

**Working Paper 232**

**The Search for Synergies between Social Protection  
and Livelihood Promotion: The Agriculture Case**

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## List of Acronyms

BIDS	Bangladesh Institute of Development Studies
BPC	Beneficio de Prestação Continuada (Brazil)
BRAC	Bangladesh Rural Advancement Committee
CFPR	Challenging the Frontiers of Poverty Reduction (Bangladesh)
CPR	Common Property Resource
CRS	Catholic Relief Services
DFID	Department for International Development (UK)
DLS	Department of Livestock Services (Bangladesh)
DNRM	Decentralised Natural Resource Management
EGS	Employment Guarantee Scheme (India)
FASERT	Foundation for the Advancement of Small Enterprises and Rural Technology (Uganda)
FFW	Food for Work programme
IDP	Internally Displaced Person
IFAD	International Fund for Agricultural Development
IFI	International Financial Institution
IGA	Income Generating Activity
IGVGD	Income Generation for Vulnerable Group Development
ILO	International Labour Organisation
KAIPPG	Kenya Aids Intervention Prevention Project Group
LFA	Less-Favoured Area
LRRD	Linking Relief, Rehabilitation and Development
NAFTA	North American Free Trade Agreement
NGO	Non Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
PLWHA	People Living with HIV/AIDS
PR	Prêvidencia Rural (rural old-age pension, Brazil)
PROCAMPO	Programa de Apoyos Directos al Campo (a cash transfer scheme in Mexico for rural farmers)
PROGRESA	Programa de Educación, Salud y Alimentación (The Education, Health, and Nutrition Programme of Mexico)
PRSP	Poverty Reduction Strategy Paper
PWP	Public Works Programmes
RD	Rural Development
RMP	Road Maintenance Programme (India)
SEWA	Self-employed Women's Association
SLDP	Smallholder Livestock Development Project (Bangladesh)
SP	Social Protection
SRM	Social Risk Management
SWC	Soil and Water Conservation
TIP	Targeted Inputs Programme
VGD	Vulnerable Group Development
WFP	World Food Programme

## Summary

Social protection (SP) is concerned with the ways in which individuals' or households' resilience to adverse events can be strengthened. The driving force behind growing interest in SP is the recognition that a high proportion of the world's poor are either (a) chronically unable to engage in the productive economy through old age, sickness, disability or high numbers of dependents, or (b) are forced to alternate between periods of engagement and non-engagement. There is a perception that this first category should be given formal transfers, but these are seen almost universally as 'welfarist' and 'unproductive', and to do so would place additional long-term demands on recurrent budgets. However, such transfers would permit people to influence the local agricultural economy *as consumers*, a potentially useful role especially in areas approaching surplus production, but also to influence production, e.g. where part of formal transfer payments (such as pensions) are invested in production, and where existing informal transfers are 'released' into productive activity or elsewhere as they are replaced by formal ones. A growing view (expressed for example in the World Bank's Social Risk Management Framework) is that the second category are in need of measures both to protect their income or consumption during periods of non-engagement, and to strengthen their capacity to withstand the 'shocks and stresses' that might otherwise force their disengagement from productive activities. There is a danger that increased attention to this second category may divert public resources from the first. There is a third category, (c), of poor but (more or less) steadily engaged households, whose capacity to withstand shocks needs to be strengthened. In relation to (b) and (c), the sequencing of interventions is particularly important, and the stability that SP can offer appears a prerequisite for full engagement in the productive economy and for entrepreneurship, with a larger proportion of livelihood protection then being undertaken via market-based mechanisms such as insurance. In a pragmatic sense, to strengthen some SP via the productive sectors – of which agriculture is the most important example for the poor in most countries – will bring additional resources to bear, since these sectors tend to have higher public budgets than, e.g. social welfare departments.

Interest in the complementarities *between* SP and the productive sectors, in the wider context, is driven by concerns to make markets (and, therefore, growth) work better for the poor, in a context of risks posed by growing commercial (including global) market exposure, a growing share of private investment in, e.g. agricultural technology development, reduced public investment in agriculture overall, and imperfections in agricultural input and output markets, including those attributable to overhasty privatisation. The scope for *synergy* between agriculture and SP (when narrowly defined as 'making the whole bigger than the sum of its parts') is limited, and faces some practical difficulty, in, e.g. defining the roles of field staff. However, there is substantial unexploited scope for introducing the perspectives of the one into the design and implementation of the other, i.e. for giving aspects of SP more of a growth-promoting dimension, and for designing agriculture initiatives in ways that aim to reduce risk and vulnerability. To do so would require careful consideration of trade-offs within each sphere – asking, in relation to specific circumstances, whether and how far an initiative in agriculture to provide more social protection reduces growth potential, and vice-versa. In this connection it should be noted that many national agricultural plans are more concerned with maximising productivity than with reducing its variance, and that reductions of public budgets for, e.g. agricultural research, and their partial replacement by private, commercial research, are likely to exacerbate this trend.

The literature reviewed here suggests that SP can be growth-promoting where, for instance, it stimulates thrift and credit schemes, creates physical assets through employment schemes, and promotes personal insurance, but 'welfarist' transfer payments can also be indirectly growth-promoting. Several types of agricultural strategy can both promote growth and reduce risk, including revisions to legislation and regulation, investments in infrastructure and soil and water

conservation, innovative types of insurance, and appropriately focused provision of services, including research and extension. Inadequate planning and/or weak implementation of SP measures have at times impacted negatively on agriculture, such as the disruption of local markets caused by mis-timed food aid.

There are substantial gaps in knowledge, concerning, e.g. the displacement (and alternative use) of informal transfers by formal; the impacts on women of specific types of SP and growth-promoting measures, and the role of transfers from migrants, and more generally from urban areas, in strengthening SP.

The study concludes that there is scope for policy improvement in building SP perspectives into agricultural interventions and vice-versa, in exploiting such synergies as might offer themselves, in incorporating ideas and good practice in these areas into major initiatives such as PRSPs, in strengthening the knowledge-base on which policy is formulated, and in providing evidence to strengthen the quality of public debate and decision-making in respect of SP.

# 1 Introduction and Definitions

This brief study is concerned with three issues: how and how far social protection (SP) measures can also be livelihood promoting; how far livelihood promotion (in the agriculture case) can also be socially protecting in the sense of reducing risk and vulnerability, and how synergies – here defined as making the whole larger than the sum of its parts – between protecting and promoting interventions can be achieved, and negative interactions minimised. Following an introduction to the concepts, the report is structured around, first, a discussion of potentially positive impacts of social protection on agriculture (Table 1), of, in the reverse direction, agriculture on risk and vulnerability (Table 2), and of the potentially negative impacts in both directions (Chapter 5). Notes in Annex 3 deepen this discussion and provide leads into the literature. There is a specific discussion of gender dimensions (Box 2 and Annex 1). The report then assesses what types of vulnerability-reducing measure are most likely to be relevant to different categories of the poor (Table 3), and what the desirability and feasibility of different kinds of measure are likely to be by different kinds of ‘vulnerability condition’ (Table 4). It then turns to consideration of practical policy questions that need to be addressed concerning the trade-offs and options that might be faced in reorienting protection or promotion, or achieving synergies between them (Table 5). Questions of sequencing different kinds of intervention appear especially important here (Box 4). Finally, knowledge gaps and needs for further research are identified.

‘Livelihood protection and promotion’ are used as shorthand for, respectively, measures intended to provide social protection, and measures intended to promote pro-poor growth. The potential for positive links between the two has long been recognised, and has prompted some optimistic assertions, including one from FAO (2002) that if undernourishment had been eliminated, per capita GDP in sub-Saharan Africa would have been at least 50% higher by 1990 than it actually was. It has also prompted more measured assessments, such as that of Ravallion (2002), who argues that redistribution through social protection can promote economic growth, but to do so, must focus on aspects of inequality – such as those linked to market failure – which impede growth.

Part of the rationale for the study is that these two sets of measures come from different intellectual traditions, draw on different disciplines, and are designed and (often) implemented by different departments, whether within governments or development assistance agencies. There is therefore likely to be substantial unexploited scope for introducing the perspectives of the one into the other, for achieving synergy between them, and for avoiding negative interactions.

Within growth, the focus is on a specific sector, namely agriculture and natural resource management.<sup>a</sup> This sector is chosen for its intrinsic importance as a source of income, asset accumulation and protection among the poor,<sup>b</sup> and to ‘pilot’ arguments and methods of analysis in the expectation that some of them may be relevant to other sectors. There is already a large, established literature on processes of economic growth and how they might be stimulated, including models of transformation (Kuznets, 1966), but also analyses of market failure (North, 1990), including specific critiques from structuralists (e.g. Bhadrachari, 1991) concerning *inter alia* the lack of access by the poor to markets attributable to, e.g. segmentation or interlocking, so that standard

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a It is recognised that the rural non-farm economy is particularly important in some countries (e.g. Bangladesh). However, given the limited resources at the disposal of this study, it is impossible to take on more than one productive sector as a pilot for analysis.

b A recent spate of writings (summarised in the ODI Natural Resource Perspectives papers by Berdegué et al. (2000), Bryceson (2000) and Ellis (1999) argue that the contribution of the non-farm economy to rural incomes has been underestimated and stands at between 60% (for Latin America) and 40–50% (for SSA and S Asia). There is some dispute over these estimates which cannot be discussed in detail here. But one very detailed field survey of over 700 households in 12 typical villages of central India undertaken over 12 months in 2001–2 indicated that agriculture and NR contributed approximately 63% on average to incomes and slightly over 70% for the poorest quintile (Farrington et al., forthcoming). Since India contains roughly as many rural poor as the whole of SSA and Latin America combined, evidence of this kind is bound to weight upwards any global estimates of the overall importance of agriculture to the poor.

neoclassical economic assumptions that the poor engage as well-informed economic agents, making free and rational choices, may only rarely be valid. For the sake of brevity,<sup>c</sup> it is not proposed to examine this literature here. By contrast, the concept of social protection is relatively new, and merits some explanation.

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<sup>c</sup> And despite the challenges posed, for instance, by the argument (Omamo and Farrington, 2004) that market failure is not the exception but the norm for the rural poor in sub-Saharan Africa.

## 2 Risk, Vulnerability and Social Protection

Social protection is concerned with the ways in which households' or individuals' resilience to adverse events can be strengthened. Risk is conventionally seen as the likelihood of occurrence of an adverse *exogenous* event. However, not all potentially adverse events are exogenous: the occurrence of disability and old age, and such events as weddings or funerals, and internal and generally linked to family life-cycles. Both internal and external events can be marked by sudden onset ('shocks') or be part of a longer-term cycle or trend ('stresses'). Risk can be classified along various dimensions: e.g. it can also be acute (such as a disease epidemic) or chronic (such as the degeneration of resource productivity under increasing population pressure); it can be natural or man-made. Risk can be *idiosyncratic*, which is haphazard in its occurrence and tends to affect individual households or communities, as for instance, personal injury would. This type of risk lends itself to formal protection such as insurance schemes. On the other hand, *covariant* risk (such as drought) affects wide swathes of the countryside, so that insurance provision is costly and complex, and the capacity for informal compensatory transfers reduced.

Vulnerability is the likelihood of being harmed by a given adverse event. Vulnerability will vary among individuals and households, according to their capacity to prevent, mitigate or cope with such events. As a general rule, households which are headed by females, children or the elderly, and/or which have high dependency ratios, will be more vulnerable than others. But vulnerability will also be influenced by location (e.g. in relation to flooding regimes), by the ownership of assets, and by the quality of access to resources (e.g. water, trees, pasture) which are not individually owned, and by social contacts which can be drawn upon in times of need. It can also have temporal dimensions: a given adverse event may impact on a household much more seriously before the harvest than immediately after. Although conceptually distinct, risk and vulnerability are intimately linked: a household negatively affected by an adverse event is likely to be more vulnerable for the future. For this reason, the question in practical terms is how agricultural growth measures can reduce risk *and* vulnerability, and any assessment of the scope for this will have to cast its net widely across these spheres.

Conway and Norton (2002:533) argue that 'what is new' about the concept of social protection is the link it makes between social assistance and wider objectives such as growth, namely that it 'relates to how public actions designed to help people manage risk and adversity may contribute to larger policy objectives of economic growth and poverty reduction'.

This contrasts with earlier, largely 'residualist' or 'safety net', treatments of social assistance which focused on providing support to those who would otherwise fall chronically or temporarily below some very low standard of living. It also allows us to distinguish those SP measures which concern us here – i.e. those closely related to livelihoods – from others, referred to by some as falling in the 'social sectors', such as health and education, which are generally of longer-term importance.<sup>d</sup>

The Conway-Norton definition corresponds closely with the World Bank's 'social risk management' (SRM) framework (Holzmann and Jørgensen, 2000; World Bank, 2001 – see also Box 1). The analogy of a trampoline is perhaps more apposite here than that of a safety net – assistance in this interpretation being designed to prevent the poor from sinking as far as they might otherwise in response to shocks, and to 'bounce back' more quickly. The social risk management

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<sup>d</sup> The distinction is a nice one and requires some elucidation: to be able to maintain good health is clearly of immediate as well as long-term importance to livelihoods. But what is of interest here is not so much the paraphernalia of setting up health provision, but rather the question of how poor people can access such health services as do exist quickly when they need them, and this generally boils down to ways of insuring themselves, or of drawing on liquid assets at short notice.

framework also highlights different forms of risk management, principally *ex ante* risk reduction and mitigation on the one hand, and *ex post* coping on the other.<sup>e</sup>

### **Box 1 The World Bank's Social Risk Management Framework**

This new conceptual framework for Social Protection is grounded in Social Risk Management. The concept repositions the traditional areas of Social Protection (labour market intervention, social insurance and social safety nets) in a framework that includes three strategies to deal with risk (prevention, mitigation and coping), three levels of formality of risk management (informal, market-based, public) and many actors (individuals, households, communities, NGOs, governments at various levels and international organisations) against the background of asymmetric information and different types of risk. This expanded view of Social Protection emphasises the double role of risk management instruments protecting basic livelihood as well as promoting risk taking. It focuses specifically on the poor since they are the most vulnerable to risk and typically lack appropriate risk management instruments, which constrains them from engaging in riskier but also higher return activities and hence gradually moving out of chronic poverty.

*Source:* adapted from Holzmann and Jørgensen (2000).

Conway and Norton (2002) also argue that SP differs from earlier approaches in its implication that social protection programmes are provided as a *right*. This throws into stark relief the normative, political case for 'social assistance', involving non-contributory transfers provided on the basis of need or other merit criteria, and paid from general government revenue. This provides some basis for advocacy, which occupies us here to some degree, but budgetary constraints will inevitably mean that rights have to be prioritised in practice. The concept of rights is not especially informative in relation to types of SP implemented by the private sector (such as accident insurance) – donors and governments can encourage the poor to contribute to these, but their use is less a matter of rights and more one of straightforward commercial transaction in order to cover individually perceived responsibility.

