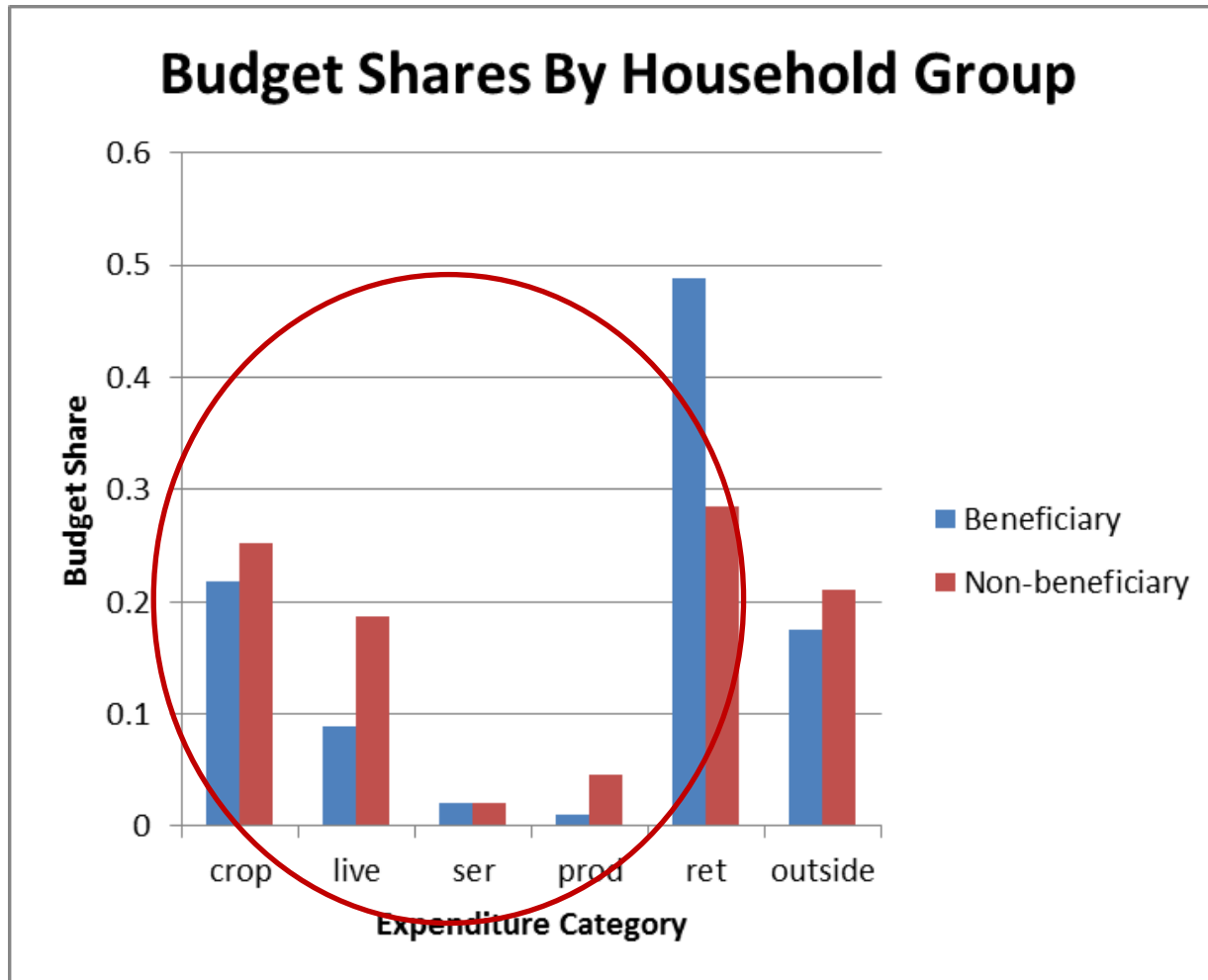
Programme messaging matters

- 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!!**

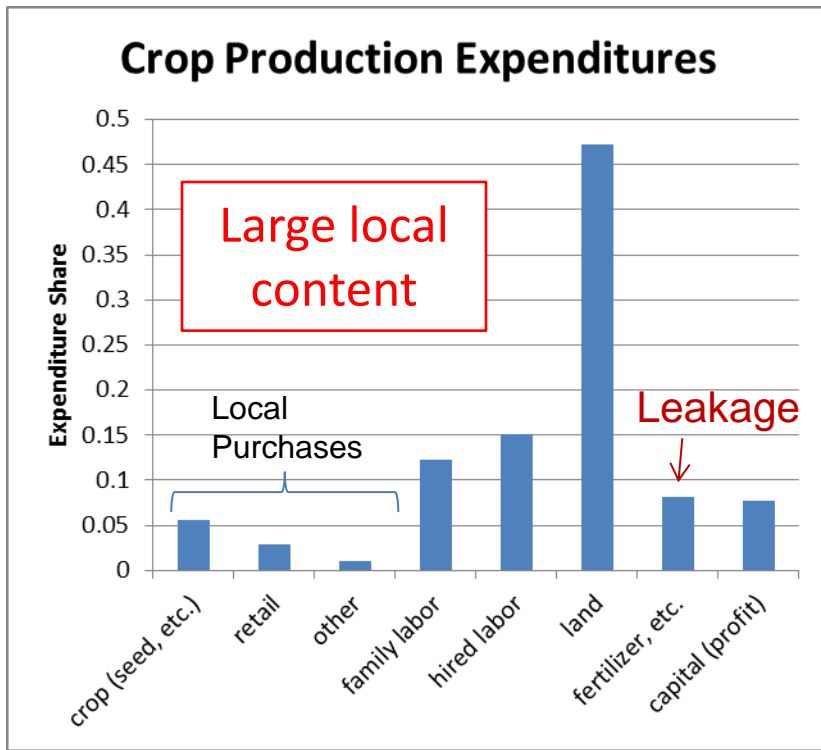
Impacts beyond the beneficiary household: