Future Agricultures

Discussion Paper

Promoting Agriculture for Social Protection or Social Protection for Agriculture: Strategic Policy and Research Issues

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Executive Summary

It is increasingly recognised that agriculture must play a role in pro-poor economic growth in countries with large, poor rural sectors. There is also a major focus on social protection interventions to address risks and insecurity affecting poor people. However current policy debate and formulation makes only limited attempts to integrate agricultural and social protection policies. This paper outlines significant paradigm shifts in policies affecting both these fields and highlights pertinent issues arising from interactions between agricultural and social protection policies.

The paper begins by setting out the sources and effects of stress in rural people's livelihoods, and their responses to stress. Poor rural people's livelihoods are complex, diverse and risk prone with inherent seasonal instability. Vulnerability not only affects people's welfare, it also reduces growth, directly by destroying assets, and indirectly as the threat of shocks and stresses diverts assets from more productive activities to those that reduce vulnerability. These responses involve removal of, resistance to, recovery from and relief from stresses. These responses are nested within three broader livelihoods strategies which people adopt (often together) to survive and to advance their welfare:

- 'Hanging-in', where activities are undertaken to maintain livelihood levels at a 'survival' level;
- 'Stepping-up', where investments are made in existing activities to increase their returns; and
- 'Stepping-out', where existing activities are engaged in to accumulate assets as a basis for investment in alternative, higher-return livelihood activities.

Development normally involves shifts in emphasis in people's livelihoods, from hanging in (through low risk /low return subsistence activities) to stepping up (in higher risk / higher return commercial agricultural activities) to stepping out (from agriculture to higher return non-farm and often urban activities). Social protection and agricultural development policies should support this progression, but means of support should change with structural changes in livelihoods and in rural economies.

Social Protection

Social protection policies emerged initially to protect groups of people harmed by structural adjustment policies in the 1980s and early 1990s but now extend beyond simple welfare concerns, with increasing emphasis on risk management to reduce insecurity and its harmful effects on investment and pro-poor growth. Social protection now encompasses public and private initiatives to support communities, households and individuals in their efforts to manage risk. It is pursued through three types of instrument, characterised by their primary function in impacting on peoples livelihoods:

- welfare instruments provide relief and sometimes recovery from deprivation
- risk-insurance instruments seek to avert deprivation by putting in place robust and accessible recovery mechanisms
- resilience-building instruments aim to enhance incomes and capabilities, through a range of livelihood-enhancing programmes that build assets and promote resistance to stresses and shocks.

Impacts of the different types of instruments are not, however, restricted to these primary functions and interact in a number of ways with the four basic livelihood responses to stress as described above (removal, resistance, recovery and relief).

Agricultural Growth

Agricultural policy in developing countries over the last 50 years can be broadly divided into two phases. First, state-led development involved massive government investments in various types of agricultural intervention, including input and finance subsidies, produce price stabilisation and support. Though very successful in some (mainly Asian) countries, in other (mainly African) countries these policies imposed major fiscal burdens but had little success in stimulating growth and poverty reduction. These failures, with changing development theory and economic ideology, led to the second phase - market liberalisation. This has also had mixed results, but importantly has largely failed to get staple food production moving in poorer rural economies.

The successes and failures of state and market led agricultural policies may be explained by changing market conditions and policy requirements in the process of agricultural transformation. Early in this process, government (or other) interventions are needed to 'kick-start markets', but these fail if they are poorly managed and are implemented without successful prior investments in infrastructure and technology development. Liberalisation policies are more successful in stimulating (non-staple) agricultural growth when implemented after agricultural supply chains have become established, but fail to benefit staple crops if implemented prematurely.

Links between social protection, growth and agricultural development

Links between social protection and agricultural growth go beyond positive feedbacks where reduced vulnerability promotes growth and growth reduces vulnerability, important though these are. Social transfers have greater growth effects if they take people or economies across critical poverty trap thresholds and impacts also depend on other interventions: for example risk insurance mechanisms may only induce people to invest in riskier higher return activities if input, financial, or output marketing services needed for these activities are present. Similarly agricultural policies promoting higher risk/higher return activities may be ineffective with inadequate social protection mechanisms.

Complementary roles for social protection and agricultural development policies revolve around their contributions to poor people's 'hanging in', 'stepping up' and 'stepping out' strategies. Early social protection welfare instruments focused on supporting 'hanging-in' strategies. These are still important but newer insurance

and resilience based instruments aim to help people escape from poverty traps so that they can 'step-up' or 'step-out', taking risks to engage in more productive activities. Agricultural policies provide services supporting the same process.

There are further complementarities in the both policy spheres' need for policy aims and instruments which change with structural transitions in livelihoods and in market and non-market activities and relations. Thus, for example, over reliance on market based mechanisms in poor rural areas which have not yet experienced growth may be ineffective because of a lack of effective markets. As development proceeds, however, and markets 'thicken' then market based interventions may become more effective and efficient in both social protection and agriculture.

Strategic approaches to agricultural growth and social protection policies

Four broad strategic approaches to social protection and agricultural growth can be identified in the way that complementarities between agricultural growth and social protection policies in poor rural areas have been exploited (or ignored) in past and current policies.

- Social protection (inter alia) from agriculture and agricultural growth
- Social protection independent of agricultural growth
- Social protection for (inter alia) agricultural growth
- Social protection through (inter alia) agriculture

The first three approaches have been associated respectively with post-independence state led development policies, earlier liberalisation policies, and the new social protection growth agenda.

Policies promoting social protection from agricultural growth have been remarkably successful in some countries but failed disastrously in others, as discussed earlier. Successful strategies provided both complementary services promoting crop production and some systemic social protection in terms of welfare and risk management for both producers and poor consumers. On the other hand independent approaches to agricultural development and social protection have a poor record in stimulating staple crop based agricultural growth in poor rural economies which have not yet achieved an agricultural transformation. Strategies promoting social protection for agricultural growth face very significant challenges in overcoming problems of high transaction costs, adverse selection and moral hazard in crop insurance and micro-finance programmes in poor rural areas, though may be very effective in rural areas that have already experienced some growth.

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

Policy principles

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

- conditions, constraints and opportunities in agricultural and non-agricultural sectors
- the structures of people's livelihoods, and opportunities, constraints and risks people face,
- current conditions and dynamics of change in market and supply chain development,
- existing formal and informal social protection mechanisms
- capacity and resources for implementation of agricultural and social protection interventions
- specific characteristics, strengths and weaknesses of different agricultural and social protection interventions in achieving particular outcomes in different contexts

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

Design and implementation issues

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

- Choice of type of transfer (e.g. cash, food, inputs, or vouchers) should take into account: multiplier effects of different transfer types; specific programme objectives; programme and recipient costs; and market development and effects
- Timing is critical in seasonal agriculture, and interventions should support, not undermine, people's strategies for coping with seasonal vulnerabilities and exploiting seasonal opportunities.
- Scale: Both the size and number of transfers have important threshold and multiplier effects affecting social protection and agricultural outcomes in livelihoods and economies.
- Conditionality often results in unintended effects which have to be considered in terms of cost and outcome trade-offs across multiple objectives.
- Stability and reliability of programmes have critical effects on their ability to deliver risk insurance benefits, as these depend on people's trust in being able to access services when needed.
- Targeting: Effective targeting is critical to the success of non-universal social protection, but is difficult to achieve and requires substantial resources.

- Costs increase sharply with targeting strictness and the remoteness of the target population.
- The political economy of local, national and international relations: The funding, design and delivery of social protection and agricultural policies are highly political. Support for different initiatives depends upon their objectives and the interests of financiers, implementers and intended and unintended beneficiaries.