This discussion raises the need for two further sets of definition. First, there is the distinction between three modes of provision of SP:

- **informal**, such as storing wealth in livestock, trees or land, or transfers of cash or food within the household or some other social group;
- **market-based**, such as taking out insurance for a range of risks – not only accident or health, but also for productive assets;
- **publicly-mandated**, such as social insurance, transfer payments of various kinds, and public works.

It is recognised that SP, as with any other form of service, can be publicly mandated and funded, and privately supplied, so that hybrids among these types can be formed. These three types are not entirely independent of each other. For instance, there is some debate as to whether the introduction of formal SP measures undermines traditional, informal approaches, or, on the contrary, releases for more productive investment those funds that had hitherto been redistributed within the household to meet SP needs.

The second set of definitions is rooted in the need to categorise the poor. This can be done:

- by **gender**: women have different roles within production, and have reproductive in addition to productive responsibilities. Their vulnerability to risk is therefore likely to be different from

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<sup>e</sup> The three concepts of reduction (or prevention), mitigation and coping are not used as a principal organising criterion in this paper since (a) the conceptual distinction between the first and second categories is unclear – whether a measure is classified into one or the other seems to be a matter of time-scale or degree rather than any absolute distinction – and (b) many of the types of measure we discuss below (such as enhancing the agriculture or NR asset base, or strengthening certified rights over access to that base) can be used in any of the three ways, according to circumstances.

men's – whether it is higher or lower is likely to be an empirical matter.

- by **age**: vulnerability to many kinds of risk is likely to be higher among the very young and very old than other age-groups; those in the sexually active cohort are more prone to certain types of risk, such as HIV/AIDS.
- by **indicators of socio-economic status**: this may best be done in combination with age criteria: thus some are chronically unable to engage in the provision of economic products or services, such as the very elderly or very young, but also the sick or disabled. Others (e.g. the landless) engage in the productive economy largely through the sale of their labour. Others (e.g. small-scale farmers) may engage primarily in their own enterprises. This distinction may be made at the level of the household (e.g. according to 'primary activity' as defined in National Sample Surveys), but is perhaps best made at the individual level. Also, there are some fluidities: a farmer may spend part of the year working as a labourer; once health is recovered, a sick person may re-engage with the productive economy, and so on.

For present purposes, three categories of the poor are defined, although it is recognised that there are dynamics within and between them:

- those chronically unable to engage in the productive economy. Conventional views here are that transfers to these are wholly unproductive, so that their inclusion in a study concerned with the interface between social protection and growth might be questioned. There are two broad reasons for including them: first, there is evidence that part of what they receive through formal mechanisms is invested in productive purposes. Second, transfers allow them to engage more fully in the economy as consumers, and the additional demand that they bring to local food markets can expand and/or stabilise these;<sup>f</sup>
- those spasmodically engaged because either of fluctuating opportunity or adverse events (such as recurrent illness);
- those (more or less) fully engaged.

These latter two categories face a wide range of risks. These have to do with the uncertain nature of agriculture itself (weather-related risks; the risks of pest and disease infestation; market-related risk, etc.). But they also relate to the ways in which markets function inadequately, especially for the poor, in terms of inadequacies and asymmetries of market information, weak transport and communications infrastructure, inadequately functioning insurance markets, and the discriminatory segmentation of markets so that poorer groups trade on less favourable terms and may be excluded from certain possibilities altogether. A related issue is the interlocking of markets: a response by some producers to high levels of risk and market imperfection is to associate themselves with a patron, such as a landlord or moneylender, who provides certain services (such as credit in times of emergency) but in return is (often) the only source of credit, inputs and market opportunities for their produce which clients have, and will often make first claim on their labour. These interlocked markets provide a degree of protection but at very high cost for the poor in terms of the constraints on free engagement with markets that they impose.<sup>g</sup>

To conclude this introductory section, five sets of remarks can be summarised as follows:

- First, our view that definitions of SP provided by (or related to) the World Bank Social Risk Management framework need to be supplemented by inclusion of events which are stressful but not necessarily high risk, such as old age or disability. We justify inclusion of these categories in the following discussion partly for their intrinsic importance in poverty reduction, but also

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<sup>f</sup> Except where food is in short supply, in which case the additional demand is likely to be inflationary.

<sup>g</sup> For a review of the concepts and some practical issues in market segmentation and interlocking in India, see Start and Johnson (2004).

because of evidence that transfers to these are passed on to productive uses, and/or existing informal transfers are released for productive purposes.

- Second, growing interest in SP is not matched by growing funds for its expanded implementation by those departments (e.g. social insurance, employment, social welfare, etc) conventionally concerned with SP and related spheres. There is also some reluctance among many donors to engage (even on a ‘piloting’ basis) with SP, given the open-ended commitments that, e.g. non-contributory (‘social’) pension provisions imply.<sup>h</sup> Further, such expenditures would come under governments’ recurrent budgets, and so, along with many others, would be the target of downward pressures by the IFIs as part of economic reform programmes. This, plus the fact that SP in its current definition seeks to make links between conventional social assistance and wider objectives such as growth and poverty reduction, suggests the type of interface being explored in this study, in which growth-promoting measures may have positive impacts on SP. If such impacts were to prove viable, they could be financed through increased investment within the production-focused departments of government, such as agriculture, rural development and so on, and not through those conventionally concerned with SP.
- A third set of arguments concerns the concepts by which the scope for interaction between livelihood protection and promotion is to be examined in the body of this report. To summarise arguments rehearsed above, we will:
  - examine the potentially positive impacts of a range of social protection measures on growth in the agriculture and NR sectors;
  - examine the potentially positive impacts of a range of measures in the agriculture and NR sectors on risk and vulnerability;
  - explore each of these according to the three-way classification of the poor discussed above
  - comment on the role of different modes of implementation (informal, market-oriented and publicly mandated) and the roles of different agencies involved (government; NGOs; private commercial sector; membership organisations) in relation to the above;
  - take into account any temporal effects in relation to the above, including seasonal effects, and questions of whether poor people are chronically or temporarily unable to engage fully in the productive economy;
  - seek to understand where and how ‘sequence’ is important – certain observed effects may not be achievable unless specific preconditions have been put in place.

We will do this in broader rather than narrower interpretations of the reduction of risk and vulnerability. For instance, risk need not be taken as a ‘given’ – investment in soil and water conservation infrastructure can reduce the risk of flooding; international negotiations on commodity standards can reduce the risk of market exclusion, and so on. And reductions in vulnerability are not simply about immediate ways of coping with events or supporting those who cannot engage in the productive economy – they are also about building capacity to prevent, mitigate or cope with risk – this may involve infrastructure, skills, social capital or voice, but also savings in cash or kind, so that *levels* of income as well as its variance need to be taken into account.

- Fourth, wider discussions of, e.g. the nature of risk (idiosyncratic or covariant), and of whether measures are risk-reducing (protecting), mitigating or coping, will be secondary to our main purposes.
- Fifth, it is recognised throughout that, no matter whether transfers are rooted in livelihood protection or promotion, funds (or ‘in kind’ transfers such as food or fertiliser) are to some degree fungible. Thus, part of an old-age pension may be transferred informally to meet grandchildren’s education expenses (Devereux, 2002b). This fungibility has long been recognised as a feature of NGO-operated micro-finance schemes – loans are rarely put to the

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<sup>h</sup> Slightly as an aside, it is worth noting that some in USAID and the Washington-based IFIs have difficulty with concepts of ‘rights’ to economic resources.

formally-specified use, and there is a growing argument that this matters little, so long as they have some impact on poverty and repayment levels are sufficient to maintain the integrity of the scheme (Kabeer, 2002). The important questions over the feasibility of targeting that this discussion raises are alluded to briefly in what follows, but represent a much larger issue than can be addressed fully here.

Finally, parts of the discussion here touch on issues central also to humanitarian, relief and rehabilitation debates. Similarities and differences between the two sets of debates are discussed in Annex 2.

### 3 Potentially Positive Impacts of Social Protection on Agriculture

Discussion here is not restricted to those segments of the poor who are either permanently or spasmodically engaged in the productive economy (here, agriculture in particular), but also to those, such as the disabled or elderly, who are chronically unable to engage. Apart from the evidence that those receiving an old-age pension may invest part of this for productive purposes, there is also the possibility that resources formerly transferred to the elderly within the household or extended family may be switched into productive investment once pensions are received. Also, questions of the balance between cash and food transfers are important to the local food economy and are relevant to them, since they engage with that economy as consumers, whether or not they do so as producers. As with agriculture-based interventions discussed below, the effects can be at general or specific levels, and a range of agencies might be involved, either individually or in partnership. Five types of intervention are distinguished in Table 1 and the gender implications of these are considered in Box 2 and Annex 1. This section demonstrates that there are options within SP that address risk and vulnerability in different ways. But to consider these solely within the SP context would be inadequate: they also have different impacts on the productive sectors such as agriculture, and the full nature of possible policy tradeoffs will only be revealed if this dimension is also taken into account.

#### **Box 2 The relationship between gender, social protection and agriculture**

In Annex 2 we modify Table 1 in an attempt to mainstream gender issues into it. This suggests that, whilst much is known about the gendered impacts of SP and about the gendered nature of agricultural production, less is understood about the relationship between gender *and* social protection *and* agriculture. For example, our understanding of social protection interventions that are linked to food focuses on nutrition and reproductive issues rather than labour or production issues. In this context, women are seen as mothers or nurturers and not as producers, and yet some have argued that rural women produce 60% of the food in some developing countries (FAO, 2003). Similarly, in employment generation schemes, men and women have different preferences for food-for-work, inputs-for-work and cash-for-work (Devereux, 2003), but the implications of these preferences for agricultural production are less clear. We can draw on our understanding of gender and agricultural systems and make some suggestions about what the impacts might be, but research needs to develop a better understanding of the outcomes of gender-targeted social protection on agricultural production and growth.

The capacity of social protection interventions to address practical gender interests and/or strategic gender interests is also at issue here. For example, building a new well that is closer to people's homes, or investing in irrigation that means women spend less time collecting water can free up women's labour for productive activities – potentially providing net benefits for women in agriculture. However, the intervention addresses only the practical interests of women: the underlying reasons why it is women and not men who collect water remain unchallenged and thus building a well does not help women address their strategic gender interests. There is, perhaps, more scope within the financial services sector to support women's roles in agriculture through social protection. For example, there is evidence that credit schemes enable women to achieve their strategic interests (Kabeer, 2002), for example, they might take more control over decision-making about agricultural production. Questions about the capacity within social protection and agriculture interventions to enable women to achieve both their practical and strategic interests are important – particularly given the connections made in this paper between rights-based approaches and the reduction of vulnerability. There is a strong argument for establishing how and when gender-targeted social protection can enhance women's agency, women's voice and women's capacity to demand their rights and to practice agriculture in an equitable system.

**Table 1 Potential positive impacts of social protection on agriculture**

Type of intervention						
Cash transfers	Subsidised/free food	Subsidised/free inputs	Employment generation	Financial services		
<p><b>Social pension</b><sup>1</sup> Stimulates local trade and promotes development of markets. Income invested in children's schooling and family health</p> <p><b>Attendance incentives</b><sup>2</sup> Educational and nutritional impact on children and community. Increase of resources into the community.</p> <p><b>Cash for agricultural investments</b><sup>3</sup> Transfers to farmers can increase production and monetary returns.</p>	<p><b>Food aid programmes</b><sup>4</sup> Food aid package includes training that encourages development of skills. Income stimulates local economy. <b>Food distribution</b><sup>5</sup> Can stimulate local/national production of food. <b>School feeding</b><sup>6</sup> Can increase school attendance rates, and decrease drop out rates; can improve gender ratios. Household income can be substituted to meet other expenses. Can increase demand for local production.</p> <p><b>Nutritional Programmes for AIDS affected families</b><sup>7</sup> Increases community education and enhances production in response to specific PLWHA needs.</p>	<p><b>Targeted Inputs Programmes</b><sup>8</sup> Increases domestic food production, specifically addressing seasonal deficits. <b>Seed aid</b><sup>9</sup> Purchase of local seeds. <b>Seeds vouchers and fairs</b><sup>10</sup> Strengthens farmers' procurement systems. Stimulates local economy.</p>	<p><b>Public works</b> May contribute to employment generation, rural asset creation, training in skills, increased demand for agricultural products, and environmental conservation.<sup>11</sup> <b>Employment guarantee schemes</b><sup>12</sup> Can increase investment in riskier, high-yielding variety crops. <b>Cash-for-work</b><sup>13</sup> Investment in farming and non-farm enterprises. Can increase trade and improve food price stabilisation. <b>Inputs-for-work</b><sup>14</sup> Increases crop production. <b>Food-for-work</b><sup>15</sup> Substitution for household expenditure.</p>	<p><b>Credit</b> Increases income, and reduces vulnerability and risk to covariant shocks on agricultural production, such as drought and floods; and adverse effects of costs such as weddings, funerals.<sup>16</sup> Beneficiaries have the capacity to build up and invest in agricultural assets.<sup>17</sup> Can include the previously excluded and integrate them in local markets.<sup>18</sup> Increases investment in education and health.<sup>19</sup></p>	<p><b>Savings/pensions</b> Can provide a buffer against adverse effects of shocks on agricultural production; and additional costs such as weddings, funerals, dowry, etc. Can give poor people ability to consequently invest in agricultural assets and capital.<sup>21</sup></p>	<p><b>Personal insurance</b> <b>Health insurance schemes</b><sup>22</sup> Protects informal workers' income fluctuations when ill <b>Burial schemes</b><sup>23</sup> Reduce negative impact of funeral costs <b>Self-employed worker's insurance</b><sup>24</sup> Protection for unemployment, health, benefits, etc.</p>

### 3.1 Cash transfers

Although cash transfers may appear unrelated to agricultural growth, considerable experience with social pensions (especially old-age pensions) in S Africa and Brazil suggests that many recipients use part of the income to invest in productive purposes – such as the example of child education discussed above. The case for substantial increase in pensions in India, financed by a reduction in less effective social protection measures, is examined in Box 3. Other examples of cash transfer discussed in the notes accompanying Table 1 (see Annex 3) are targeted on particular activities and/or segments of the poor, including incentives for attendance at school such as those provided by PROGRESA in Mexico which resulted in higher attendance and improved health especially among girls (Adato, 2002), and investment support for agriculture, such as the PROCAMPO experiment, again in Mexico (de Janvry et al., 2001).