local economy income multipliers

- 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

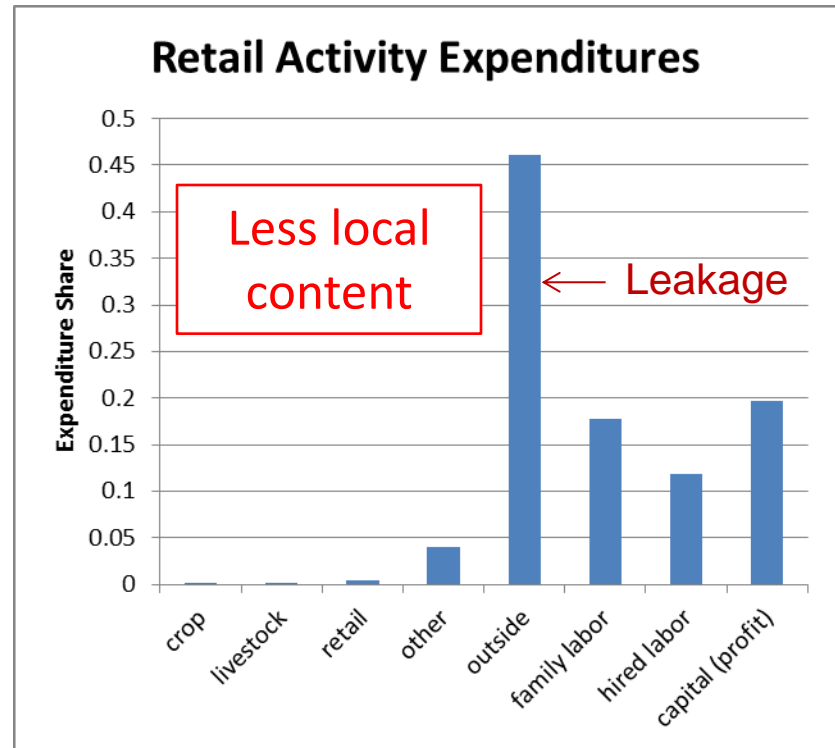
Ghana: LEAP households spend about 80% of income inside the local economy