Glossary

ARV	Anti Retro Virus
ESBN	Employment Based Safety Nets
IDP	Internally Displaced Person
LBIP	Labour Based Infrastructure Programme
LFAs	Less Favoured Areas
MK	Malawi Kwacha
PLWHA	People Living With HIV/AIDS
PWP	Public Works Programme
SRM	Social Risk Management
TIP	Targeted Input Programme
UCT	Unconditional Cash Tranfer
VAM	Vulnerability Assessment Method
WFP	World Food Programme

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1. Introduction

Agriculture and social protection are both high on poverty reduction and development agendas in developing countries and among donor agencies. The histories of agriculture and social protection policies in development are, however, quite different. Agriculture, a dominant arena of policy in the past, has (with a few exceptions) seen a steady decline in funding commitments since structural adjustment and liberalisation policies began to be widely promoted in the 1980s. Although there is now resurgent interest in promoting agricultural development, there is no consensus on how this should be done, and Ministries of Agriculture have not regained their earlier influence and resources. Social protection policy, on the other hand, is more of a 'new kid on the block': indeed in many ways donor interest in it emerged from the need for social assistance and protection for groups whose livelihoods and welfare had been damaged by structural adjustment and liberalisation policies. Since then the scope and ambitions of social protection policies have expanded dramatically to include activities to help poor people manage stresses and shocks, in order to indirectly stimulate livelihood development and growth (by stimulating asset accumulation and reducing inefficiencies from risk averse resource use) as well as directly protect these people's livelihoods.

If social protection policies can help poor rural people expand their assets, use them more efficiently and adopt higher return but higher risk activities than they would otherwise, then there should be strong synergies with agricultural development policies. Reverse synergies should arise if agricultural policies can help people improve their livelihoods and food security. There are, however, also potential conflicts at two levels: in the impacts of social protection and agriculture policies, and in the resourcing of these policies. First, some forms of social protection may undermine incentives for investment in particular agricultural activities (for example food aid may depress food market development and production) and some agricultural policies may increase the vulnerability of particular people (for example by increasing food prices). Second, if agricultural and social protection policies are seen as different spheres of policy, and are implemented by different agencies, they are likely to compete for limited financial resources and influence.

This paper seeks to assist policy makers, policy analysts and policy implementers in agriculture and social protection to better understand each others' interests and activities and to work together to build synergies and reduce conflicts between these two policy spheres. We begin by considering the sources and effects of stresses and shocks in the livelihoods of poor rural people. This provides the essential context for an exploration of broad historical patterns of change in agricultural and social protection policies, and in the relation between them. On the basis of this analysis we suggest four broad strategic approaches to social protection and agricultural growth, and then consider the main instruments that have been used in each of these approaches, and their interactions and effects. We conclude with some tentative strategic recommendations and highlight issues for policy research.

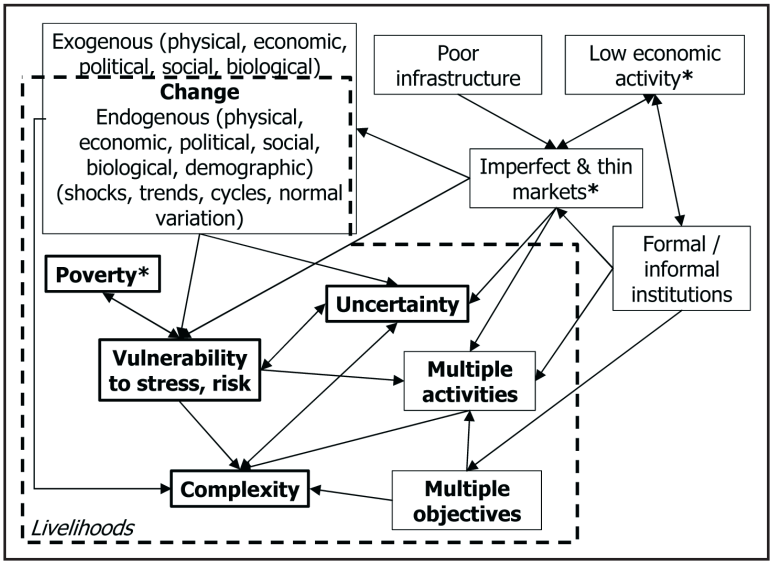
The paper builds on recent work in this area as well as extensive literature on social protection, agricultural policy and agricultural risk. We do not attempt a comprehensive overview, and there are topics that are given limited attention in the interests of clarity and brevity. The paper begins with an examination of the sources and impacts of risks, shocks and stresses[1] in rural people's livelihoods and presents simple classifications of (a) particular livelihood responses to reduce the impacts of these stresses and (b) broad livelihood strategies pursued in the face of these stresses. This provides a context for examining first for social protection and then for agricultural development particular instruments and broader policies and their interaction with people's livelihoods and with each other.

We conclude with a summary of policy and research recommendations.

2. Stresses in rural people's livelihoods

This section examines the sources and impacts of stresses in poor rural people's livelihoods. We discuss the major sources of stress in these livelihoods and consider responses to and impacts of these stresses in the context of people's dynamic livelihood strategies and their relation to wider processes of economic growth and structural change. Although we structure our discussion in terms of (a) the sources of stress, (b) peoples' responses to these stresses, and (c) the impacts of these stresses and of peoples' responses to them, these are highly inter-

Figure 1. Common structural characteristics of poor rural peoples' livelihoods1998–2008



(* Threshold effects important – see text; Bold type indicates major feature of poor rural livelihoods)

active and as we will see it is difficult to discuss them separately.

2.1. Sources and impacts of stress in rural livelihoods

A major feature of poor rural people's livelihoods is the way that they are threatened and affected by adverse changes. The stresses caused by such changes have profound implications for livelihood security and management and therefore also for growth and welfare. Understanding the sources and impact of these changes and stresses is critical for the design and implementation of policies supporting social protection and agricultural growth. It is therefore helpful to identity some structural characteristics that are common to the livelihoods of most poor rural people, as summarised in Figure 1.

A prominent feature of poor rural livelihoods is their exposure to a variety of types and processes of change with shocks, trends, cycles (particularly seasonal cycles) and 'normal' random variation occurring in many different dimensions of the environment and interacting in their effects on prices, resource availability, resource productivity, and livelihood opportunities. Some of these changes are predictable in their occurrence while others are not, and similarly some of the effects of change are predictable and others are not. Changes may be covariate (operating at macro and meso levels and affecting large numbers of communities and/ or people) or more idiosyncratic (affecting individual communities, households or people). Changes also arise within livelihoods, again with different patterns, dimensions and predictability. Some are the direct result of changes in exogenous factors (such as those as discussed above) while others are more (but seldom completely) endogenous (for example accumulation or loss of assets as a result of household members' actions; or births, marriages and growing up and ageing processes affecting household demographics, consumption needs and labour resources). 'Endogenous' stresses may also be tied to relationships and power asymmetries within households or communities, relationships that create and exacerbate marginalisation and exclusion. New types and sources of change are also constantly emerging and affecting rural livelihoods in new ways as a result of global and local processes and crises, including market liberalisation, potential impacts of climate change, the HIV/AIDS pandemic, civil conflict, and some aspects of the globalisation of agricultural trade.

Another feature of poor rural livelihoods that is highlighted in figure 1 is their location in imperfect and thin markets. Ellis, 1993 defines peasants in terms of their partial integration into imperfect and often personalised markets, while Dorward and Kydd, 2004 argue that poor rural areas are characterised by (inter alia) low levels of economic activity, thin markets and weak and costly coordination in exchange. These institutional and market characteristics contribute to uncertainty and vulnerability in terms both of wider market behaviour (with wilder price swings in response to local changes in production, for example) and of transaction risks (with buyers and sellers subject to risks of opportunism, coordination failure and rent seeking in exchange (Dorward et al., 2006 - in preparation)).