#### **Box 3 The debate over internal food transfers<sup>i</sup>**

Neoliberalism urges a shift in attention away from food self-sufficiency and towards the generation of foreign exchange via exports, which can then be used for imports, to make up any food deficit. However, such advice appears seriously flawed for (often landlocked) countries in which transport charges can make the cost of imported food twice as high as its locally produced equivalent (Devereux, 2002b). The bad press that having to import food would bring in some countries (such as India) together with the inherent unreliability of transport infrastructure along import routes in many others, means that, politically, any reliance on food imports is a high-risk strategy. The reality is therefore that for both economic and political reasons, food self-sufficiency will remain high among the priorities of many countries. As self-sufficiency is approached, it opens up the possibilities of sustainable food transfers, which are potentially of high importance to meet some of the more extreme vulnerability conditions outlined in Table 4, and food transfers are especially likely to be prioritised in countries operating guaranteed purchase and buffer stock schemes. However, there are clearly cases of imbalance between food distribution and cash transfers which need to be redressed. In India, for instance, which on average is self sufficient in foodgrain production, surplus production is concentrated in a relatively few areas, the majority of which are politically powerful but far distant from deficit areas. Guaranteed purchase prices have recently been pitched too high, resulting in the accumulation of over 60 million tonnes of food stock held by government in 2002. Internal transport costs are inherently high, and this, coupled with inefficient handling and storage, means that it costs at least one rupee to deliver a rupee's worth of food to intended beneficiaries – almost double this amount if realistic assumptions about corruption and subsequent 'leakage' are made. Although problems of exclusion and inclusion during registration abound, the evidence suggests that cash transfers such as old-age social pensions can be delivered more efficiently. A national scheme for such pensions already exists but is seriously underfunded: central government aims to contribute Rs75 (approximately £1) per month each to half of those over 65 years who are below the poverty line (the assumption being that the other half are not 'destitute' and will be looked after by their families). Individual States are supposed to contribute a comparable amount, but some do not, and the uptake of the scheme by States is uneven. To make the scheme universal and better funded (at around £4 per month) would require around £1.5bn from the £7bn currently allocated by government to all forms of social protection, implying a switch of funds away from those components that perform weakly, including food transfer. Cash transfers would have the added advantage of stimulating demand in local food markets. However, the longstanding political commitments to food transfers, together with the politicisation of aspects of corruption in the food transfer system, make it unlikely that policy will move rapidly in this direction.

*Source:* Farrington et al. (2003)

### 3.2 Subsidised or free food

In some contexts (e.g. India) the targeted provision of subsidised food to the poor is conventionally seen as less corruptible and potentially more poverty focused than cash transfers, and has been one of the main planks of anti-poverty policy for over two decades. Box 2 re-assesses these arguments

<sup>i</sup> This is distinct from food aid, which has some similar elements, but many different ones.

and, for India, urges a switch to cash transfers in the form of pensions, on the grounds that to administer food transfers is costly and corruption prone, as well as posing threats to local food production. However, whilst recognising the high costs of administration, more specific interventions such as school feeding schemes have registered some success in parts of India (Government of India, 2000) and in some cases have boosted demand in local food markets, and specific interventions in support of HIV/AIDS sufferers have helped in meeting their specific nutritional requirements (WFP, 2003).

### 3.3 Subsidised or free inputs

There is some debate over whether an intervention of this kind should be regarded primarily as a social protection or an agricultural growth intervention, given that it incorporates elements of both. We have no particular view on this debate, simply noting that it falls around the middle of the spectrum between ‘pure’ SP and ‘pure’ growth-promoting initiatives. There is bound to be some ‘leakage’ through, e.g. the local sale of the inputs provided, but the essence of the intervention is that it can be targeted towards types of production that lend some protection to cultivators. This appears to have happened in Malawi, where since 1998 the Targeted Inputs Programme (Levy, 2003) has been seeking to compensate for the higher price of inputs following the closure of parastatals under liberalisation, and thereby stimulate production of the staple food crop, maize, and so reduce vulnerability among very low-income populations.

### 3.4 Employment generation

Much has been written about different types of public works programmes, including the success of the Maharashtra Employment Guarantee Scheme which, by providing a certain number of days of public works employment *as a right* to labourers below the poverty line, ensured both substantive demand for the work, and an obligation on government to respond to this (Dev, 1996). However, the conditions for sustained success in such a scheme are quite specific, and include the existence of a sufficient tax base from which the necessary transfers can be made, a government committed to rural poverty reduction, robust procedures for registration, good timing in relation to the agriculture calendar, and the setting of wages at levels which will attract the poor but not the better-off. The scheme faltered when some of these conditions fell away in Maharashtra, and has proven difficult to replicate elsewhere. Numerous means of making payment under this and other schemes have been tried, including food, cash and agricultural inputs. Such schemes can clearly reduce vulnerability among those segments of the poor able to engage in the productive economy by providing them with employment at times when it is not otherwise available. However, the extent to which they can contribute to skills enhancement and rural asset creation varies according to context – certainly in the latter case, it may be necessary for guidelines to permit part of the budget to be spent on the hire of machinery in order to achieve minimum necessary construction standards, and the guidelines are generally too rigid to permit this in, e.g. India (Saxena and Farrington, 2003). Employment generation programmes may have other secondary impacts on agriculture – if, for instance, they clash with the agriculture calendar, fields may be neglected, or (more positively) those working in employment generation programmes may employ others to work on their farms, thereby creating a further round of income and employment multipliers.<sup>j</sup>

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<sup>j</sup> The authors are indebted to Stephen Devereux for this observation.

### 3.5 Financial services, including credit, savings/pensions and insurance

Microfinance can help to reduce vulnerability at the same time as contributing to agricultural growth in a number of ways. In the same way as pensions paid into a household, it can release existing funds for production purposes, or itself contribute to production, or mitigate the impact of other ‘shocks and stresses’, either internal such as weddings or funerals, or external such as drought or flooding (Hassan, 2000; Khandker, 1998). However, even in Bangladesh where microfinance is well developed, there remain difficulties in engaging those who find it difficult to raise their levels of productivity, or even to participate in productive activity more than peripherally. The BRAC Income Generation for Vulnerable Group Development programme provides both positive and negative experience here (Matin and Hulme, 2003; Matin, 2002), but, importantly, seeks to identify workable trajectories from social protection to support for productive activity (Box 4). Similarly, savings can provide a buffer against the adverse effects of shocks in agricultural production, and provide the opportunity to invest in agricultural assets and capital – Narayan et al. (1999) provide examples of numerous small savings schemes in W. Africa. Small livestock, being easily liquidated in small units when required, are a favoured channel for investing savings or credit in many countries (cf. Alam, 1997 on Bangladesh). Death, sickness and injury of household income earners are major triggers of downward spirals, and personal insurance schemes (often linked to occupations and often subsidised) are an increasingly popular way of providing protection against these eventualities. SEWA in India, for instance, arranges such insurance for self-employed women members (SEWA <http://www.sewa.org/>), and a recent innovation has been a subsidised scheme introduced by the Government of Madhya Pradesh to provide life insurance to those working in the forest to collect *tendu* leaf, which is used in rolling local cigarettes. Such schemes have a strong ‘rights’ dimension, and lobbying from civil society organisations may help in achieving the considerable scope for expansion both within the informal (small farm) sector and within the formal sector, e.g. among plantation workers.

#### **Box 4 Sequencing protection and promotion: the case of the BRAC Income Generation for Vulnerable Group Development (IGVGD) Programme, Bangladesh**

IGVGD was initiated by BRAC to address the needs of chronically poor households. These are households that cannot escape extreme poverty and are predominantly assisted with only ‘protective’ measures of development, such as food aid, and who have little opportunity or space to engage in ‘productive’ income generating schemes, or invest in productive assets and resources. IGVGD attempts to reach this group, the ‘hardcore poor’ and build up their productive capacity by simultaneously providing a protective base. This is achieved through collaboration with the WFP and local government to distribute a monthly wheat ration (for two years), plus training and credit provision by BRAC. Credit is used to set up income generating activities, such as poultry, livestock and sericulture. IGVGD targets widowed or abandoned female heads of household; households owning less than 0.5 acres, and earning less than 300 taka/month.

IGVGD has been successful in reaching the very poor and increasing the economic position of beneficiary households. Average incomes have risen significantly and ownership of homestead plots, land, beds and blankets increased. After two years, when wheat distribution ends, many participants experience a drop in income and consumption but the income generating activities founded on the microcredit intervention kept many incomes above pre-programme level. The programme has been impressive in successfully ‘graduating’ households of such low-income and low-asset holdings to access regular microfinance programmes.

In spite of these successes, there remain several difficulties. One is the question of field staff capacity: can a fieldworker concerned with, e.g. agricultural extension be mandated and re-trained to provide SP inputs? Conversely, can a social worker be trained to provide advice relating to the productive sectors? If this proves impossible, can the costs of running two parallel services be sustained? Another is the difficulty of reaching those who have most difficulty in becoming upwardly mobile, and those who cannot raise their levels of economic activity. Experience shows that some households could not recover from loss of food subsidy and had to mortgage assets and use the loan for consumption. Thus, whilst the combination of protection and promotion, where protection acts as a base for productivity, can be a successful ladder for households able to seize economic opportunity, other households need additional inputs such as social development/social mobilisation, or asset transfers. BRAC’s new scheme ‘Challenging the Frontiers of Poverty-Reduction Programme’ aims to provide these inputs.

*Source:* Matin and Hulme (2003)

## 4 Potentially Positive Impacts of Agriculture Interventions on Risk and Vulnerability

The thread running through this section is similar to that in the previous section: different types of investment and service provision in agriculture will be relevant to different types of producer and will impact on production in different ways. But, again, the full nature of possible policy tradeoffs among them will only be perceived if their differential impacts on SP – i.e. on risk and vulnerability – are also taken into account. As with Table 1 and related discussion on the impacts of SP on agriculture, the coverage here starts from broader issues. Fungibility is again a major reason for this, but not the only one. Much can be done for instance to make the overall production environment less risk-prone. As illustrated in Table 2, this can be through *investments* in rural infrastructure, soil and water conservation, pro-poor irrigation, and so on.

Apart from *investments*, two further broad categories of intervention are discussed, viz:

### 4.1 Agriculture-related legislation and regulation

Again, this has both broader and more specific components, which tend respectively to be pitched at national (or international) and local levels. For instance, in relation to markets, where governments press for reduction in the barriers which exclude national produce from international markets (including pressure to reduce excessively high phytosanitary controls which effectively function as a non-tariff barrier), this is likely to increase exports and generate more employment opportunities for the poor in production and processing. Increased income may contribute to higher savings, which in turn may be used to prevent, mitigate or cope with future risks.

Measures related to land may reduce vulnerability directly or indirectly. Land reform in the sense of land redistribution is not discussed here, since, with a few exceptions such as S Africa and Zimbabwe, it has slipped down the political agenda. However, a number of other opportunities offer themselves, such as reforming and formalising tenancy arrangements to provide tenants with a higher degree of security, the reform of inheritance laws to allow women to inherit land, and improvements (eventually, the computerisation) of documentation concerning freehold and leasehold so that land records can be used as collateral to obtain loans in time of need (Adams et al., 1999). Similarly, and especially where the majority of the rural poor are predominantly landless labourers as in India (Saxena and Farrington, 2003), labour-related legislation such as statutory minimum wages are potentially a powerful tool to enhance incomes, though they cannot guarantee the stability of income, especially where agricultural labour is becoming increasingly casualised (Ruthven and Kumar, 2002) and there remain major problems of enforcing the implementation of statutory wage provisions, especially for marginalised groups such as the lower castes in India, and for female labourers. The rural poor use common pool resources both as a regular source of income and as a safety net (e.g. in gathering wild foods) during times of stress. There is a very large number of cases where indigenous rights have been abused, reflecting the powerlessness of those occupying or relying on such resources, and despite, in some cases, affirmative legislation to protect them<sup>k</sup>. Similarly, a number of fiscal pressures on governments, including pressures from donors to liberalise, have prompted them to auction leases on resources formerly held by the poor, including fishing rights on inland waters in Madhya Pradesh, India, generating both reduced income and increased vulnerability (Singh et al., 2003).

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<sup>k</sup> Decentralised Natural Resources Management e-forum, accessible via [majordomo@taru.org](mailto:majordomo@taru.org)

**Table 2 Potential positive impacts of agriculture interventions on vulnerability**

Agricultural investment	Agriculture-related legislation and regulation						Agriculture-related services				
	Access to CPR	Labour	Markets	Land	Technology	Insurance	Savings credit	Input supply	Processing/marketing	Enterprise development	
Includes rural infrastructure such as transport and communications which have indirect effects. <sup>25</sup>	Efforts to protect indigenous rights to CPR. <sup>26</sup>	Minimum wage legislation and its enforcement. <sup>27</sup>	Identification (post-liberalisation) of appropriate roles for public and private sector organisations. <sup>28</sup>	Land redistribution has potential to reduce vulnerability by building up assets of the poor, but has low feasibility in most countries. Titling of land ownership. <sup>29</sup>	Crop/livestock breeding for higher productivity plus resilience in the face of pests, diseases, drought. <sup>30</sup>	Efforts to overcome covariance problems through multinational private sector insurance companies. <sup>31</sup>	Efforts to apply group principles to agriculture. <sup>32</sup>	Design and implementation of standards to reduce adulteration of fuel and chemicals, keep seed 'true to type' and of agreed viability levels, etc. <sup>33</sup>	Iron out excessive seasonal farm-gate price fluctuations by (initially) guaranteed purchase schemes and (ultimately) better developed markets. <sup>34</sup>	Skill enhancement especially in relation to agricultural risk management	
Investments to reduce the variance (inter- and intra-seasonal) of returns to agriculture, e.g. pro-poor types of irrigation; soil and water conservation; bunding and drainage. <sup>35</sup>	Efforts to protect access by the poor to resources not tied to land ownership, e.g. water; fish. <sup>36</sup>	Occupational accident insurance, possibly including more general health insurance, possibly subsidised. <sup>37</sup>	Press for reduction in excessively high standards nationally and internationally. <sup>38</sup>	Tenancy reforms. <sup>39</sup>	Tailoring of the introduction of technology to suit labour conditions (generally labour saving in Africa and labour absorbing in S Asia). <sup>40</sup>	Efforts to overcome moral hazard problems through payment according to rainfall, not crop loss. <sup>41</sup>	Provision of accurate technical information in accessible format. <sup>42</sup>	Support farmers in meeting rapidly changing standards. Consider role of outgrower schemes and group action in this. <sup>43</sup>			
			Anti-trust policies to reduce oligopsony. <sup>44</sup>	Inheritance reforms. <sup>45</sup>	Diversification within agriculture and NR to reduce risk. <sup>46</sup>						

## 4.2 Agriculture-related service delivery

As with legislative/regulatory interventions, service delivery can generate effects which are either general or more specific, and either raise incomes overall or reduce the variance of incomes. There is also evidence of the involvement of public, private commercial, and private non-profit organisations in a wide range of roles and partnerships. Services relating to technological change (i.e. research and extension) can, for instance, promote the diversification of agriculture in ways that spread risk among different enterprises – financial risk directly, as products are grown for different markets, and climatic or biotic risk, as different crops (or crop/tree/livestock combinations) offer different types and levels of robustness in the face of these risks. Within crops or livestock types, tradeoffs in breeding strategy are crucial: to develop or introduce crops geared to high yield and/or to a high degree of acceptability in international markets may mean sacrificing some of their robustness. For the poor, some combination of robustness and higher production potential is required, and it can be hypothesised that the reduction in public sector agricultural research capability in many developing countries, and its partial replacement by increased reliance on the private sector, has shifted this balance towards commercial considerations, to the disadvantage of low-income producers.