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

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

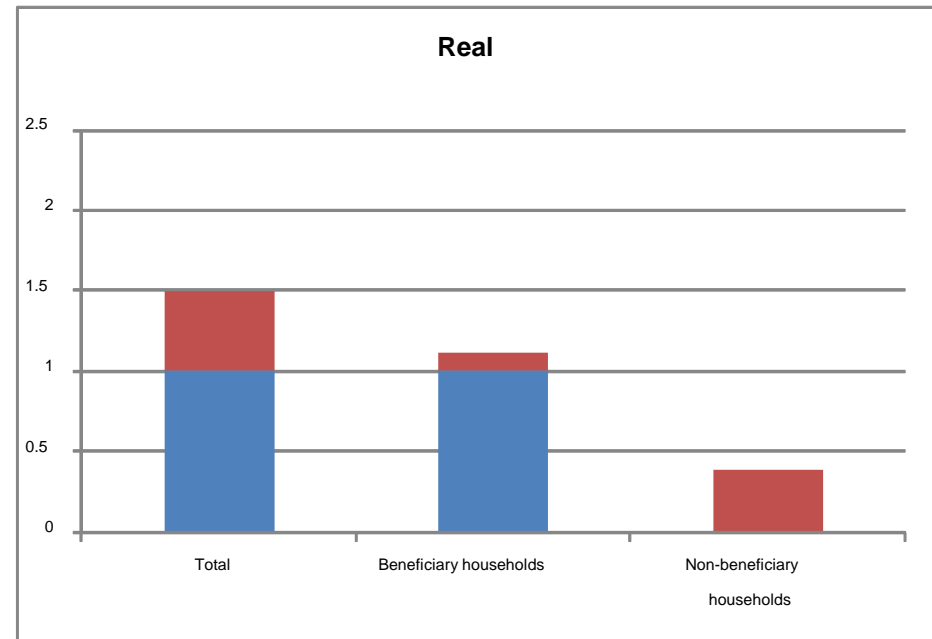
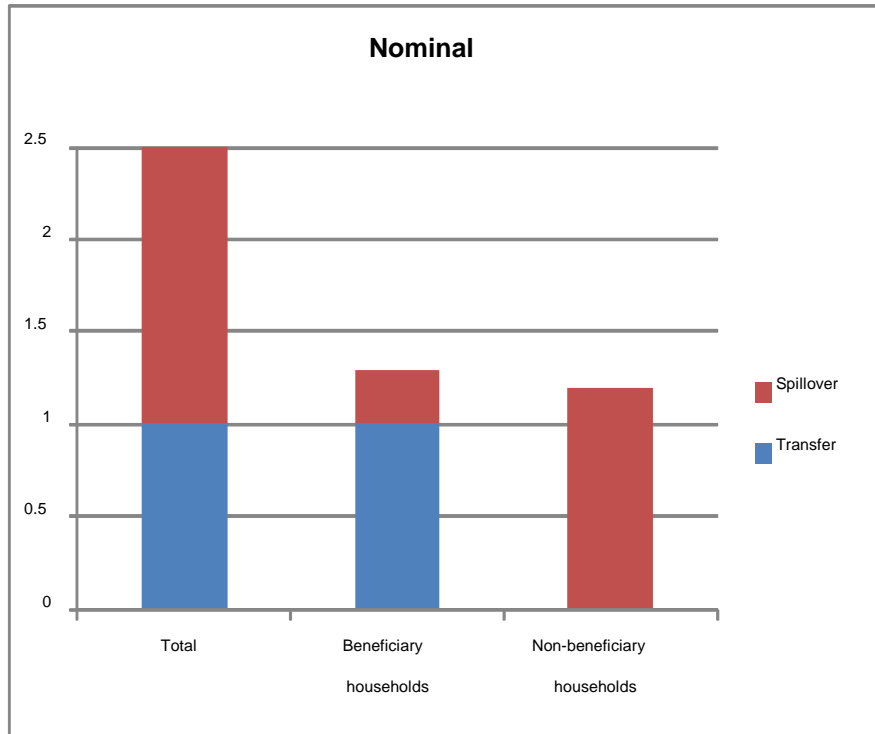
MIN