Imperfect (costly and risky) markets are then an important cause for rural people constructing livelihoods in which they engage in a multiple activities to meet their diverse social and economic needs (for example subsistence production may be cheaper and less risky than reliance on markets to meet food needs). A particular feature of this is the integration of 'domestic' and 'productive' activities (this is another feature in Ellis' definition of peasant livelihoods), with decisions in these spheres often being 'non-separable' (heavily inter-dependent, with change in conditions for one causing changes in the other). Diversification in livelihood activities is often also a mechanism for spreading risk and for more effective utilisation of resources in situations where there are significant seasonal changes in resource availability, in prices, in resource demands, and in opportunities for productive resource use[2].

The interaction of multiple objectives, multiple activities and multiple dimensions of predictable and unpredictable change means that poor rural livelihoods tend to be inherently complex so that exogenous and endogenous changes may have effects that are difficult to predict. Complexity therefore adds to (and is itself exacerbated by) the uncertainty in exogenous change discussed earlier. Complexity and exposure to uncertainty then together with poverty (limited resources and opportunities for protection against adverse stresses) lead to high vulnerability and risk.

An important consequence of the interactions between the multiple domestic and productive activities in poor peoples' livelihoods is that their productive activities are vulnerable to predictable and unpredictable stresses affecting their domestic activities, and vice versa. Thus adverse health (caused for example by accident, disease or ageing), food shortages, or major expenditures to meet social obligations or other domestic needs often affect labour and cash resources available for productive activities, with damaging short and long term effects[3].

Further complexity, uncertainty and vulnerability arise from the existence of various thresholds in rural livelihoods and in the economies within which they are situated. These lead to non-linear effects from change, so that livelihoods are particularly sensitive or vulnerable to changes over particular ranges of some variables or, in other words, changes that cross thresholds can have very different qualitative and quantitative effects from changes which do not cross thresholds. Three types of threshold are indicated in figure 1 by an asterisk against 'poverty', against 'imperfect and thin markets' and against 'low economic activity'. First, 'asset thresholds' (eg Carter and Barrett, 2005) arise in individual livelihoods, where certain sets (or amounts) of assets are needed to engage in particular activities and/or to support particular levels of welfare, leading to poverty traps for households without these minimum asset sets/amounts. Second, price thresholds can occur (a) where above (or below) a particular price certain activities become worthwhile (or unprofitable) for large numbers of people or (b) across import (or export) parity such that prices become highly variable above (or below) the parity price but relatively constant below (or above) parity price. Third, increasing market players and volumes generally lead to falling transaction risks (of coordination failure

and opportunism) and falling transaction costs (though coordination costs can in some circumstances also rise), and these can result in thresholds above (below) which investment is (is not) profitable, leading to low level, under-investment traps for economies with few market players and low market volumes. levels (Rodenstein-Rodan, 1943; Hoff, 2000; Dorward et al., 2006 - in preparation).

A final source of complexity and uncertainty in the effects of change on rural livelihoods (associated with the second and third threshold types discussed above) results from externalities and scale effects: when large numbers of people act in similar ways, this affects the environments in which they operate. This is true of the natural environment, where for example large numbers of people harvesting natural resources may lead to their degradation, and with markets, where large numbers of people buying (or selling) products or services may lead to price rises (or falls).

There are two major ways in which stresses impact on rural livelihoods: the direct losses which arise ex post as a result of a stress actually occurring; and the indirect or behavioural effects that occur exante and in the anticipation of stress. Theses latter effects result from people investing in assets and strategies which reduce the probability or severity of loss but which also reduce average incomes.

Many of the direct costs and losses from stresses are self evident and need little discussion: floods, drought or hail may cause crop losses while births, sickness, accident, disability, old age or schooling may lead in different ways to predictable and unpredictable increases in living costs and reductions in production or earnings. However these immediate losses of assets and earnings may have far reaching 'knock on' effects on other activities and asset holdings in peoples' livelihoods, effects which may not be so immediately obvious but which may be more damaging, particularly when poor rural people are forced into increasingly unsustainable responses in order to smooth income or consumption (Morduch 1995, Townsend 1995; Dercon, 2002; Fafchamps 2003). Distress sales and distress-driven hiring out of labour may, for example, act as 'ratchets' (Chambers, 1983), with irrecoverable losses of productive resources below asset thresholds (as discussed above) locking people into poverty or low-level traps from which they cannot escape without external transfers.

Indirect impacts of risk and uncertainty arise because poor people frequently have to concentrate on low risk and diversified activities and forego higher returns from specialisation in order to reduce their vulnerability to stresses. This insecurity undermines investment and pro-poor growth as farmers with insecure land tenure do not invest in land improvement, families from ethnic minorities with limited access to formal employment prefer to send their children to work than to school, and entrepreneurs without access to microfinance or insurance will not undertake potentially lucrative but risky activities. These responses to risk can come at a high cost, in terms of reduced mean returns and, thus, the perpetuation of long-term poverty (see for example Dercon, 2002).

The multiple direct and indirect impacts of stresses on rural people's livelihoods lead to important potential synergies between social protection and agricultural development policies and interventions. We will examine these synergies later when we have discussed how people themselves respond to and manage stresses in their livelihoods, and social protection policies support or augment these responses.

2.2. Livelihood responses and strategies against stress

People respond to predictable and unpredictable stresses in a number of ways, depending on the resources available to them and on the nature of the stress. No separation of different types of response can be precise, as there are multiple interactions and overlaps between different types of responses, but it is helpful to identify four broad ways in which people attempt (more or less successfully) to cope with and manage stresses:

- Removal: the best way to deal with potential stresses is to remove or partially remove them in some way, if possible, either reducing their incidence or their severity. Examples of stress removal include preventive health care (against human, animal or crop pests and diseases), irrigation (against drought), futures markets or bilateral fixed price agreements (against price changes) and improved property rights (against transaction risks).
- Resistance: if it is not possible or is very costly to (partially at least) remove stresses, then it may be possible to limit their impact, either by diversification so that losses in activities or assets susceptible to particular stresses account for a small proportion of overall livelihood income or wealth, or by investments to reduce particular activity or asset susceptibility (for example construction of flood resistant drainage systems, planting of drought or disease resistant crop varieties).
- Recovery: if it is not possible to (partially) remove or resist stresses, then it may be possible to make arrangements that will allow more rapid recovery from the negative impacts of stress. Insurance systems that pay out some form of recompense according to losses assist with such recovery, as do the establishment of social relations (in the case of idiosyncratic stresses) or the cultivation of crops that can recover from pest attack.
- Relief: Finally, if livelihoods are exposed to major losses because none of the above measures can be adopted effectively, then it may be possible to limit the impact of stress to avoid complete destitution. This will typically involve minimalist implementation of one of the above strategies to protect critical consumption levels (for example by ensuring the maintenance of a very low level of production or by insurance which provides only very small payouts, insufficient for recovery but sufficient for minimal consumption).

While this classification can be helpful in structuring thinking about the way that people respond to stress, distinctions between these four different types of response to stress are often blurred. Thus insurance may be seen most simply as a form of recovery (with payouts recompensing losses) but it is achieved by diversification across a much wider portfolio of activities than is possible by individuals.

Furthermore where insurance pays compensation for loss of productive assets and of income derived from these then it may be seen as both a form of stress 'resistance' maintaining income and as a form of 'recovery' from losses[4]. Particular responses also tend to have multiple effects as they normally affect both the direct and indirect impacts discussed above.