Much can be done to reduce the risks posed to poor people by inappropriate inputs. With agrochemicals this has health and safety dimensions, as well as economic – much agriculture is context specific, and a locally inappropriate input will not generate the expected return on investment. Efforts towards improved legislation and regulation mentioned earlier are clearly relevant here, but implementation issues are likely to be important, with some expectation that, for instance, seed producers' associations might eventually impose industry-wide standards of purity, germination and 'trueness to type' (Tripp, 1997).

With three further types of intervention – credit, insurance and processing/marketing – the emphasis is on effects that are more specific than general, but the respective roles of different actors differ widely. For instance, where the conditions can be put in place, approaches to savings and credit that rely on the Grameen Bank principles of peer group monitoring can be replicated (Hulme, 1990), the commercial banks in many countries having limited capacity to respond to the characteristics of small farm loans (urgency; smallness of scale; limited collateral – for the results of recent surveys in India see Sinha et al., 2003). Crop insurance and processing/marketing have long been known to offer different types of protection against vulnerability. Guaranteed purchase schemes at minimum pre-announced prices, for instance, can help to iron-out excessive intra-seasonal farm gate prices, and are often managed in conjunction with buffer stocks which can be drawn down to meet food security needs or serve as the basis for subsidised food distribution. Sound logistic planning has allowed these schemes to work well in a very few cases (see Ellis, 1993 on BULOG in Indonesia), but, as in the India case, where buffer stocks mounted to over 62 millions tonnes in 2002 (against an estimated requirement for food security purposes of around 20 million tonnes), they often work inefficiently, with political pressures to offer high administered prices to a favoured few, to avoid imports, and to tolerate high levels of inefficiency and corruption in collection, storage and distribution (Saxena and Farrington, 2003). In the case of insurance, there are few remaining crop insurance programmes – the difficulties of covariate risk and high administrative costs to collect premia and verify claims meant heavy operating losses, so that such schemes have been among the first victims of neoliberal reform. However, there are a number of new proposals: one suggests linking payouts for drought-proofing insurance simply to rainfall statistics, and another (more 'blue skies') envisages that private multinational insurance corporations are well-placed to handle covariant risk since their operations will be affected by events such as drought only in one part of the globe at any one time (Hazell, 2003). Experiments in India supported by the World Bank may reveal whether such schemes can reduce administrative costs and moral hazard, and operate without subsidy (Hess, 2003).

## **5 Potentially Negative Interactions between Agriculture and SP, and Vice Versa**

Much of the above discussion has focused on the potential complementarities between livelihood protection and promotion in relation to agriculture. In many of the cases where positive effects are not sought, any interaction between protection and promotion may simply be negligible. However, in other cases, poorly managed interventions in one sphere may have negative effects on others. Where, how and how far this might happen will be highly context specific. However, a number of generic possibilities are outlined here.

In general terms, there are concerns over the balance in government funding between protection and promotion. The fear is that poverty reduction through regular payments such as social pensions may not be as sustainable as that achieved through growth, since it draws on public funds in an open-ended fashion. There are also concerns that excessive allocations to transfers may reduce the volume of funds available for investments in support of growth. Part of the difficulty with these arguments is that they do not recognise that considerable volumes of resources are already transferred informally in support of those who cannot engage in the productive economy: the evidence is generally that these are switched to productive investment once formal transfers are introduced. Where transfers are high (as in OECD countries) there is a concern that they will either act as disincentives to work, or reduce the scope for public investment, or both. This appears unlikely to be a concern for some time to come, given the low levels of transfer in developing countries.

As a general hypothesis, we suggest that policy options selected at the extreme end of the 'protection' spectrum are likely to do nothing for growth, and may even be detrimental to it. Likewise, options at the extreme 'productivity enhancing' end of the growth spectrum are likely to do nothing for vulnerability or risk reduction, and may even be detrimental to them. Thus, policy decisions to pursue 'pure' growth options (e.g. in crop production) tend to expose farmers (and others relying on agriculture) to high risk for at least two reasons: one is that crops bred for high yield may not incorporate the types of risk-avoidance properties (drought avoidance; pest and disease resistance) favoured by many; the second is that they are likely to require large amounts of purchased input to achieve their genetic potential (pesticides, fertiliser, etc), which exposes farmers to economic risk.

On the SP side, the mistiming of interventions can have seriously negative implications for agriculture. Thus, where food aid is distributed late or in excessive volume, it can have a depressing effect on local food markets and so on agriculture. Similarly, when employment generation schemes are poorly timed (and we recognise that in areas where production is highly heterogeneous there may be no 'perfect' timing), then some labour might be diverted out of agricultural activities. However, any detrimental effect may be compensated if the workers affected in turn employ others to do the agricultural work.

## 6 Potential Relevance of Social Protection Measures to Different Categories of Poor People

Table 3 segments the poor into three broad categories:

- those chronically unable to engage in the production economy, e.g. through old age, disability, long-term sickness, and long-term commitments to maintain large numbers of dependents;
- those spasmodically engaged in the productive economy – whether through personal characteristics such as recurrent illness, or through the non-availability of appropriate work;
- those fully engaged in the productive economy, albeit with the possibility of un- or under-employment when conditions (e.g. weather or market) are adverse.

Unsurprisingly, transfers of cash or food are particularly important to those chronically unable to engage, with employment schemes, other labour-based interventions and access to CPR particularly important to those spasmodically engaged in the productive economy, and the range of agriculture services important to the fully-engaged.

**Table 3 Potential relevance of a range of social protection measures, to different categories of poor people**

		<b>Modes of intervention via SP and promotion of agriculture</b>																	
		<i>Freestanding social protection</i>								<i>Social protection incorporated into support for agriculture</i>									
		Transfers				Financial services				Agricultural investment	Legislation/regulation				Agricultural services				
		Cash transfers	Subsidised food	Subsidised inputs	Employment generation	Credit	Savings	Contributory pensions	Insurance		Access to CPR	Labour	Market	Land	Agricultural technology	Agricultural insurance	Agricultural credit	Agricultural input supply	Agricultural processing/marketing
Degree of engagement by the poor in the productive economy	Chronically unable to engage	<b>X</b>	<b>X</b>	<b>X</b>															
	Spasmodically engaged	X	X	X	<b>X</b>	X	X	X	X	X	X	X	X						
	Fully engaged					X	X	X	X	X	X	X	X	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>

*Note:* stronger relevance is indicated in bold.

## **7 Livelihood Protection and Promotion: How Far Does Feasibility Match Needs?**

Table 4 considers the broad categories of social protection discussed in Table 1 and Table 2 attempting to assess (in row 1) the preconditions for sustainable national policies relating to the implementation of each of these, and (in the remaining rows) the desirability of using particular measures to address differing vulnerability conditions. The emphasis here is not on the factors causing risk (such as the prevalence of drought, flooding, etc), but rather on the factors typically causing some households and individuals to be more vulnerable to risky events, whether internal to the household or extraneous, than others. It is recognised that these are not entirely watertight categories – for instance, some of the socially excluded are also likely to be landless labourers – however, it serves to illustrate a number of arguments. It is argued, for instance, that cash and food transfers are particularly important to those infected by HIV/AIDS and to others chronically unable to engage in the economy, though it must be emphasised that AIDS sufferers are likely to have specific nutritional requirements. Other types of social protection intervention are likely to be of little relevance to this category.

These two types of intervention are also likely to be of major importance to socially excluded groups, but so also will be public works geared towards employment creation, and financial services such as microfinance and personal insurance. In areas having a high prevalence of economically active households largely relying on the sale of their labour, employment schemes are again particularly important, as are financial services. For areas characterised by those having access to some land, agriculture-based services, legislation and investment will be particularly important.

A particularly informative dimension of Table 4 is the comparison between the preconditions for sustained national policies in relation to each category of measures, and the extent to which each is desirable to meet particular vulnerability conditions. Cash transfers, although potentially desirable to meet the needs of those chronically unable to engage in the productive economy, are likely to be sustainably affordable only in those countries having a strong tax base. This effectively rules out this kind of measure among many countries in sub-Saharan Africa having a high incidence of HIV/AIDS, unless the necessary resources can be provided on a continuing basis by donors. Similarly, the funds for agriculture-related investments are unlikely to be sustainably affordable unless either a strong tax base or functioning mechanisms for raising public investment funds are in place, again ruling out many countries. Food transfers raise particular issues which were treated in Box 3.

**Table 4 Desirability and feasibility of broad types of social protection by vulnerability conditions**

	Broad types of social protection						
	<i>Freestanding social protection</i>				<i>Agriculture and NR-related</i>		
	Cash transfers	Food transfers	Employment generation	General financial services	Investment	Legislation /regulation	Services
Feasibility conditions	1, 2, 3	2, 3, 4	2, 3	2, 3	1, 2, 3	2	2, 3
Vulnerability conditions							
High prevalence of:							
1) HIV/AIDS	H	H <sup>b</sup>	L	L	L	L	L
2) Elderly/sick/disabled unable to engage in the economy	H	H <sup>c</sup>	L	L	L	L	L
3) Social exclusion on grounds of gender, ethnicity, caste, religion, etc.	H	H <sup>d</sup>	H	H	M	M	M
4) Otherwise potentially active but very poor households who:							
a) are largely landless	M	H <sup>c</sup>	H	H	M	M	L
b) have some access to land	M	Indeterminate	L	M	H	H	H

Key: H = High, M = Moderate, L = Low

Feasibility conditions

- 1) Strong tax base
- 2) Strong financial (and other) institutions
- 3) Good communications infrastructure
- 4) Agricultural surplus producer

Notes:

- a) For a breakdown, see Table 3.
- b) This category will have specific nutritional requirements.
- c) The desirability of providing food over cash transfers may be high where there is little food to purchase in local markets, and where food redistribution, guaranteed purchase and buffer stock management can efficiently be managed jointly.
- d) Although there is evidence that midday meal schemes encourage school attendance (especially by girls) it will be a high-cost option unless the conditions outlined in Note c are in place.

## **8 Protection, Promotion and Rights-based Approaches**

To support poor people and those working with them, such as civil society organisations, in recognising and voicing their rights is a potentially important contribution to vulnerability reduction. It is impossible here to examine the full range of interventions on either side that might lend themselves to rights-based approaches. However, a number of them clearly offer potential in this direction. For instance, minimum wages are in some cases not formally set, and in many cases not enforced. The wide range of abuse of minimum wage legislation – and female workers are particularly underpaid – offers much scope for pressure on government and employers to implement statutory provisions (Deshingkar and Start, 2003). In addition, numerous examples of corruption mean that poor people are not receiving the resources to which they are entitled, and this offers further scope for ‘campaigning’ – as in cases of mis-allocation of food (or cash) for work, inclusion of the better-off in schemes intended for the poor, and so on. To deprive the poor of traditional rights to common resources – either with some reference to legitimacy (e.g. by selling a lease on inland waters for fishing (Singh et al., 2003), or by taking over land for new dams) – or non-legitimately, as when valuable timber or minerals are extracted from areas mandated to tribal authority (see the DNRM e-forum – see Appendix 3, note 26).

## 9 Policy Questions in Protection/Promotion Links

Using the headings in Table 1 and Table 2 as a guide, but drawing also on elements of Table 4, in Table 5 we attempt to identify what questions policymakers might ask when they are considering resource allocations to each, and the implications that these might have – whether in the form of *tradeoffs* between one or other type of SP (or of agricultural intervention), or in the form of positive or negative *interactions* between protection and promotion initiatives. The question of sequences among various types of intervention is also likely to be important, as is argued in Box 4.

**Table 5 Generic and specific policy questions in relation to social protection and agriculture**

<b>Generic questions</b>	<ul style="list-style-type: none"> <li>• How effective will each of the following be and for what categories of the poor?</li> <li>• Can efficient and robust implementation arrangements be put in place, given the locally prevalent forms of corruption?</li> <li>• Is there a trade-off between robustness in implementation and sophistication in targeting?</li> <li>• How can interventions be designed and presented so as to maximise civil society involvement in favour of the needs of the poor – especially in relation to ‘rights’ dimensions?</li> <li>• How do the resources transferred or generated flow through the household economy – i.e. what are they actually used for – and what existing resource flows do they displace?</li> <li>• What types of agriculture intervention can be made to reduce risk and/or vulnerability, and how? What production penalties does this incur when compared with ‘pure’ growth strategies?</li> <li>• Within protection or promotion, or in interactions between them, what <i>sequences</i> have to be observed in specific contexts?</li> </ul>
<b>Cash transfers</b>	<ul style="list-style-type: none"> <li>• How are transfers used?</li> <li>• Are informal and traditional mechanisms for transfer breaking down?</li> <li>• Are they likely to be disrupted by formal transfers?</li> <li>• How far are informal transfers likely to be displaced by formal initiatives?</li> <li>• What happens to the funds thus displaced? How and how far are any invested in production?</li> </ul>
<b>Transfers in kind</b>	<ul style="list-style-type: none"> <li>• Can the requisite food or other products be supplies locally or do they have to be imported? If the latter, at what cost? (this question applies to all forms of transfer including school meal schemes, subsidised food distribution, etc)</li> <li>• How are transfers used?</li> <li>• Are informal, traditional mechanisms for transfer breaking down?</li> <li>• Are they likely to be disrupted by formal transfers?</li> <li>• How far are informal transfers likely to be displaced by formal initiatives?</li> <li>• What happens to the funds thus displaced? How and how far are any invested in production?</li> <li>• What are the likely impacts on local markets if en bloc food transfers (such as seed provision or food aid) are transferred at the wrong time or in the wrong quantities?</li> <li>• What are the trade-offs between cash and in-kind transfers? What are sustainable levels of each, given the degree of self-sufficiency and the strength of the local tax base?</li> <li>• What is the relevance of the above questions to specific types of transfer in kind (school feeding; special nutrition for HIV/AIDS victims; the provision of seed and other inputs...)</li> </ul>
<b>Employment generation</b>	<ul style="list-style-type: none"> <li>• What are the requirements for employment generation programmes, by locality and season?</li> <li>• What are the likely impacts on agriculture of getting the timing wrong?</li> <li>• What are the trade-offs between simple employment generation and more complex arrangements to create physical assets and/or enhance skills? Can the more ambitious efforts be implemented easily and effectively?</li> <li>• What are the trade-offs between different modes of payment in employment generation schemes?</li> </ul>
<b>Financial services : credit</b>	<ul style="list-style-type: none"> <li>• What are credit funds <i>actually</i> used for? What existing funds do they displace? How far are they used, directly or indirectly, for productive purposes?</li> <li>• What institutional arrangements best lend themselves to delivering credit to the poor? What would it take to put them in place?</li> </ul>