Base model

Income multiplier

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

Nearly all the spillover goes to non-beneficiary households



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

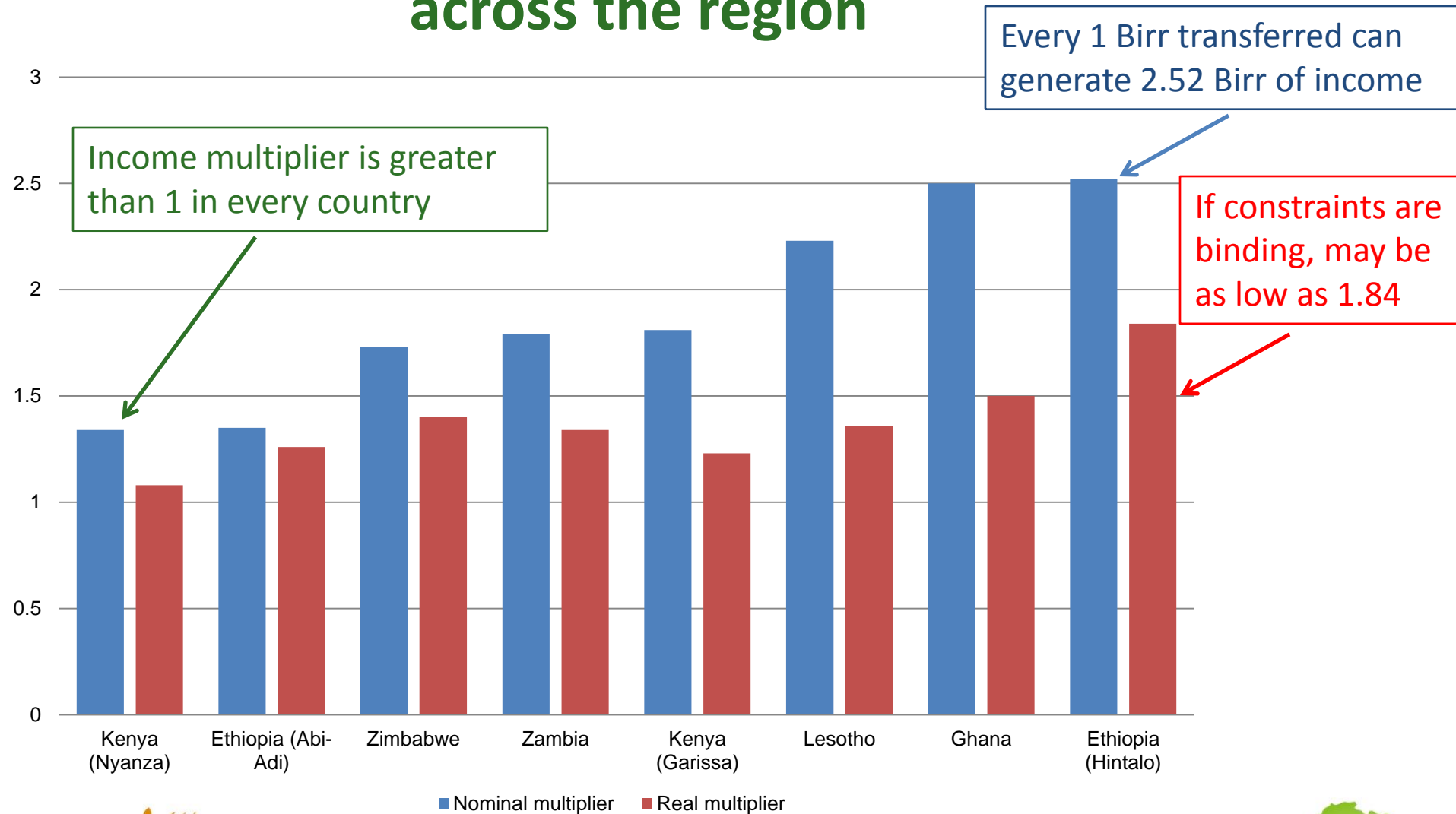
Production multiplier for:	Beneficiary	Non beneficiary
Crop	0.05	0.22
Livestock	0.02	0.15
Retail	0.24	0.54
Services	0.02	0.08
Other Production	0.01	0.04
TOTAL	0.34	1.03

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

1.03 Cedi

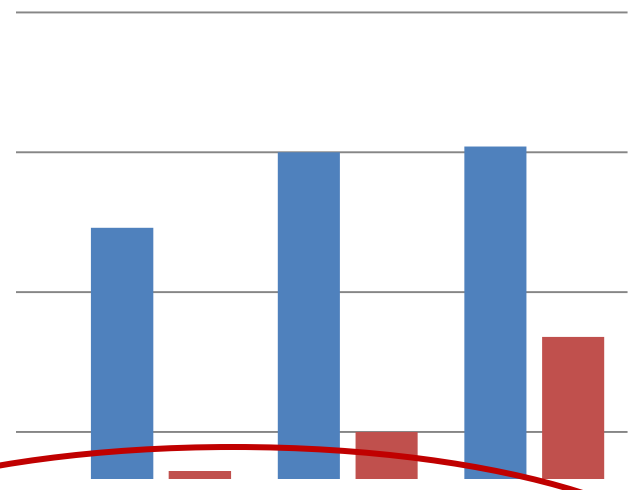


Cash transfers lead to income multipliers across the region

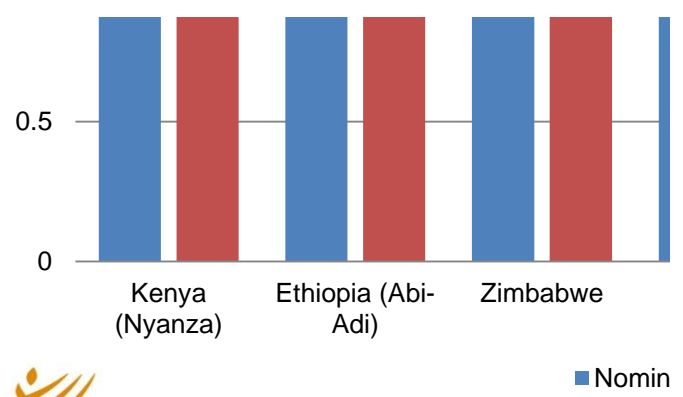


Size of income multiplier varies by country and context—Why?

- 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

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

How can cash transfers be better linked to livelihoods? Implications support to small holders?

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

www.fao.org/economic/PtoP

The Transfer Project

www.cpc.unc.edu/projects/transfer