These specific responses to stress can be set within people's wider livelihood strategies. Dorward et al., in preparation, distinguish between three broad livelihood strategies which poor households may adopt:

- 'Hanging in', where people undertake activities to maintain livelihood levels at a (sustainable?) 'survival' level;
- 'Stepping up', where people make investments in existing activities to increase their returns; and
- •Stepping out', where people engage in existing activities to accumulate assets as a basis for investment in alternative, more remunerative livelihood activities.

These three strategies are not mutually exclusive, indeed people normally engage in aspects of two or more of them. However where people are particularly vulnerable to stresses then 'hanging in' activities are likely to predominate. Poor rural households need to move from an emphasis on 'hanging-in' to 'stepping-up' and 'stepping-out'. This is the normal pattern of economic development. For small-scale producers this generally means moving from semi-subsistence production to intensified crop production and/or increased non-farm employment and for many, eventually, to a beneficial exit from agriculture. This transition generally involves increased specialisation and greater integration into markets for people's livelihoods. For rural and national economies it means increasing diversification across livelihoods, increasing relative importance of non-farm activities, and increasing urbanisation. It is important to note that when successful, these strategies lead to equivalent outcomes. Failure to hang in, however, leads to a fourth outcome which, to continue the terminology, may be termed 'falling out'.

It should be clear that the livelihood responses and strategies outlined here have important implications for and links with social protection and agricultural development policies and interventions designed to help people 'hang in', 'step up' and 'step out'[5]. The following sections of the paper therefore examine first social protection policies and then agricultural development policies and their interaction with people's livelihood strategies and with each other.

3. A review of social protection policies

3.1. Introduction

Social protection is a policy agenda for helping vulnerable people manage stresses. This agenda has emerged largely from a focus on different interventions designed and implemented to support different people with different vulnerabilities. More recent conceptualisations of social protection, however, have also encompassed the ways that social protection interventions support (or fail to support) people's and households' own strategies and means of managing and coping with stress. These extended conceptualisations make an essential contribution to social protection policy, but they can be confusing if they do not explicitly distinguish between livelihood responses (as discussed above) and the social protection instruments (particular types of intervention) to support these responses. Below we provide a review of the flourishing social protection agenda .

3.2. Social protection policies

Understandings of the importance and nature of 'social protection' policies have changed radically over the last 40 years or so.[6] Social protection policies emerged as a critical response to the 'safety nets' discourse of the late 1980s and early 1990s. In the 1990 'World Development Report', for instance, safety nets were very much the third prong of the World Bank's three-pronged approach to 'attacking poverty' (World Bank, 1990), and were conceptualised as minimalist social assistance in countries too poor and administratively weak to introduce comprehensive social welfare programmes. During the 1990s, however, safety nets were increasingly criticised as residualist and paternalistic, as thinking on livelihoods, risk and vulnerability, and the multi-dimensional nature of poverty became more nuanced. More sophisticated instruments for achieving social protection began to be proposed and at the same time the goals and scope of social protection policies and interventions were extended as its broader potential began to be recognised: bigger claims are now being made for what social protection policies can and should strive to achieve.

Earlier narrow conceptions of social protection, often held within labour or welfare ministries of lower income countries, continue to see social protection policies and interventions primarily as a safety net for the most vulnerable members (or groups) of society – such as orphans, the disabled, people living with HIV/aids or with disabilities, or the elderly. However current literature makes a strong case that social protection policies and interventions encompass much more than simply welfare support. This new agenda 'represents a public commitment to reduce risk and vulnerability, different from the social sectors (such as health and education) and different from social welfare programmes, since it is concerned at least in part with the interface between protective measures and engagement by the poor in productive, growth-oriented processes' (Farrington, 2005, pp3). By recognizing the interlinkages between the productive and domestic spheres in rural livelihoods and both direct and indirect effects of stresses, the remit for social protection policies and interventions is much larger and more holistic that simply a safety nets package. Focussing on economic security (income and consumption) vulnerabilities and its positive relationship to growth, this agenda has as a major theme management of stresses. The novelty in the new social protection agenda is not in the instruments (these are well-known) but in linking up the welfare and growth agendas. Old style safety nets were criticised for focussing solely on welfare (and thus potentially promoting dependency). This newer version contains an explicit push for 'graduation' from dependency to productive sector activities and growth. The novelty is in the framing of the agenda.

The expanding understandings of social protection and the related expansion in its agenda have led to multiple conceptualisations and terminologies describing and defining social protection. Allowing for both earlier and more recent understandings of social protection as discussed above, we define social protection measures in this paper as actions improving the management of stresses by communities, households and individuals. Social protection measures may be endogenous, that is actions by affected communities, households and individuals themselves (as described earlier as livelihood responses to stresses) or exogenous, that is actions by others (such as policies and interventions by governments, NGOs and civil society) to support these livelihood responses. Exogenous social protection measures will be referred to in the remainder of this paper as social protection instruments. We distinguish between three broad types of instrument according to their primary function perceived as their immediate impact on people's livelihoods: welfare instruments; insurance instruments; and resilience-building instruments.

These definitions follow Devereux and Sabates-Wheeler (2005) in their emphasis on social protection policies' concern for the management of both more and less predictable stresses and in their recognition of endogenous and exogenous social protection measures. In the application of these definitions we also recognise the importance of transaction risks and of the different kinds of asset, price and low level investment traps and thresholds affecting rural people's livelihoods, as discussed earlier in section 2.1. With regard to our earlier classification of livelihood responses to stress (in section 2.2), our definition of social protection measures above incorporates as instruments those that primarily provide, respectively, for (1) stress relief and, in some cases, recovery; (2) stress recovery; and (3) some forms of stress resistance. We do not define social protection instruments as providing for the other important stress response, removal, as this is not generally considered the domain of social protection policies but the domain of sectoral policies concerned with, for example, health, macro-economic management or agriculture.[7]

Social protection instruments according to the classification above are therefore defined as follows:

- Welfare instruments provide relief and sometimes recovery from deprivation. They include social assistance for the 'chronically poor', especially those who are unable to work and earn their livelihood. This equates most closely to mainstream 'social welfare'. Social assistance programmes typically include targeted resource transfers – disability benefit, orphan-carer grants, free input provision, and 'social pensions' for the elderly poor that are financed publicly – out of the tax base, with donor support, and/or through NGO projects.[8]
- Insurance instruments seek to avert deprivation in the face of stresses by putting in place robust and accessible recovery mechanisms. These instruments aim to smooth consumption/income, and where they are trusted can enable households to move out of low-level subsistence strategies. Insurance is also concerned with releasing liquidity through changes in risk behaviour. Such instruments include both social insurance programmes (formalised systems of pensions, health insurance, maternity benefit and unemployment benefits, often with tripartite financing between employers, employees and the state), private, market-based forms of insurance (such as crop, weather or livestock insurance), and informal mechanisms (such as savings clubs and funeral societies as well as familial, clan and patronage relations between different members of society). These various instruments differ as regards the costs and rules of access, the conditions and nature of payouts, their robustness in the face of covariant stresses, and the financial and institutional demands of their operation on different stakeholders.
- Resilience-building instruments aim to enhance real incomes and capabilities through livelihood-enhancing programmes that build assets and promote resistance to stresses. Physical, financial, natural, human and social assets may be promoted through a wide range of different instruments including, for example, public works programmes (building physical infrastructure as well as financial and human capital), microfinance (building financial assets and human, social and physical capital), school feeding (building human capital) and upholding human rights for minority ethnic groups (building social capital by promoting social equity and attacking exclusion). Transformative interventions include changes to the regulatory framework to protect 'socially vulnerable groups' (e.g. people with disabilities, or victims of domestic violence) against discrimination and abuse, as well as sensitisation campaigns to transform public attitudes and behaviour (See Devereux and Sabates-Wheeler 2004 for a fuller discussion of transformative social protection).