	<ul style="list-style-type: none"> <li>• What sequence is important in order to engage the poor more in production processes, and move from consumption to production-focused credit? Can lessons be learned from countries or organisations well advanced along these sequences which might direct investment in others?</li> </ul>
<b>Financial services: savings/pensions</b>	<ul style="list-style-type: none"> <li>• What institutional arrangements best lend themselves to local level savings for the poor? What would it take to put them in place?</li> <li>• What are savings used for? How far are they used, directly or indirectly, for productive purposes?</li> <li>• What is the scope for setting up contributory pension schemes in particular occupations or enterprises? Can they be extended to informal sectors/enterprises? How far do they need to be subsidised?</li> </ul>
<b>Financial services: personal insurance</b>	<ul style="list-style-type: none"> <li>• What institutional arrangements best lend themselves to personal insurance for the poor? What would it take to put them in place?</li> <li>• What are receipts used for? How far are they used, directly or indirectly, for productive purposes?</li> <li>• What is the scope for setting up contributory insurance schemes in particular occupations or enterprises? Can they be extended to informal sectors/enterprises? How far do they need to be subsidised?</li> </ul>
<b>Agricultural investment</b>	<ul style="list-style-type: none"> <li>• What combinations of vulnerability reduction and growth do investments offer under differing agro-ecological and socio-economic conditions?</li> </ul>
<b>Agriculture-related legislation and regulation</b>	<ul style="list-style-type: none"> <li>• How can the (often undocumented) rights of the poor to particular common resources be recognised and defended? What trade-offs with productivity might this entail?</li> <li>• How far can minimum wage legislation be designed and implemented in agriculture?</li> <li>• How can other types of labour protection be designed and implemented (health and accident insurance, etc)?</li> <li>• What are the respective roles of public and private (profit and non-profit) organisations in different aspects of market development? What types of partnership might be introduced and how would they be managed?</li> <li>• Would the removal of certain market imperfections particularly reduce the vulnerability faced by the poor? What imperfections (in specific contexts), and how would they best be removed?</li> <li>• What are the vulnerability effects of inadequacies in land titling, inheritance and tenure arrangements? What are the likely costs and implementation requirements for reducing these?</li> </ul>
<b>Agriculture-related technology services</b>	<ul style="list-style-type: none"> <li>• What is the scope for pro-poor public investment in agricultural research under specific agro-ecological and socio-economic conditions, bearing labour markets particularly in mind?<sup>1</sup></li> <li>• What should the priorities be (within crops, livestock, forest, fisheries, etc) and what are the tradeoffs of potential vulnerability-protecting initiatives against growth?</li> <li>• What scope exists for risk- and vulnerability-reducing diversification within agriculture and NR? What types of investment in technology and elsewhere does it imply?</li> </ul>
<b>Agriculture-related insurance services</b>	<ul style="list-style-type: none"> <li>• How appropriate and feasible would be crop insurance schemes in which claims are triggered by, e.g. recorded rainfall and not individual estimates of crop loss? What government piloting or other support would they require? Might they eventually be taken over by the private sector?</li> </ul>
<b>Agriculture-related savings and credit services</b>	<ul style="list-style-type: none"> <li>• What do current patterns of resource allocations by enterprise tell us about the priority focus for credit in different agro-ecological and socio-economic conditions?</li> <li>• What are the most appropriate institutional roles and mechanisms for delivery of credit? How far might peer group monitoring in the Grameen Bank model be appropriate?</li> <li>• How do the rural poor prioritise their use of savings? What pointers does this give towards the design and management of savings schemes?</li> </ul>
<b>Agriculture-related input supply</b>	<ul style="list-style-type: none"> <li>• What are currently the major opportunities/needs for improvement in input supply? Are new standards required in some areas? What can be done to improve the implementation of existing standards and regulations? Would relatively simple measures such as smaller</li> </ul>

<sup>1</sup> The framework for assessing the scope for this produced by Hazell and Haddad (2001) is potentially relevant here.

<b>services</b>	<p>packages of some inputs make them more accessible to small scale producers? What would be the risk- and vulnerability-reducing implications of options within the above range, and the trade-offs between them?</p> <ul style="list-style-type: none"> <li>• What are the priorities for improvement in technical information, and improvement in accessibility, to reduce risk and vulnerability faced by small producers, and (in the case of, e.g. agrochemical application) by labourers?</li> </ul>
<b>Agriculture-related processing and marketing services</b>	<ul style="list-style-type: none"> <li>• What are the prerequisites for successful operation of a guaranteed purchase and buffer stock scheme under different conditions? Do specific measures have to be taken against elite domination of the scheme? How politically feasible are these?</li> <li>• What are appropriate institutional roles and partnerships here? Does buffer stock management have to remain a public responsibility, or are there prospects that private companies (or modes of operation) might be engaged? Are there likely to be trade-offs here between efficiency and poverty orientation?</li> <li>• How can farmers best be supported in meeting new market standards? Do these have a medium- or large-farm bias? Do outgrower schemes or other forms of group action offer prospects for engaging small producers more fully in new markets or new products? Does a strategy along these lines pose some trade-off with growth?</li> </ul>

## 10 Needs for Further Research

The above questions help to identify several knowledge gaps. They include:

1. How, when and why informal transfers are displaced by formal mechanisms, and what happens to the flows thus displaced.
2. Whether funds in the 'moral economy' (i.e. informal transfers to those chronically unable to engage in the economy) increase in relation to revenues generated from growth.
3. What role is played in protecting the rural poor by transfers from migrants (rural-rural; rural-urban or international).
4. How private companies view the possibilities of, e.g. providing insurance to the poor, and what pilot experiments would be worth undertaking in what contexts.
5. How the links between SP, agriculture and gender are played out in relation to women's practical and strategic interests.
6. Whether general lessons can be drawn concerning how interventions need to be sequenced if they are to succeed.
7. How far a rights-based approach to SP offers practical insights into agriculture policy decisions affecting the poor.
8. How the World Bank's Social Risk Management Framework might best be operationalised to take account of forms of vulnerability (such as old age and disability) which are not related to risk.

In terms of donor and government policy, the priorities among these will largely depend on context. For instance, where migration is important, greater understanding of (3) is essential. Where formal SP schemes are being piloted, it is important to understand (1) before implementing on a wider scale. Where revenues generated from growth are increasing rapidly, (2) will be a particularly important question. In countries where rights-based approaches are increasingly accepted, (7) will be opportune. Where there is some prospect of piloting ways in which growth measures can build on SP measures, then questions of selection and sequence (6) will be important, and so on.

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## Annex 1 Impacts of Social Protection Interventions on Gender

Cash transfers	Subsidised/free food	Subsidised/free inputs	Employment generation	Credit	Financial services <i>Savings/pensions</i>	<i>Personal insurance</i>
<p><i>Social pension:</i> Targeted to women because disproportionate number of elderly are women. Can shift perceptions of society about elderly women as a burden. Can reinforce or exacerbate existing gender inequalities. Little evidence about extent to which women's pensions are used to invest in agriculture. <i>Attendance incentives:</i> Targeted at/paid to women. Can increase women's control over household budgeting – or conversely, increase the pressure on women to manage scarce household resources. Can further alienate women who are unable to have children. Can increase the number of girls attending school. <i>Cash for agricultural investments:</i> Gender impacts are unclear. Could enable women to take more control over decision-making about crop choice (e.g. subsistence vs cash crops). Untargeted transfers could encourage elite (and probably male) capture.</p>	<p><i>Food aid programmes:</i> Vulnerable women are often target beneficiaries. Where training is linked to food aid (e.g. BRAC VGD) then women's time spent on reproductive labour can be a constraint. <i>Food distribution:</i> Can free up women's reproductive roles in getting food, thus allowing more labour time for new agricultural season. Are the norms of food consumptions (where women eat less than others in household) challenged or reinforced through food distribution? <i>School feeding:</i> Increases the numbers of girls in school. May challenge the ideological and cultural reasons for girls not attending school. Nutritional Programmes for AIDS affected families</p>	<p><i>Targeted inputs programmes, seed aid, seed vouchers and fairs:</i> These depend on how the interventions are targeted but there are opportunities to support women's production through selection of inputs/seeds types.</p>	<p>Broad understanding that in employment schemes men are more likely to want payment in cash and women in kind (food or inputs). There are specific temporal / seasonal dimensions to gender preferences. <i>Employment guarantee schemes:</i> May not reach women who are socially and economically confined, e.g. certain castes in India. Conversely, may transform gender stereotypes that prevent women from working outside the home. Government schemes may be less risky for women than other sources of migratory labour. <i>Cash-for-work:</i> Danger of elite capture by men. <i>Inputs-for-work:</i> Can give women more control over deployment of resources and assets for agriculture and more control over decision-making. <i>Food-for-work:</i> Important where securing food for household at times of shortage is seen as a woman's role.</p>	<p>Positive impact on women's control over resources (empowerment). But may increase women's budgeting burden. Credit or loans may be subject to male capture.</p>	<p>Can contribute to the development of women's social capital, and trust within communities. Access to formal government or commercial banking remains difficult for many women.</p>	<p>Payout on death of male household head increases capacity of female newly headed households to recover from onset of shock Tends to be focused on male head of household though they are not necessarily the main breadwinner nor key labour asset.</p>

## **Annex 2 Agricultural Rehabilitation and the Interface between Humanitarianism and Social Protection<sup>m</sup>**

There are a number of parallels between discussions in this paper, focusing on synergies between livelihoods protection and livelihood promotion, and wider debates on improving linkages between humanitarian relief and development assistance. Both debates reflect a concern to maximise positive interactions and minimising negative ones between measures designed to save lives and those designed to promote more durable, diverse and productive livelihoods. Although there is some overlap in terms of issues and themes arising they are often approached in substantially different ways. This Annex briefly summarises points of convergence and divergence in an attempt to highlight opportunities for cross-learning.

### **Areas of convergence**

- Similar problems are faced by agencies concerned with relief and those concerned with SP in defining the nature of the problem and appropriate criteria for intervention. Definitions among both are typically broad, variously incorporating concepts of need, risk and vulnerability. Humanitarianism is generally concerned with the protection of life, health, subsistence and physical security where these are threatened on a wide scale but the very notion of ‘emergency’ response to a temporary ‘crisis’ on an otherwise upward development trajectory has been challenged by the emergence of increasingly ‘complex’ and protracted emergencies, e.g. Sudan. Further problems surround defining appropriate responses to ‘low visibility’ slow onset crises in ‘non-emergency’ settings such as chronic vulnerability related to the HIV/AIDS pandemic. While there is clearly some convergence, the interface between humanitarianism and social protection remains relatively uncharted territory.
- As with social protection and growth, the potential for positive links between relief and development has long been recognised. While the concept of linking relief, rehabilitation and development (LRRD) is attractive, it has remained elusive in practice. Nevertheless the basic underlying rationale for trying to understand potential linkages is the same, i.e. to encourage progression from relief to development, and from livelihood protection to livelihood promotion. A key obstacle to LRRD has been the fact that the objectives, mandates, operating rules and respective delivery modes of relief and development aid remain fundamentally different. And organisational responsibility and lines of accountability for these two types of aid have historically been quite separate. Just as with livelihood protection and promotion which tend to be the remit of separate departments within government, similar, if not greater challenges are faced in getting relief and development agencies to work more closely together.
- The respective languages of relief and development programming are often difficult to reconcile. Particularly contentious in debates around agricultural rehabilitation, for example, is the notion of sustainability which, although a key objective of development interventions, is incompatible with relief interventions designed ‘according to need’. A major unresolved question in situating rehabilitation in relief and/or development paradigms is how sustainability objectives should be introduced and addressed and how this relates to essential humanitarian principles. Sustainability is also a contentious issue in discussion of livelihood protection-promotion synergies. Research on weakly integrated areas has shown that there is often no ‘sustainable’ solution on the horizon for chronically vulnerable people and a growing proportion of the rural poor can be expected to remain at least partially dependent on ‘unsustainable’ social protection programmes in the long-term.

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<sup>m</sup> The authors are indebted to Tom Slaymaker of ODI for preparing this Annex.

- It is interesting to note broadly similar trends in the language and approaches used to conceptualise improved synergies between relief and development on one hand, and livelihood protection and promotion on the other. New concepts surrounding food security, livelihoods and rights-based approaches are increasingly shared by agencies working from different perspectives – an important first step in realising potential synergies. For example, the idea of using food security as a common theme running through and framing agricultural relief, rehabilitation and development interventions is particularly attractive.

### **Areas of divergence**

- Despite the areas of potential convergence outlined above a number of important differences remain. Perhaps most obvious is the mode of delivery, whereas relief has evolved to by-pass the state, development assistance tends to depend on the existence of a viable state. Even with the rise in popularity of non-state delivery mechanisms for development aid, especially private sector and NGOs, this remains a fundamental difference.
- Both social protection and relief are intended to be allocated ‘according to need’, the latter being guided by essential humanitarian principles of humanity and impartiality. Both, perhaps especially social protection, may be influenced by political priorities. In addition, there are difficulties in maintaining humanitarian principles which are well documented, especially in the context of more developmental forms of relief. For this reason some commentators advocate a return or retreat to core humanitarian activities of saving lives. While this would lead to a further separation of relief and development activities, it would arguably create new space for innovative interventions at the interface.
- In this sense the ‘operational gap’ between protection and promotion is not as wide as it is between relief and development. Opportunities for joined up programming between government ministries, e.g. under the common overarching goal of PRSP are perhaps far greater than between relief and development agencies where the situation is often complicated by an ideological divide and inter-agency competition for declining aid flows.

### **Lessons learned which might inform debate on livelihood protection-promotion synergies**

- We have to start with a fundamental difference: we have argued in the body of this paper that there are potential synergies between livelihood protection and promotion, and that it may be important to sequence interventions. But in the humanitarian discourse, the notion of a continuum from relief to rehabilitation to development has proven largely elusive in practice. It is now thought that ‘linking’ need not necessarily imply smooth or linear transition but greater integration and coherence in terms of overall objectives so that relief and development can ‘mutually reinforce’ each other. Recent work highlights assumptions in re-words (rehabilitation, recovery, revitalisation) of a rapid re-turn to a former, supposedly stable and desirable state of affairs. It is increasingly recognised that this may in fact be unrealistic. The process of ‘rehabilitation’ may be short-, medium- or indeed long-term according to context. Simultaneous relief, rehabilitation and development interventions may be also necessary in certain areas.
- On the more positive side, it has been suggested that agricultural rehabilitation provides a key entry point for linking relief and development. If the key to linking relief and development is through ‘rebuilding’ livelihoods and the majority of disaster-affected people are significantly dependent on agriculture for their livelihoods, this would implicitly suggest that agriculture interventions (specifically those designed to reduce food insecurity) may hold important lessons for interventions in other sectors. Evolving concepts of food security and vulnerability highlight the need to understand both direct and indirect impacts of agricultural interventions on rural societies as a whole.

- Experience in post-conflict situations shows that ‘rebuilding’ rural livelihoods is often less about restoration of previous levels of development and more about the creation of capacities and enabling conditions in which individuals and institutions can engage in constructive activity. For example, work on micro finance and its relative merits versus food and cash transfers shows that the nature of the transfer is often less important than the existence of a functioning market. Imperfect ‘obnoxious’ markets with exploitative private sector monopolies are common in many weakly integrated areas as well as emergency contexts.
- Judicious combination of several different approaches is the best way to achieve multiple protection-promotion objectives at micro-level. This is likely to depend significantly on the capacity of local institutions to provide access to the right ‘mix’ of services, to ensure service providers remain accountable to beneficiaries and not donors and to re-establish the ‘social contract’ between governments and their constituency, as this is the only sustainable guarantee of the right to subsistence.

Humanitarianism and social protection aspects of development differ in their legal frameworks but overlap with respect to ethical commitments. The interface between the two currently remains largely uncharted territory and there is a pressing need to better define how humanitarianism, social protection and agricultural growth relate to one another with respect to values and operational priorities, in order to maximise potential positive synergies.

*Source:* adapted from Christopolos, Longley and Slaymaker (2003)

## Annex 3 Notes and References Relating to Tables 1 and 2

### 1 Social pension

*'Stimulates local trade and promotes development of markets.*

*Income invested in children's schooling and family health'*

Botswana, Namibia and South Africa provide cash transfers to elderly citizens. In Botswana and Namibia this is untargeted, whereas in South Africa the transfer is means tested. Eligibility is on age rather than retirement, and incomes of smallholder farmers and informal sector workers actually increase on reaching 60 years of age. The social pension accounts for 80% of total household income.

The main findings supporting the positive impact of the transfer are as follows:

- regular income reduces household vulnerability to shocks;
- the regular cash injection was found to stimulate local trade, promote development of markets and stores in even inaccessible parts of the country;
- it helps stabilise food supplies and household incomes, and minimises the need for food aid during food crisis;
- the transfer facilitates access to credit and provides non-covariate buffers against livelihood shocks (in the 1992/3 drought, social pensioners were removed from the list of vulnerable groups needing food aid);
- it supports pensioners and family members in crisis (such as drought, where income is redistributed to food insecure relatives) and in normal times (the transfer can be used where there are weak informal social support systems);
- the transfer is a vital source of support for OVCs and HIV-infected adults, for example investing in grandchildren's education.

(Devereux, 2001; 2003)

Brazil also offers a non-contributory pension to rural beneficiaries.

The Previdência Rural (PR) provides cash transfers to rural beneficiaries in Brazil; it is targeted at men of 60+ years of age, and women 55+ years of age. The entitlement is old age, disability and survivor pensions, and was extended to workers in subsistence activities in informal employment (to both men and women). Access to entitlements does not require earnings or inactivity tests.

In 1993, the Benefício de Prestação Continuada (BPC) started paying minimum wage to disabled or elderly people aged 67 and over living in urban and rural areas with per capita household income below a quarter of the minimum wage. This transfer is means tested and the entitlement and the test is reviewed every two years. In December 2000, there were 4.6 million beneficiaries for PR (0.3 million urban) and 0.4 million receiving the BPC (exclude beneficiaries of disability pensions). The fiscal cost of the PR programme as a whole is estimated at 1 per cent of GDP, while RMV (urban) and BPC are around 0.2 per cent of GDP. It is value d at 1 minimum wage.

Results from South Africa and Brazil (Barrientos, 2003) are summarised below:

The multidimensional deprivation survey found that in urban South Africa, and rural and urban Brazil a lower incidence of deprivation among those who receive non-contributory pensions (measured by dimensions of the possibility that individuals have insufficient levels of consumption, they feel insecure, and have little control over finances), and strongly suggests that non-contributory pensions facilitate functionings among older people (Barrientos, 2003)

- improved distribution of income (Case and Deaton, 1998; Delgado and Cardoso, 2000; Committee of Inquiry into a Comprehensive System of Social Security for South Africa, 2002 cited in Ibid.);
- improved health status of recipients and their households (Case, 2001 cited in Ibid.);
- improvements in housing (Schwarzer, 2000 cited in Ibid.);
- improved status and participation of elders within households and communities (Lund, 1995; Møller and Sotshangaye, 1996; Camarano, 1999; Lund, 1999; Sagner and Mtati, 1999 cited in Ibid.);
- improved access to credit (Delgado and Cardoso, 2000 cited in Ibid);
- social pensions can be financially and politically stable (Data from Power Point presentation: Research dissemination Workshop 4th September 2003, ODI cited in Ibid.);
- potential disincentives to work or save resulting from cash transfers to the old are lower than for other groups (Barrientos and Lloyd-Sherlock, 2002).

However, there are some constraints to the positive impact of social pensions:

- lack of financial and political sustainability/ willingness to allocate resources by government or donors (Devereux, 2001);
- may 'crowd out' informal networks of support for the elderly, including private transfers (Jenson, 2002 cited in Barrientos, 2003);
- may reduce labour supply incentives (An issue for Brazil (Carvalho 2000) but not for SA (Lund, 1999) (cited in Barrientos, 2003);

- it may impose a heavy burden of responsibility, particularly on women (Pearson, 2003) and exposure to mistreatment and crime (Møller and Sotshangaye, 1996; Sagner and Mtati, 1999 cited in Barrientos, 2003).

## 2 Attendance Incentives

*'Educational and nutritional impact on children and community'*

PROGRESA provides Mexican families living in extreme poverty cash benefits (to women) linked to children's school attendance and to families' regular clinic visits, as well as health education and nutritional supplements.

With the transfers corresponding to on average 19.5% of the income of poor households, they are a substantial benefit to these households in rural communities where the programme operates. PROGRESA is a "targeted" poverty programme, a mode of government assistance whereby households that are determined to most need resources receive them. PROGRESA uses a combination of geographic and household targeting.

The transfer has been found to have a positive effect on children's health and school attendance rate (Adato, 2002) showing strong school continuation rates especially for girls, and nutritional improvements (Handa et al., 2000), and seeing a decrease in children's involvement in labour amongst its beneficiaries (Parker and Skoufias, 2000).

*'Increase of resources into the community'*

Non-beneficiaries in the community may benefit indirectly through increased resource flows in their communities; through improvements in the supply of health and education resources, including the health *pláticas* (education lectures) to which they are invited. However, they do not receive the cash benefits (Adato, 2002). Other community benefits include a decline in inequality, and no inflationary price increases related to the programme (Handa et al., 2000).

PROGRESA has not been found to 'crowd out' beneficiaries' informal intra- or inter- household transfers (Teruel and Davis, 2000), nor has it been found to provide an incentive for adults not to work (Parker and Skoufias, 2000).

However, there are beneficiary exclusions of some of the poor, and social divisions/tensions arise because of exclusion. There is evidence of non-participation in community activities by being a non-beneficiary (Adato, 2002).

## 3 Cash for agricultural investments

*'Transfers to farmers can increase production and monetary returns'*

PROCAMPO is a cash transfer scheme in Mexico to rural farmers implemented to compensate for the anticipated negative effects of NAFTA on prices of basic crops. Although the majority of PROCAMPO goes to large farmers, it is still disproportionately important to smallholders, the less educated, those with little labour and without migrants. PROCAMPO payments were used for inputs, collateral for credit; and payments associated with increases in livestock and crop income, especially for farmers with irrigated and technical assistance. Average incomes rose by 14%, the effect of PROCAMPO was roughly double the 8% of direct payments (without the transfer, income would probably have fallen since between 1994 and 1997 incomes in the sample rose by 14%, although they fell in crop agriculture, being more than compensated by large increases in wage labour receipts, and remittances, amongst others).

Additionally, the multiplier effects could be increased with accompanied institutional reconstruction and technological change in the support of the modernization and diversification of *ejido* agriculture. Also, *ejidatarios* could service loans at current commercial interest rate if they *had access to credit* (de Janvry et al., 2001)

## 4 Food Aid Programmes

*'Food aid package includes training that encourages development of skills'*

*Income stimulates local economy'*

Vulnerable Group Development (VGD) is a national targeted food aid programme implemented by WFP and local government, aimed at the poorest and most disadvantaged women in rural Bangladesh. Every beneficiary is on the programme for 18 months and receives 30 kg of wheat (or a combination of wheat and rice) each month, plus some cash savings (deposits are made in a bank and beneficiaries access this at the end of the programme. Beneficiaries learn skills, and also sometimes sell the wheat, where the income is then used for purposes such as purchasing rice, opening a bank account, paying loans, buying chicks, etc. (del Ninno, 2001).

WFP is adapting to the needs of beneficiaries by implementing awareness campaigns, and nutrient foods in response to the HIV/AIDS crisis (WFP 2003).

VGD Bangladesh however, has a rather limited impact on poverty alleviation because of the small size of its programme.

For example, in the year 2000, the government distributed 85000 VGD cards, i.e., 1.25 cards in each village. In addition, it was found that extremely poor people living in environmentally vulnerable areas rarely have access to this card (Datta et al., 2003). Younger women are also more likely to get more out of the training, while older women may be in more need of food assistance (del Ninno, 2001). There is evidence of leakage problems as some women shared the transfer with other women, and rice is preferred to wheat, however beneficiaries do not have a choice in the food they receive. There is also a lack of employment and economic opportunities after training.

However, in an emergency relief context, food aid can have the following negative effects (Christoplos et al., 2003):

- dependence on food aid (*to decrease it increase local food production*);
- food aid distorts local market (WFP);
- disincentive to invest in agricultural rehabilitation.

## 5 Food distribution

*'Can stimulate local/national production of food'*

The Public Distribution System in India (now targeted TPDS) aims to cope with emergency situations such as droughts; distributes food at fair prices to vulnerable people and; guarantee remunerative prices to farmers. The whole system has been based on domestic procurement (the Government of India procures foodgrain from areas of surplus production), which is bought by the Government of India in areas with surplus production. The prices are set at a level attractive to farmers.

However, IPDS has become excessive in supply over purchasing demand, and food security still remains a problem for millions of people.

International food distribution can negatively affect domestic production incentives. Food aid needs to be timely in its distribution in emergency response (Mooij, 2002)

## 6 School Feeding

*'Can increase school attendance rates, and decrease drop out rates; can improve gender ratios. Household income can be substituted to meet other expenses'*

School feeding can provide an incentive for children to stay in school, which can be particularly acute in crisis when children are needed for labour, or expenses are too high.

School-for-education in Bangladesh, where school children 'take-home' food rations, has been effective in increasing gender ratios. In South Africa, with high dependency ratios and orphans, this could be an essential element in the effort to maintain or enhance levels of school enrolment and attendance (Devereux, 2003).

Food-for-education (Bangladesh), aiming at an increase in enrolment and decrease in dropouts, provides food to primary school students on the condition of maintaining over 85% attendance (Datta, et al., 2003).

*'Can increase demand for local production'*

Increasing demand of local production of quinoa for use in school feeding programmes (government-sponsored initiative) enhances local production, processing and marketing capabilities among smallholder producers.

This also acts as a way of conserving crop diversity of potato by seeking entry points into the commercial market to increase farmers' returns for growing local potato varieties (Hellin and Higman, 2002).

However, there is some exclusion of the extreme poor, beneficiaries of FFE in Bangladesh come from 23.3% of the villages. Similarly, the FFE programme is also very ineffective for the extreme poor living in the remote environmentally vulnerable areas as government rarely have any schools in these areas.

In addition, despite having very specific criteria for reaching the extreme poor, the existing institutional set up and corruption at the local government often exclude the extreme poor from government food-aid programmes (Datta et al., 2003).

## 7 Nutritional Programmes for AIDS affected families

*'Increases community education and enhances production in response to specific PLWHA needs'*

This Nutritional Programme for AIDS affected families in Kenya (KAIPPG) is a community-based dietary intervention project, where community education of crop husbandry and food production responds specifically to the needs of PLWHAS.

The programme implemented its activities by selecting 180 vulnerable women from its regional units. Nutritional field schools were formed, so learning would take place within the community. Members were taught and trained in the entire process of crop husbandry and food production. They were taught how to use adaptable technologies in energy preservation, local production of animal and plant cakes, bread-baking, and hygienic practices for keeping food safe to eat. Members donated parcels of land and labour, which was harnessed through a "merry-go-round system". Each field school had a leader who supervised its activities and coordinated with KAIPPG. These groups, through their group leaders, were also trained to give basic treatment and care to their sick members. 15% of the yield from grains, cereals, and fruits was to be retained and supplied to the other widows who did not benefit from the first phase of the project. This aspect of material sharing helped expand the project without relying on external support, and fostered a feeling of family and community togetherness.

The benefits of the programme have been found as follows:

1. The health status of HIV/AIDS affected and infected widows and orphans improved.

2. Vulnerable members of the community were empowered in cheaply adaptable technologies i.e. nutrition management and home-based care for PLWAS, also in more general terms. This has benefited women in particular, who comprise a majority in the programmes and communities, especially in terms of care-giving and being the family breadwinners.
3. It was learned that it is locally possible to solve the problem of malnutrition in AIDS orphans and other vulnerable children through empowerment education.
4. Most people living with HIV/AIDS or affected by HIV/AIDS need food and increased nutritional supplements, and we found a way to provide that.
5. Foster parents need to help orphans utilize the large tracts of land their parents left to raise crops. Lack of food has thrown many orphans out into the streets to beg, if not into various orphanages where food will be available.

Janet Feldman, Director, KAIPPG/International (submitted to the Social Protection e-discussion by Ina Mentz: cited in Devereux, 2003).

WFP are also increasingly adapting school feeding campaigns to include elements of HIV/AIDS prevention and awareness campaigns (WFP, 2003).

## 8 Targeted Inputs Programmes

*'Increases domestic food production, specifically addressing seasonal deficits. Can reduce seasonal maize prices'*

Malawi Starter Pack/Targeted Inputs Programme.

The Starter Pack was first implemented in Malawi in 1998. The free distribution of seeds and tools to farmers was an emergency response to the main harvest failure in 2001/2 to bridge the gap between harvests and to restore access to agricultural inputs of which have been negatively effected by liberalisation. These findings are cited from the three year review by Levy and Barahona (2002), cited in Devereux (2003).