This classification of exogenous social protection instruments by primary function allows for overlapping types (as with our classification of endogenous livelihood responses), as all social protection instruments contain direct elements of other functions. School feeding projects, for example, transfer food to the poor (welfare), encourage investment in human capital through education (building resilience), and where transfers are perceived as stable and durable they provide some insurance against consumption stresses.

3.3. Interactions between social protection instruments and livelihoods responses and impacts

Interactions between different types of (exogenous) social protection instruments, people's (endogenous) responses to stresses, and the impacts of those stresses are varied and complex. We describe first a framework that describes the broader interactions, and then consider some important interactions not explicitly captured by this framework.

The horizontal axis of Figure 2 below represents a simple chain of events by which the occurrence of a stress affects people's assets and/or income and this then affects their welfare. The horizontal arrows in the figure then show how different types of livelihood response to stresses operate at different stages in this chain. Thus by reduction of the stress, removal responses also reduce

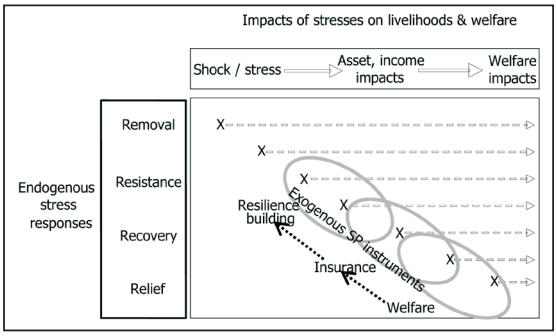
negative welfare impacts: relief responses, however, only attack directly the welfare impacts of the stress.

The figure also shows how different types of exogenous social protection instruments relate to livelihood stress responses and to the impacts of stresses: resilience building instruments, for instance, by expanding people's assets, contribute primarily by supporting people's resistance responses; insurance instruments contribute more to recovery responses; and welfare instruments contribute to relief responses. However, as the boundaries are blurred between both the different types of livelihood response and between the different types of social protection instrument, this mapping is imprecise. Furthermore, effective and trusted welfare instruments will act to some extent as insurance instruments, and effective insurance instruments will both allow people to take more risks and help them to build up assets, thus contributing to resilience building. These positive feedbacks are indicated by the diagonal arrows in the figure.

There are a variety of other ways by which features of instruments affect people's behaviour and stress responses. Thus some conditional transfers, where receipt depends upon recipient behaviour (such as attending school to benefit from school feeding) or upon recipient characteristics (such as falling within a target group for 'unconditional' cash transfers), change the behaviour of recipients or potential recipients to improve their eligibility. These behavioural changes may then have positive and/or negative impacts upon other aspects of people's livelihoods (for example school attendance has educational benefits but may withdraw labour from other activities). Similarly the receipt of welfare transfers may lead to a wide range of different impacts on productivity – in addition to insurance and resilience building effects (as discussed above), they may (a) prevent the loss of productive assets, (b) allow otherwise unproductive people to enter the productive economy, (c) undermine or enhance incentives to undertake particular productive activities and/or (d) through consumption or production linkages and multipliers affect (positively or negatively) growth and welfare of others in the economy (by affecting prices or other aspects of local or wider economic and social relations).

These impacts of social protection instruments may also be affected by threshold and scale effects concerning both the size of individual transfers and the proportion of the population that are in receipt of these transfers. The existence of micro- level poverty traps means that transfers which take people across an asset threshold may have much greater growth effects than transfers which do not. We therefore cannot expect simple linear relationships between the size of transfers and their productivity benefits for recipients – benefits will depend upon the distance that different recipients are from the threshold, and will vary between recipients in any situation, and between situations. Transfers that bring people into the productive sector may also encounter thresholds, or at least strong discontinuities. Similarly meso level traps (such as the under-investment trap described earlier) mean that greatest growth impacts will come from interventions which take a supply chain across a market volume threshold or reduce investment costs or risk to make investments profitable. Even where there

Figure 2. Effects of livelihood stress responses and social protection instruments on livelihoods



are no thresholds, price impacts (for example from input subsidies that increase local production and reduce food prices) depend critically upon the number of recipients and the scale of the subsidy (see for example Dorward and Kydd, 2005). Growth impacts of social protection interventions may also be strongly context dependent because of the need to address multiple limiting constraints to growth.

This discussion of the potential impacts of social protection instruments on people's stress responses has important implications for the relationships between social protection and agricultural policy interventions. Social protection instruments which reduce peoples' vulnerability can both reduce the direct losses from stresses and reduce indirect losses by allowing people to invest more resources in higher risk and higher return 'stepping up' and 'stepping out' activities. Agricultural (and nonagricultural) development policies and interventions promoting stepping up and stepping out are therefore likely to have greater impact in the context of effective social protection instruments. Similarly social protection instruments will have greater growth and indirect benefits in the context of effective agricultural (and non-agricultural) development policies and interventions which provide people with accessible higher return investment opportunities. This suggests that both social protection and agricultural development interventions may be necessary (but not sufficient) conditions for increased investment by poorer people in more productive activities. We therefore turn now to review experience with different types of agricultural development policy over the last 50 years or so.

4. A historical review of agricultural growth policy paradigms

4.1. Introduction

In this section we examine broad patterns of change in agricultural development policies and in relations with social protection policies. We observe substantial shifts in thinking and consider what lessons we can learn from experiences with these policies in different contexts.

4.2 Agricultural growth policies

Agricultural policy in developing countries over the last 50 years or so can be broadly but usefully divided into two phases, emphasising first state led and then market led development (Dorward et al., 2005). The first phase,

which had its roots in prevailing economic development theories of the 1960s and '70s and in the political ideologies and pressures in newly independent countries, involved massive government investments in agriculture with varying types of intervention including input and finance subsidies, produce price stabilisation and support, and organisational interventions (such as parastatals, state-sponsored cooperatives, and agricultural finance organisations) (Dorward et al., 2004). These interventions were very successful in some (mainly Asian) countries, and were associated with the most dramatic and widespread processes of agricultural growth and poverty reduction in history. In other (mainly African) countries, however, they rapidly became major burdens on government budgets with little success in stimulating agricultural and wider growth and poverty reduction.

The prominence of these failures, together with changing development theory and economic ideology, led to declining donor support and, in the early 1980s, increasing hostility towards state activism (e.g. World Bank, 1981) and restrictions on governments' role in development to the provision of an enabling policy environment and supplying public goods such as infrastructure and education. Market liberalisation and removal of government interventions was expected to raise farm gate prices and allow more efficient provision of agricultural services by the private sector. The results of market liberalisation have been mixed, with successful stimulation of growth in densely populations countries with good infrastructure and a diversified agriculture and rural economy (for example Bangladesh) and benefits for lower-middle income countries where poor people's livelihoods no longer depend upon food staples production. They have failed, however, to get staple food production moving in poorer rural economies despite some benefits such as reduced burdens on government budgets and, in southern Africa, lower food prices for processed staples for poor consumers - Jayne and Jones, 1997) and even successes in smallholder cash crop production have generally involved some form of monopsony in produce markets. Seven main reasons are put forward for the failures of market liberalisation to support broad based smallholder agricultural growth in poorer countries:

1. Only partial liberalisation following governments' failures to implement consistent liberalisation policies, particularly with regard to fertiliser supplies and staple food markets (see for example Kherallah et al., 2000; Jayne et al., 2002);
2. Insufficient government investment in agricultural research, extension and rural roads needed for private sector investment to become profitable (see for example Jayne et al., 2005);
3. Weak institutions, communications and property rights undermining market and private sector development (see for example World Bank, 2002; World Bank, 2003);
4. Poverty among small farmers as very difficult agronomic challenges in rainfed agriculture with declining soil fertility and incomes lock farmers into a spiral of increasing poverty and inability to afford purchased inputs needed to increase productivity (see for example UN Millennium Project, 2005);
5. Fundamental coordination problems which prevent private sector investment in the services needed for agricultural development in poor rural areas, particularly with regard to staple food crops (see for example Dorward et al., 2005).
6. High costs of service delivery to smallholder farmers which limit the supply of and their access to input, finance, and produce markets and to technical and management information (see for example Jayne et al., 2005)
7. There is over dependence on agriculture which faces too many challenges to be able to support an increasing rural population (see for example Ellis, 2005)

These explanations for market liberalisation policy failures are in many ways complementary, except for differences regarding (a) the need for agriculture and (b) the need for interventions in markets (rejected under (1) but accepted under (4) and (5), and perhaps implicitly in (6)).