The Malawi Targeted Inputs Programme addresses seasonal agricultural shortfalls by the provision of fertiliser and seed (Devereux, 2003). Part of the rationale for targeted inputs is the economic argument that it costs 3–4 times as much to import maize as to produce it (Devereux, 2002).

However, some of the constraints facing Targeted Inputs Programmes can be summarised as follows:

- The beneficiaries of packets of fertiliser and seed are only those with access to *dambo* or irrigated land (Nyirongo et al., 2003: 9 cited in Devereux, 2003: 11).
- The Starter Pack and Targeted Inputs Programme contributed to the production failure of 2001 because of the tightening of targeted beneficiaries (Devereux, 2003).
- Inputs are implemented at donor discretion and thus farmers lack choice on quantity and variety of inputs (Devereux, 2003)
- A pilot of self-targeting for inputs-for-work has been successful in Malawi which could improve political and financial sustainability (Devereux, 2003)
- 'Yeoman farmer fallacy' assumption that virtually all rural people wish and can become 'own-account' farmers Farrington (1998) cited in Christoplos et al. (2003)
- Pre-conditions needed for rural diversification into higher earning activities, such as credit, skills, etc., prove critical for interventions to address these. IDP and refugee policies often contradict diversification aims and the assumption of returning to agriculture. Although current programming of IDPs and refugees to promote livelihood diversification through skills training is a positive step in this direction, it is often subsequently contradicted by reintegration and rehabilitation strategies that appear to assume that these groups will necessarily take up farming when they eventually return home. The reluctance of many former farmers/rural dwellers to return to the rural areas and/or take up farming has been observed in Sierra Leone and is considered by some as a major impediment to efforts to increase national food production (Christoplos et al., 2003).

## 9 Seed aid

*'Purchase of local seeds'*

In terms of emergency response, seed aid reduces dependency and provides the basis for longer-term rehabilitation and sustainability. Seed project offer the potential for positive impacts although these have not yet been demonstrated, through the procurement of seeds within the country, which often involves the establishment of farmer seed multiplication schemes training in seed production. Seed projects in more stable situations often involve the construction of drying floors and seed stores, and/or the establishment of community seed banks.

However, seed insecurity tends to relate more to problems of access (Remington *et al*, 2002 cited in Christoplos et al., 2003) – seed is often locally available, and therefore it can be useful to distinguish between chronic and acute seed system stresses (Sperling, 2002 cited in Christoplos et al., 2003 ). Seed aid may be appropriate for acute situations, but long term interventions may be needed to address chronic problems.

Additionally, areas which are food insecure are not necessarily seed insecure. Seeds system needs to be seen as part of wider livelihoods systems.

There is also a potential danger of loss of/negative impact on local seed varieties, ‘there is a very real danger that widespread and repeated supply of improved varieties at a time when farmers may find it difficult to save or access their own local varieties threatens to promote the loss or genetic erosion of local varieties through replacement by improved varieties. There remains considerable difference of opinion as to whether emergency seed distribution efforts are the right time to be promoting the use of improved, high yielding varieties’.

### 10 Seeds vouchers and fairs

*‘Strengthens farmers’ procurement systems. Stimulates local economy’*

As a relief based policy, the seed vouchers and fairs is implemented by Catholic Relief Services (CSR) is seen to be a better approach to promoting seed system-based agricultural recovery (Remington et al., 2002). (see ‘Special Issue: Beyond Seeds and Tools’, *Disasters* 26 (4) for more on emergency relief and seeds).

### 11 Public Works

*‘All examples may contribute to employment generation, rural asset creation, skills training, environmental conservation’*

For example:

- Bangladesh food-for-work provides food grain in return for labour (seasonal) in rural infrastructure development project (Datta et al., 2003).
- Maharashtra Employment Guarantee Scheme (EGS) provides unskilled labour employment, creation and maintenance of rural infrastructure (Ravallion et al., 1993).
- Rural development programme in Bangladesh (implemented through WFP), is a self targeting programme which provides employment remunerated with grain and cash for the poor in rural areas. Employment included rehabilitation of embankments and canals, improvements in rural roads, planting trees and creating assets for the poor, development of water bodies to expand the fishery programmes (del Ninno, 2001).
- CARE Road Maintenance Programme (RMP) supports most destitute rural women by providing cash along with some awareness and skill trainings such as basic health, IGA, etc. (Datta et al., 2003).
- Food-for-work in Less-favoured Areas (LFA) is implemented to assist in the creation of SWC (soil and water conservation); drought relief interventions are particularly helpful in relieving the pressure on natural resources when they are most vulnerable. This rural employment for the landless can also help reduce land conflicts (Ruben et al., 2003).
- ILO labour-based methods optimise employment, on the basis of supervision and training; and tools and equipment to produce better quality assets and skills acquisition (Devereux, 2003).
- WFP aims to increase livelihood diversification through training, e.g. though vocational, skills, income generating activities (to adults and children, OVCs). During the launching of income generating activities, WFP in Rwanda provides food assistance to PLWHA to prevent them using micro-credit for daily consumption rather than investment (WFP, 2003).

Public Works Programmes (PWPs) can combine seasonal employment generation with rural/asset creation. Participatory approaches to project selection were found to increase community commitment to the construction and maintenance of public works assets. Assets created should benefit directly to project workers (WFP).

The World Bank argues that PWPs have more potential for income stabilisation intervention (against shocks and seasonal food insecurity) rather than employment creation. Therefore they have a vital role in protecting consumption during hard times, and protecting household assets against coping strategies (Devereux, 2003).

However, various constraints to the potentially beneficial impacts can be summarised as follows:

- wage increases in the Maharashtra Employment Guarantee Scheme restricted projects and led to rationing, which reduces the amount of beneficiaries of the scheme (Ravallion et al., 1993);
- often poor quality of assets are created, and assets are not maintained (Devereux, 2003);
- to target the poorest, often unethical means of payment is implemented – below market wages or inferior foods (Devereux, 2003);
- the work is hard physical labour for those who may already be malnourished (Devereux, 2003);
- there is exclusion of those who cannot work hard physical labour (Devereux, 2003; Datta and Hossain, 2003);
- leakage to unintended beneficiaries and corruption. A report of the RD programme in Bangladesh found that cash was increasingly being given instead of wheat; a reason for this being that the price of grain in the market was higher than the official price of wheat used in the project, and people involved in management of the project had the incentive to sell the grain at a higher price and pay the workers in cash; therefore the workers lose out and benefits accrue to those who have access to and sell the food grain. The actual amount of wheat consumed by the beneficiaries is very little (del Ninno, 2001).

### 12 Employment Guarantee Schemes

*‘Can increase investment in riskier, high-yielding variety crops’*

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### Maharashtra Employment Guarantee Scheme (EGS)

The assurance of public works employments means farmers can also take risks and invest in high-yielding varieties (Devereux, 2003).

### 13 Cash-for-work

*'Investment in farming and non-farm enterprises. Can increase trade and improve food price stabilisation'*

Cash-for-work has income and employment multiplier effects through the investment of earnings into farming and non-farm enterprises, stimulation of trade and food price stabilisation (Devereux, 2002a).

However, there can be adverse price effects of cash-for-work in the economy, if markets are not functioning, such as increasing the demand for food, and increasing prices, which results in more food for those who receive the wages, and increased exclusion of those who can't, from the programme and from accessing food. There are also possible effects of inflation and price adjustments (Basu, 1996).

### 14 Inputs-for-work

*'Increases crop production'*

Inputs-for-work was implemented in Southern Malawi 2002–3, where transferred vouchers were redeemable for fertilisers and hybrid maize seeds where high prices made fertilisers unaffordable for most farmers and unprofitable for maize production. Maize yields on participants' farms increased by 300%, and also built or rehabilitated 370 km of rural roads (Devereux, 2003).

### 15 Food-for-work

*'Substitution for household expenditure'*

However, government purchases from national farmers may cause food crisis to rise; and buying from the international market may negatively affect the domestic market (Basu, 1996).

### 16 Credit

*'Increases income, and reduces vulnerability and risk to covariant shocks on agricultural production, such as drought and floods; and adverse effects of costs such as weddings, funerals'*

A household survey conducted in Bangladesh during crop year 1991–2, undertaken jointly by the Bangladesh Institute of Development Studies (BIDS) and the World Bank, to provide data for analysis of Grameen Bank, BRAC and RD-12 found that Grameen, BRAC and RD-12 had significant impacts on production, increasing average household output in villages by about 50%. Grameen Bank and BRAC also had positive impacts on household income. Only Grameen Bank had a positive and significant impact on rural wages, increasing wages at the village level by about 21% (Khandker, 1998).

Due to benefits derived from SLDP (Smallholder Livestock Development Project, BRAC) activities, weekly total income of beneficiary households has significantly increased. With the intervention of SLDP in the study areas, there was a shift of some of the beneficiaries from wage employment (as maid servant) to self employment in SLDP activities (Alam, 1997 – see footnote 18 for more detail on SLDP activities).

In a relief context, access to credit can be crucial for restocking livestock to 'revive livelihoods' but long repayments periods (and most rehabilitation programmes short term and temporary presence) constrain opportunities for sustainable programmes (Christoplos et al., 2003).

BRAC provides institutional flexibility in response to covariant shocks such as the 1998 floods, where flexibility was given to repayments. However, many individuals preferred to pay back loans, with the long term perspective that this enables them to get larger loans in the future. Individuals preferred to cut consumption, borrow from relatives, etc. rather than default on payment or cut into their savings. The post-disaster rehabilitation assistance of micro-credit institutions, in terms of both financial and other services is highly valued by micro-credit clients (Hassan, 2000).

Credit can reduce household vulnerability through income and consumption-smoothing through the creation of non-farm sources of income as well as by saving part of the loan disbursed for the lean season (Rutherford, 1999 cited in Hassan, 2000).

### 17 'Beneficiaries have the capacity to build up and invest in agricultural assets'

Evidence from BRAC shows that access to credit can increase individual's investment in productive assets and improves housing condition.

A BRAC report highlights that the 'oldest' members of BRAC have on average the least land but also the highest value of non-land assets; one explanation being that borrowing from BRAC led to investment in productive capital (e.g. rickshaw, poultry, grocery shop) thereby improving their non-land asset position. Additionally, the proportion of manual labourer households is lower in the 'oldest' category which implies that the growth of non-land assets may have induced a shift from on-farm activities to off-farm self employment.

Borrowing from BRAC appears to have a mixed impact on female asset ownership. The probability of owning poultry is 15% points greater for a non-borrowing member than for a member with more than 10000 taka in loans controlling for other factors. On the other hand women who borrow less than 5000 taka are 3% points more likely to own livestock compared to a non-borrower.

However, whilst investing in enterprises can help build assets it also has its associated risks. Returns from the investment can be negative and clients can then face the prospect of asset-depletion, or reduction in consumption, in order to repay loans (Hassan, 2000).

### 18 'Can include the previously excluded and integrate them in local markets'

#### Smallholder Poultry Inputs

The Smallholder Livestock Development Project (SLDP) was started in July 1993 by the Department of Livestock Services (DLS) in collaboration with three national Non-Governmental Organisations (NGOs) namely, the Bangladesh Rural Advancement Committee (BRAC), Proshika and Swanirvar Bangladesh. The project was originally designed to cover a range of economic activities in the context of small scale livestock development. So far, the project has concentrated mainly on activities related to poultry development. The membership of SLDP, as administered by BRAC, is restricted to a person whose family owns less than 0.50 acres of cultivated land and sells out labour at least for 100 days in a year for survival.

The beneficiaries are getting loans for project activities from the Bangladesh Rural Advancement Committee (BRAC) at 18% rate of interest. This money is given to BRAC by the International Fund for Agricultural Development (IFAD) through the Bangladesh Bank at a much lower rate of interest (2%). The normal rate of interest on agricultural credit in Bangladesh currently ranges from 10% to 13%. Moreover, there are subsidies on the interest of agricultural credit taken for irrigation equipment. When the recovery rate of loan from the beneficiaries is very high (almost 100%) and the cost of credit is very low (about 8%), there is a strong case for reducing the rate of interest on SLDP credit. The loanees are very poor farmers and the advances are made by the international organizations for alleviation of their poverty.

Beneficiaries spent a part of their increased income on procurement of household assets after membership such as radios and bicycles.

All the beneficiaries of the project are women and 99.9 per cent of group members have reported an improvement in economic condition after the intervention of the SLDP. Only one out of 1000 respondents reported to have experienced deterioration in the household's economical condition due to sudden death of her husband. SLDP has ensured employment and income for them and thereby enhanced their status in the family and their participation in decision making has increased.

Most of the produce is successfully and profitably sold in the local market or by other beneficiaries within the SLDP system. No loan was fallen overdue in the accounts during the reference year.

However, an anticipated future problem is the expansion and intensification of the programme which might lead to difficulties in marketing the produce. It is, therefore recognised as necessary to forecast the future local demand for the produce and devise a mechanism for processing and channelling the rest of the produce to external markets.

The project does intend to include all species of livestock in its development programme but has so far been concentrating only on poultry development. It is stated that the integration of other species of livestock with a poultry enterprise seems to be a better proposition for increasing the level of household income under a mixed farming system (Alam, 1997).

BRAC has developed the Income Generating VGD (IGVGD) programme on the government's VGD programme and is working in cooperation with WFP and local government to reach the 'hardcore' poor by combining elements of livelihood protection (food aid) and livelihood promotion (skills training and microfinance). Through targeting the extreme poor, some households are able to 'escape' extreme poverty by protection being used to initiate livelihood promotion. To do this the programme has to be flexible and responsive to the differing needs and positions of individuals' ability to take advantage of opportunities. However, there continues to be constraints in reaching those who have difficulty in becoming upwardly mobile, and those who cannot raise their levels of economic activity (Matin and Hulme, 2003). The dropout rate is also significantly high. Most of these women have dropped out due to variety of factors, which include morbidity and physical inability, risk of credit/ lack of entrepreneurial capacity, and some other factors. Some were expelled for not observing organizational discipline such as timely repayment of loans (Datta and Hossain, 2003).

CFPR (Challenging the Frontiers of Poverty Reduction) builds on the knowledge and experience of IGVGD and aims to target the chronic poor and reach the previously excluded to provide economic opportunities and participation through household level resource based understanding of poverty and deprivation (beyond household factors, market and non-market) and transforming socio-political relationships at various levels that perpetuate poverty (Matin, 2002).

In the Agricultural Productivity Investment Programme, defaulting on a loan consequently renders individual unable to qualify for next loan, which can potentially have negative effect on subsequent crop yields. Farmers who defaulted on loans because of flooding became ineligible for further loans in the same year –together with a lack of access to credit,

households have very little cash to purchase inputs in the coming year because of food shortages and high maize prices (Devereux, 2002).