Based on a review of successful 'Green Revolutions', Dorward et al., 2004 explain the successes and failures of state and market led agricultural policies in terms of agricultural transformation phases which require different (and hence changing) policies (see Figure 3). First, poor rural areas need substantial investment in basic public goods (agricultural research, transport and irrigation infrastructure, equitable land distribution) to establish potentially profitable intensive crop production technologies. Coordination problems and an under-investment trap, however, inhibit significant uptake without external intervention to provide reliable output markets and input and financial services. This must be provided until volumes of business, confidence and market relations build up among farmers and private service suppliers. Governments should then withdraw. Liberalization policies were more successful in stimulating (non-staple) agricultural growth when implemented at this stage, but they generally failed to benefit staple crops when implemented before this stage had been reached. Conversely government interventions in 'kick-starting markets' failed if they were poorly managed or if they were implemented without successful prior investments in infrastructure and technology development.

Based on this analysis, Dorward et al., 2005 call for agricultural development policies to move beyond liberalisation to support 'developmental coordination' policies for African smallholder agriculture. However this analytical approach (which considers different policy needs under different developmental conditions – or stages) also provides interesting insights into the interactions between agricultural and changing social protection policies to which we turn below.

4.3. Links between agricultural growth and social protection policy changes

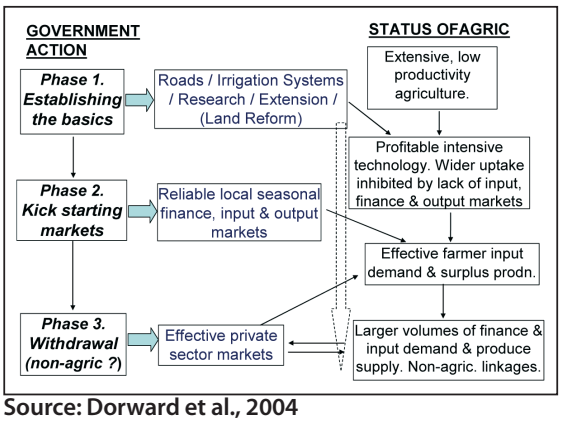
Our brief review of changing agricultural growth and social protection policies suggests a number of parallels and links. We consider four below.

First, just as there are different kinds of overlap between categories of social protection instrument, so there are different overlaps between agricultural growth and social protection instruments. The management of

production and food security risks is an explicit but relatively recent focus of the evolving social protection emphasis on stress management to support growth, but it has long been a focus of agricultural development policies - through irrigation, through other types of infrastructural investment and technical change, through produce and input market interventions, and through financial service development. It is important that social protection policy development draws on this earlier experience, and conversely that agricultural development policies learn from and are consistent with new insights, instruments and experience from social protection policy development. However, just as it is important to recognise the overlaps between social protection and agricultural development policies, it is also important to recognise their differences. As noted earlier, social protection policies have recently moved from an emphasis on supporting 'stress relief' to include promotion of 'stress recovery' and 'stress resistance', both to promote welfare and to support livelihood development. Investment in 'stress removal', on the other hand, has been, and remains, more the responsibility of sectoral policy interventions (in agriculture, but also, for example, in health). However, agricultural policies have in the past also been concerned with promotion of 'stress resistance', 'stress recovery' and 'stress relief', particularly with regard to stresses associated with agriculture (for example arising from crop or animal pests and diseases; problems with credit, input, or output (including food) prices or access; and climatic problems such as drought, floods or hail). These relationships between agricultural development and social protection policies with regard tostress management are set out in Figure 4 below, in necessarily very broad terms. In the remainder of this section of the paper we discuss the general historical relationship between these policies, and in the following section we discuss the specific stress management instruments implemented within these policies.

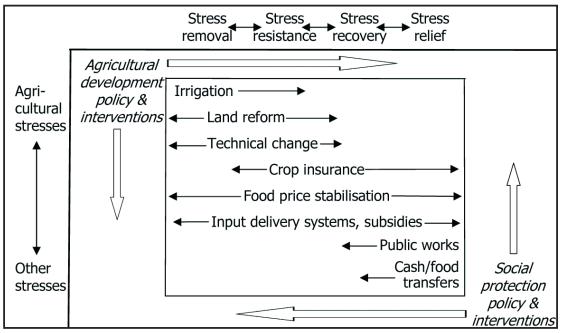
Second, the social protection policy agenda emerged as a distinct policy focus at the same time and as a result of structural adjustment and market liberalisation policies restricting the scope of state intervention in the economy and particularly in agriculture. New social protection policies were needed partly because aspects of social protection provided by (discredited) agricultural intervention policies had been swept away. Such policies included, for example, input and output interventions to stabilise and subsidise prices to promote both national food self sufficiency and cheap food. Paradoxically, therefore, some aspects of social protection policies had been integrated within growth policies in state led agricultural development but these were then separated into distinct policy spheres during structural adjustment and liberalisation. There are now moves to integrate them again, but under the banner of social protection policies (this represents shifts in the division of responsibility between 'social protection' and 'agricultural development' policies and interventions in figure 3). There have, of course, also been changes in emphasis and in the effectiveness with which different types of stress have been addressed by these changing policies. Is there now an opportunity to reconsider lessons from these different growth and social protection policy approaches, and to move 'Beyond

Figure 3. Phases in agricultural policy and development



Source: Dorward et al., 2004

Figure 4. Agricultural development and social protection policies and interventions for stress management



Liberalisation' to 'Developmental Coordination' (Dorward et al., 2005) in both agricultural growth and social protection policies? If so, what would this involve and how could it be achieved? The alternative is an increasing separation of liberalized growth policies from social protection policies, with growth policies focusing on sectors and economic units which have the highest growth potential. Such policies will not privilege agriculture where it does not have substantial relatively low cost growth potential, and will thus often bypass smallholder farming. The danger is then that this will exclude large numbers of poor rural people from dominant growth processes, relying on social protection instruments to help them participate in the economy. It will be argued later that although such policies may be appropriate in economies which have already progressed through an agricultural transformation (reaching phase 3 in Figure 3), in 'phase 1' and early 'phase 2' economies they will exclude far too many people in too weak an economy for social protection policies to lift them out of poverty.

Third, asking questions about how governments provided social protection to their citizens before formal social protection policy was developed also raises questions about government policies for agriculture and social protection before initiation of the interventions presented earlier in Figure 3 – what were 'phase 0' social protection policies? Although there will be considerable variation between different countries, colonial or independent governments in most countries in Africa, Asia and Latin America looked on the traditional agricultural sector as a source of cheap labour and/or cheap commodities to support large scale farming, mining or industrial

growth (within the country or, for colonies, in the metropolitan country). This was accompanied by a minimalist social protection policy which was intended to promote, but unfortunately did not always deliver, a basic level of food security[9]. Are there parallels between these policies and current suggestions by some policy analysts that smallholder agriculture cannot drive growth forward so that people should be encouraged to move into other sectors with brighter growth prospects? What would be the implications of this, and what social protection and growth lessons can we learn from previous experience?

Fourth, the analysis in Figure 3 of changing policy demands over time as a result of interactions between agricultural and market development has implications for social protection policy in poor rural areas. There are two aspects of this, one concerned with changing effectiveness of non-market and market based instruments, the other concerned with changing emphasis in social protection policy.

We consider first changing effectiveness of non-market and market based instruments during economic development in rural areas, making particular reference to food security policies[10]. The fundamental insight from the discussion around Figure 3 is that where markets are thin and not working properly then policies cannot rely on markets to coordinate and deliver services. Market based approaches to food security do not work in poor rural economies (a point well illustrated by Malawi's 2001/2 and 2005/6 food crises): such policies cannot therefore be effective without prior development of markets and of firms within them. Market based poverty reduction policies face the same problem. Governments looking to promote immediate food security, medium term poverty reduction and longer term pro-poor growth policies therefore need to design policies that distinguish between (a) short term needs for all policies to work in the absence of effective markets or market economy organisations; (b) medium term needs for development of an effective market economy; and (c) eventual reliance of policy interventions on markets and firms in such an economy.

This is a challenging task as it requires design and implementation of policy sets that complement each other in pursuing both short and long term objectives (immediate welfare improvements for the vulnerable and pro-poor growth respectively) and in their immediate and eventual policy instruments (non-market and market economy based respectively). The aim should be a policy set which provides consistency and complementarity of policies across different policy goals and time periods.

This analysis goes against much contemporary emphasis on the use of market based instruments, particularly, with regard to Sen's entitlements analysis of food security (Sen, 1995): it is important to consider and address households' access to food in terms of availability and entitlement (the ability to obtain food from others) at both household and local and national levels of the economy (Poulton and Dorward, 2003). This raises questions about the roles of agriculture and markets in promoting food security (and other dimensions in social protection) in economies with different degrees of market development, and cautions against simplistic 'lifting' of successful policies or policy instruments from one country to another without careful consideration of market and institutional capacity and of livelihood structures and entitlements. It strengthens arguments made earlier for 'Developmental Coordination' across agricultural growth and social protection policies in poor rural areas, as opposed to separation of social protection policies from liberalized growth policies focusing on sectors and economic units which have the highest growth potential.

We now consider lessons for social protection policy from the pattern of changing agricultural policy needs as an economy develops, illustrated in Figure 3. As development proceeds, the emphasis in people's livelihood strategies and activities should change, and this should lead to changing emphasis on different social protection instruments. Although people will always have important aspirations for 'stepping up' in and 'stepping out' of agriculture, only a few will be able to achieve these aspirations in 'phase 1' so that reliance on extensive low productivity agriculture is likely to lead to most people's livelihoods being dominated by 'hanging in' strategies. Social protection in such areas is likely to rely on non-market welfare instruments . With investments in infrastructure and in kick starting markets, a significant proportion of people should be able to 'step up' their agricultural production during 'phase 2'. Welfare instruments will continue to be important, but may be increasingly market based. Formal insurance instruments will be increasingly important, and may be more macro-economic or sectoral market based where the government has substantial control or influence over food, input, cash crop and credit markets. Such insurance instruments will also be important during the transition from 'phase 2' to 'phase 3' but will be increasingly market based.

During this transition (indeed in all phases) there will be a continuing need for welfare instruments not only to help the chronically vulnerable who are found in all societies, not only to directly and indirectly benefit recipients but also to generate positive multiplier effects through consumption linkages. During the transition from phase 2 to phase 3 there will also be growing opportunities for 'stepping out' of agriculture, increasing the need for resilience building instruments to reduce the stresses faced by people relying more and more on new non-agricultural activities. Like welfare instruments, transformative instruments are likely to be important at all stages of development, but their focus is likely to change – for example with changing importance of access to land in people'slivelihoods. These patterns of change are illustrated in Figure 5, which draws together agricultural and social protection policy changes in the process of agricultural transformation. Again the complementarities between agricultural growth and social protection policies in poor rural areas strengthen arguments made earlier for 'Developmental Coordination' across these policies (as opposed to their separation with growth policies focusing on the highest growth potential sectors and economic units) and for a changing mix of state and non-state provisioning over time.

This analysis of phases in social protection and agricultural growth policies cannot, of course, be applied to all rural areas: some may have communications to urban

markets that allow them to follow a different development path, some may have significant non-agricultural growth opportunities (for example in mining or tourism), and some may not have the natural resources potential to support an agricultural transformation. This last, and probably most common, situation poses important questions: how can growth and poverty reduction be promoted? In the long run, people need to move out of low potential or less favoured areas, but in the meantime what should be done to reduce poverty and protect the natural resource base? The analysis of Figure 5 is helpful in identifying the basic choice between concentrating on large scale social protection instruments in a long term 'phase 0' situation or investing in agricultural growth policies to promote a shift through phase 1 to phase 2 (with basic investments and kick starting markets) while accepting that the low natural resources potential will both make this shift costly and prevent subsequent movement to phase 3. The latter strategy requires sustained intervention and therefore faces serious dangers of increasing inefficiency and both political and livelihood lock in. Nevertheless, it may also provide opportunities for lower cost complementary social protection instruments as compared with agricultural disengagement and phase 1 (or indeed phase 0) maintenance. The opportunities, costs and trade-offs between these two options will of course be context specific, but should be an important topic for policy analysis and research.

5. Key issues for social protection and agricultural growth policies

5.1. Introduction

Having considered the complex and changing relations between people's livelihoods, economic growth, social protection and agricultural development policies, this section of the paper discusses key issues that emerge for social protection and agricultural development policies. We first discuss two special issues where the interactions between social protection and agriculture are particularly important: food access/ prices and HIV/AIDS. We then identify four broad strategies in social protection and agricultural growth policies. This leads on to a discussion of the range of instruments that may fit within these agricultural growth and social protection strategies, and briefly discuss possible interactions between them. We conclude with a discussion of design and implementation issues that critically affect outcomes from different interventions.

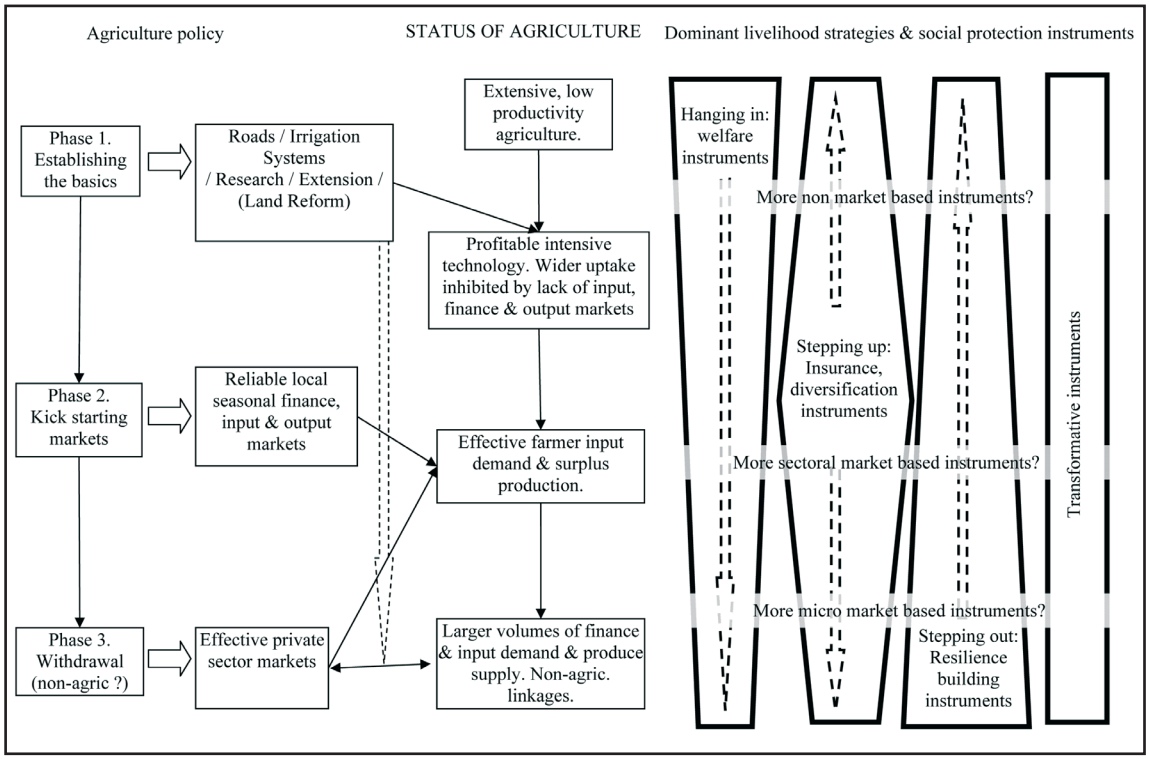
5.2. Special issues for agricultural and social protection policies