In one of the most economically depressed areas in Bangladesh, Rangpur, Grameen Bank cash loans were replaced by a goat leasing scheme (loanees were also falling behind on their cash payments and poor loanees would use the loans either for consumption or to pay off other loans). By providing defaulting loanees with a goat which they could raise and then pay back in the form of a kid from the first litter and another from the second litter no cash repayments were required, women had repaid their loans by the end of the first year and the programme proved successful and brought many of the poorest sections back into its micro-credit programme (cited in Kabeer, 2002).

There are gender-specific forms of exclusion which exist, putting women at a disadvantage in accessing poverty-related credit delivery systems. Credit institutions are only effective in addressing a range of immediate poverty needs when among the poor with prior complementary resources. Employment generation and straightforward safety-nets remain important elements of a broad based poverty reduction strategy (Kabeer and Murthy, 1996).

### 19 *'Increases investment in education and health'*

Evidence from a household survey conducted in Bangladesh during crop year 1991–2, undertaken jointly by the Bangladesh Institute of Development Studies (BIDS) and the World Bank, to provide data for analysis of Grameen Bank, BRAC and RD-12 finds that micro credit had a significant effect and positive impact on schooling, especially for boys. Borrowing by women (but not by men) improved the nutritional status of children (both boys and girls) (Khandker, 1998).

Through the Smallholder Livestock Development Project (SLDP) it was observed that the consumption of all food items increased after membership of SLDP. The increase in consumption was substantial in the case of eggs, chicken, milk, meat and grains. With regard to consumption of eggs within the households, children, and especially boys, were given priority (Alam, 1997 – see footnote 18 for more detail on activities).

### 20 Savings

*'Can provide a buffer against adverse effects of shocks on agricultural production and additional costs such as weddings, funerals, dowry, etc.'*

Credit can reduce household vulnerability through income and consumption-smoothing through the creation of non-farm sources of income as well as by saving part of the loan disbursed for the lean season (Rutherford, 1999 cited in Hassan, 2000).

However, after the 1998 flood in Bangladesh, savings were not withdrawn as expected, this could be due to the fact that savings are linked with eligibility for loan size, and also branches were inaccessible in the severely affected areas. Individuals preferred to cut consumption, borrow from relatives, etc., rather than default on payment or cut into their savings (Hassan, 2000).

Tontines (CBOs) are common in several countries in West Africa, and variations are found throughout the world: 'The tontine system in West Africa functions as both a credit network and a labour-sharing system. Tontines generally comprise five to ten farmers of the same sex who contribute money at regular intervals, with each member in turn receiving the full amount collected. In effect, members who collect the "prize" during the first rounds benefit from a no-interest credit, while those collecting last simply receive their savings back with no interest. The levels of and intervals between contributions can range from 25 US cents a month to over US\$10 a week. Other types of tontine may be set up with a specific purpose, and they function more like insurance. In Ghana, for example, the Kugadzadzo is a savings club to finance funeral expenses. (Ghana 1995). Better off individuals may belong to multiple tontines to provide extra security' (Narayan et al., 1999: 115).

### 21 *'Can give poor people ability to consequently invest in agricultural assets and capital'*

As the income increased, the beneficiary households were able to save (The Smallholder Livestock Development Project [SLDP] made it mandatory for its group members to save every week) and form capital for investment without posing problems in repaying the loans (see footnote 18 for more detail on the SLDP).

Tontines (see footnote 20) can involve sharing labour and other resources among the members:

*'In Benin, tontines enable poorer families to share not only labour and possibly agricultural tools, but also food (often superior food, such as fish sauce) with richer farmers. For the core poor, being members of a tontine des champs may well be their only chance to secure regular access to proteins (Benin 1994 cited in Narayan et al., 1999).*

### 22 Health Insurance Schemes

*'Protects informal workers' income fluctuations when ill'*

Foundation for the Advancement of Small Enterprises and Rural Technology (FASERT)

The Uganda health insurance scheme protects workers' income variability when unable to work due to illness through small scale micro health insurance as an alternative to private health insurance. FASERT (Foundation for the Advancement of Small Enterprises and Rural Technology) facilitates micro-health insurance to informal sector workers

to cover periods of illness when their inability to work leaves them with no income. The ILO-supported project functions similarly to a rotating group savings scheme; members (minimum 30, all with the same occupation) pool contributions that individuals can draw on when needed. The groups are based on mutuality and peer pressure. The funds cannot cover major diseases that are very expensive – e.g. AIDS, or cancer. It deals better with opportunistic illnesses – fever, flu, malaria. Members get a ‘swipe card’ with their photograph as an ID, and use this to claim benefits at participating hospitals and health clinics. By late 2002 there were 17 groups on the scheme. This represents a very limited outreach, mainly because FASERT faces resource constraints. But it is voluntary – being funded by members’ contributions (Sabates-Wheeler, 2003).

Labour-sharing clubs (tontines – see footnote 20) are also a form of insurance against illness or other forms of incapacitation because they guarantee continued agricultural production and therefore survival for their members. This can be particularly valuable for older people, who might not otherwise be able to cultivate their land (Narayan et al., 1999).

However, the demands for micro health insurance are not being met, and there continue to be problems of sustainability, and in reaching the poor (Sabates-Wheeler, 2003).

### **23 Burial schemes**

*‘Reduce negative impact of funeral costs’*

Self-reliant groups, burial societies give individual members direct access and control over critical financial resources in times of need in their households or in households of their relatives; avoiding the potentially damaging effects the cost of funerals can have on household income (Ngwenya, 2003).

### **24 Self-Employed Worker’s Insurance**

*‘Protection for unemployment, health, benefits, etc.’*

SEWA, the Self-Employed Women’s Association in India is a union which deals with the implementation of laws and policy as well as providing income-generating initiatives, health insurance, savings schemes. Any self-employed woman in India can become a member of SEWA by paying a membership fee of minimum Rs. 5 per year (SEWA).

**25** No attempt is made here to review the very large literature on rural infrastructure, but clearly the way choices are made about, e.g. the number and siting of rural feeder roads will impact differentially on the vulnerability of the poor. Similarly, making Information Communication Technologies more widely available in rural areas can strengthen the influence of rural people on governance (Jafri et al., 2002), and making mobile phones available has, among other things, allowed rural people to make contact much more quickly with friends and relatives in order to obtain funds during emergencies (Bayes et al., 1999).

**26** Many common pool resources, such as forests, are under threat from commercial interests, and even where the control over concessions is formally mandated to indigenous people (as under the Panchayat Extension to Scheduled Areas Act in India), there remain numerous cases of abuse (DNRM discussion platform accessible through rajeshr@taru.org). Similarly, the sale by government of fishing concessions in inland waters threatens the livelihood of the poor (Singh et al., 2003), and there is growing concern over the technological means and political power which better off farmers exert in order to obtain the lion’s share of scarce underground water to the disadvantage of poorer farming households and domestic users (Joshi et al., 2003).

**27** Minimum wage legislation exists in many countries. The difficulty lies in the fact that the majority of poor are generally employed in informal sector (i.e. unregistered) enterprises, and it is virtually impossible to enforce minimum wages here. There is a particular difficulty in trying to ensure that women are paid equal wages for equal work. Formal sector enterprises (e.g. plantations; processing enterprises) might be the most appropriate starting point for minimum wage legislation. There is scope for encouraging advocacy in support of minimum wages among trade unions and other civil society organisations (see ILO website: [www.ilo.org](http://www.ilo.org)).

**28** Public/private roles have come under much scrutiny with pressures from the IFIs towards liberalisation. Arguments are gaining strength to the effect that the ‘facilitating and regulating’ role of the state identified by neoliberals has been inadequate, and that there may be some role for the state to engage directly in economic enterprise until the private sector has developed sufficiently to take on roles such as input supply and marketing (Dorward et al., 2003). However, haphazard involvement by the state in, for instance, input supply at subsidised prices will undermine potential private sector engagement and is to be avoided (Farrington and Saasa, 2002).

**29** The issues here are complex, embracing inaccuracy of maps and non-correspondence between actual holdings and those held in records where transfers of land have not been recorded. The technology (e.g. global positioning) exists to rectify at least some of these problems. The difficulties are particularly acute where traditional usufruct systems predominate, as in parts of sub-Saharan Africa.

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**30** The arguments go beyond crop breeding and can include crop/livestock/tree interactions, noting, for instance, the lower cost and reduced economic risk faced when part of a crop's nutrient requirement can be supplied by manure from livestock or 'green' manure from trees.

**31** Hazell (2003) has suggested that large, multinational private sector insurance companies might be engaged to cover, e.g. crop insurance: since covariate risk will usually affect only one region at a time, any losses they sustain there should be compensated by profits from other regions. This would take care of the covariate nature of risk, but, in order to reduce administration costs, would have to be combined with simplified means of triggering payment, such as upper (for flooding) and lower (for drought) limits on officially recorded rainfall.

**32** The peer group principles of microfinance pioneered by, e.g. the Grameen Bank reduce the administration costs of making loans, and help to ensure high repayment rates. There is therefore substantial interest in applying them more widely. However, there is much debate over the preconditions that have to be in place for successful replication (see, e.g. Hulme, 1990, for a review of the issues).

**33** Particular types of market failure (moral hazard) put small producers at risk when engaging with (at times) unscrupulous input suppliers. The problems include adulteration or misrepresentation of fuel, lubricants, agrochemicals and seed. Solutions include the provision of accessible information, and for the longer term, the establishment of industry-led bodies to monitor sales practices and blacklist unscrupulous suppliers. For a review of the issues as they relate to the seed industry, see Tripp (1997).

**34** The temptation for government (especially when dealing with politically powerful farmer lobbies) is to err on the side of high administered prices and to carry more buffer stock than is necessary, perhaps thinking that part of it can be distributed under subsidy to the poor. This was the case in India in 2001–2, when buffer stocks exceeded 60 million tonnes against a requirement estimated at 20 million tonnes. Apart from the cost to the exchequer, the Government of India was faced with a judgement from the Supreme Court in response to public interest litigation that it was unconstitutional for it to hold stocks of this magnitude at a time when many millions faced food shortages. This led to hurried programmes to distribute food internally, and to export under subsidy (for a discussion of the issues, see the Asia food security review Gill et al., 2003).

**35** There is a very large literature on investments of this kind. Some reduce vulnerability to a given risk; others reduce the likelihood or severity of a risk – thus, soil and water conservation measures may limit the extent of flooding that a given rainfall event will cause. The general issue with agriculture investments is one of affordability and prioritisation. Some governments as far apart as China and Chile have adopted a kind of triage, arguing that public investment to raise the productivity of agriculture (or its engagement with wider markets) is simply not a good use of public funds for some of the more remote and difficult areas, and that a more efficient alternative is to support outmigration and encourage remittances from relatives back into the regions concerned. Seddon et al. (2000) have discussed the difficulties facing those currently seeking to make remittances back to Nepal. Whilst some governments (e.g. Bangladesh) take a positive view of migration, (Deshingkar and Start, 2003) discuss negative attitudes in India towards seasonal migration.

**36** Whilst pressure – both legal and illicit – on some resources such as timber has long existed, on others it is more recent and of different forms. For instance, international pressure to curb trade in bushmeat may have implications for access to this resource by those living in or near forests (Inamdar et al., 1999). Recent efforts to auction the leases for fishing in inland waters such as in Madhya Pradesh have been attributed to the neoliberal pressures faced by governments (Singh et al., 2003) and have been conducted without adequate compensation, to the detriment of livelihoods among fishing communities.

**37** The sickness, injury or death of an income earner is a major cause of falling back into poverty. There is a powerful case for instituting contributory schemes of personal insurance – perhaps subsidised in the first instance – and possibly on an occupational basis. Again, workers in the formal parts of the agriculture sector – such as plantations or horticulture export industries – would be the easiest category for pilot programmes, but the registration of informal enterprise workers, either by category of work, or according to organisational links (such as the scheme initiated by the Self-Employed Women's Association – SEWA – in India (SEWA <http://www.sewa.org/>)).

**38** There is strong evidence that the sanitary and phytosanitary standards applied by some countries (such as the recent EU standards) are excessively high and are in large part intended to be non-tariff barriers (Reardon et al., 2002). At the enterprise level, supermarkets have greatly increased their penetration of urban fresh food markets in developing countries but tend to apply standards well in excess of national standards and so exclude a large portion of producers (usually those of smaller scale) who cannot afford to meet these standards. Supermarkets also apply cosmetic standards of their own making which make it doubly difficult for small farmers to meet their requirements (Reardon et al., 2002).

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**39** Adams (1999) has argued strongly for tenancy reform in the southern Africa context, to enhance security for tenants, and partly as a consequence of this, to enhance entrepreneurship and environmentally friendly practices.

**40** There is considerable evidence that the Green Revolution in S Asia was highly successful in its early phase in creating additional employment opportunities for the necessary work in managing higher-yielding and more intensive cropping. However, under pressure from farmers, the government increased the subsidies on mechanical technologies such as combine harvesters which were essentially labour displacing. The net productivity effect of these was small, but they did have the effect of shifting the distribution of gains from labourers to farmers. This serves to illustrate the need to consider employment creation in any kind of agricultural change in S Asia (whether new technologies, new investments or whatever), given that many of the poor who are able to engage in the productive economy remain poor because they cannot find enough employment. In sub-Saharan Africa, the issue will generally be one of introducing technologies that raise the productivity of labour within the existing volume of employment, except in HIV/AIDS affected areas where the search will be for labour saving (in terms of both necessary hours/day, and physical intensity of work).

**41** This is partly covered in note 31 above. The issue is partly one of intrinsically high administrative costs, but these are compounded by the need to ensure the veracity of claims on an individual basis.

**42** See note 32 above.

**43** See also note 39. A two-pronged approach is needed here – to reduce excessively high standards where feasible, but at the same time to support farmers through appropriate institutional arrangements (outgrowers and marketing or processing cooperatives might be appropriate in certain circumstances) in meeting reasonable standards, such as in sanitary and phytosanitary spheres.

**44** Small farmers are faced by three sets of potentially hostile and interrelated phenomena here: one is the increased penetration of urban consumer markets for fresh fruit and vegetables and dairy products by supermarkets; the other is the increased concentration in the wholesale and retail trades as medium-scale supermarkets are taken over by larger ones, and the third is the move by supermarkets to set excessively high (and often cosmetic) standards for these products which are beyond the capacity of small producers to reach. Appropriate competition policy can help to reduce the collusion that might normally accompany higher concentration, and ethics-based campaigns will be necessary to induce them to keep standards down to a reasonable level.

**45** In the same way as can tenancy reforms (see note 40), reforms of legislation and customary practice in the inheritance of land can enhance security, productivity and environmental protection. They can potentially also have strong gender equity effects.

**46** Risk reduction in agriculture is not only a matter of varietal selection and breeding (note 30), nor of creating employment opportunities (or increasing the productivity of labour), but also one of managing production systems – i.e. searching for new combinations of crops, and/or livestock, and/or trees in ways that will yield desirable combinations of productivity enhancement and risk reduction.