We suggest that there are two specific issues where there are particularly strong and complex linkages between agriculture and social protection: food access and prices; and HIV/AIDS.

5.2.1. Food access and prices

Food price volatility is a critical social protection issue as (a) it often represents a major threat to poor people's food security (affecting both the urban and rural poor), playing a significant role in keeping poor people poor, and (b) it also represents a critical barrier to agricultural and non- agricultural growth as it provides a strong disincentive to diversification into more remunerative cash crops and non-farm activities and ties up productive resources in often inefficient, low-productivity subsistence production. Poor, food deficit people and others who are deterred from diversifying out of food production by price volatility are affected negatively by high food prices. However surplus food producers, and those who might potentially invest in more intensive food

Figure 5. Agricultural and Social Protection Policy Changes in Agricultural Transformations



production, are affected negatively by lows food prices. In poor areas, significant population groups are therefore affected differently by, and have different interests in, food price levels and volatility (Poulton et al., 2006).

The conflicts between the benefits of high and low food prices are particularly important in the early stages of agricultural growth, as high food prices are required to stimulate investment in surplus production and to kick-start the growth process necessary to push down prices in the medium term. However, as this growth proceeds, advances in productivity must balance on two tightropes: a) a price/total productivity tightrope – the technical change must cut staples prices a lot, but must raise total factor productivity a lot faster so that investment in the new technology is still profitable, and b) a wage rate/labour-land/productivity tightrope – it must raise output per labour-hour a lot, but output per hectare a lot more, so that both labour demand and labour productivity rise, and thus support real wages increases for the poor (Lipton, 2005)[11]. Against these demands for higher prices to stimulate growth, however, must be set the needs of poor food deficit people: in the early stages of growth they suffer from high prices until (a) increasing land and labour productivity increase supply and push prices down, and (b) wider processes of growth driven by agricultural productivity changes increase employment opportunities and wages in both agricultural and non-agricultural activities. Before they realise these benefits from agricultural growth, poor urban and rural people need targeted welfare interventions to safeguard their food security. The challenge is then to implement effective welfare instruments to protect deficit households during this critical transition period without undermining the price-incentives for investments in more productive technology by better off smallholders. There is considerable debate about the need for mechanisms to encourage price stabilisation and price levels that support technical change and food security should be promoted. These cannot be debated here (see World Bank, 2006 ; Byerlee et al., 2006; Poulton et al., 2006) but it should be noted that these issues have implications for international and regional food trade policies, food aid, targeted input subsidies, and different institutional mechanisms that may be used to facilitate coordinated complementary service delivery to emergent grain surplus smallholder farmers and local, national and regional grain market development. Here it is important to reiterate that both food availability and food entitlements are important for secure food access, and where markets are poorly developed then much greater emphasis needs to be put on food availability than is needed when markets are well developed.

5.2.2. HIV/AIDS

How HIV/AIDS impacts on household demographics and livelihoods has been the subject of investigation since pioneering research was undertaken into these issues in Uganda in the 1980s (Barnett and Blaikie, 1992). There has, however, been very little work that attempts to examine effects of widespread HIV/AIDS morbidity and mortality on local labour and food markets and the impacts of this on rural livelihoods. At the individual household level, impacts have been generalised into conceptual frameworks that trace the likely linkages from HIV infection through to health, demographic and household level economic outcomes. As noted by Devereux and Sabates-Wheeler (2005), a key conclusion from this work is that HIV/AIDS raises household vulnerability to an unprecedented extent and in multiple ways. Perhaps most significant, at least from a livelihoods perspective, is its destructive impact on household labour capacity. By weakening and removing working adults, HIV/AIDS converts 'workers' into 'dependents' and 'producers' into 'consumers' of household resources – when 'workers' and 'producers' are already scarce in poor households where labour is one of the few assets. Slater and Wiggins(2005) also note that "the HIV/AIDS epidemic has multiple and uneven implications for rural livelihoods and "raises acute questions for social protection." Labour shortages resulting from HIV/AIDS implies that work-based interventions may prove difficult, crop production and diversity is reduced, raising the risk of shortage, and high-yield cash crops are replaced by subsistence crops. At the same time that labour is incapacitated, there is a depletion of savings and productive assets to fund care. Informal stress management capacity is reduced.

There have been various social protection programmes that address HIV/AIDS directly. This might have significant productivity effects where the nutritional levels of HIV/AIDS sufferers can be raised to a point where they participate in the economy. Alternatively, targeted programmes can combine education with nutrition and sometimes productivity enhancements.

'Though food or cash transfers, education bursaries and other support to HIV/AIDS sufferers are necessary and often vital, this approach does not appear to recognise that entire livelihood systems are being systematically undermined by the pandemic. For example, in rural farming communities where livelihoods depend heavily on labour power, the removal of large numbers of adults from the workforce requires modifying agricultural practices (e.g. cultivating less labour-intensive crops) or moving out of farming altogether and into alternative livelihoods, yet there is little strategic thinking, few policy documents and even fewer projects that address this reality' (page 2, Devereux and Sabates-Wheeler, 2005). Promotion of 'labour saving' crops and techniques is commonly suggested as a means of alleviating labour shortages for PLWHA, but Dorward and Mwale, 2005 argue that widespread HIV/AIDS morbidity and mortality may paradoxically loosen labour markets and depress wages and if 'labour saving' techniques are taken up more widely under such circumstances they could damage the livelihoods of both PLWHA and poor people not directly affected by HIV/AIDS.

There have been limited advances on the use of targeting within agricultural social protection programmes. Social protection specifically for PLWHA will be more cost-effective with stricter targeting (see section 5.4.2) but explicitly targeting PLWHA raises at least two problems. First, it risks stigmatising targeted groups in many (but not all) social contexts. This may be addressed by close but costly community engagement and awareness-raising or by community targeting in an area of known high prevalence of HIV (assuming that the targeted group will include the HIV positive). The

latter approach has been used but concerns remain about the feasibility of scaling up closely targeted programmes without increasing exclusion errors (SALDRU 2005). The second problem is that HIV/AIDS sufferers may not be able to meet conditions required by some social protection instruments, notably the physical labour required by many PWPs. Possible responses to this include reducing workloads, employing households rather than individuals so that other members can replace those who fall ill (although this may restrict the extent of intra-household care), and engaging in lowintensity work such as horticulture (although this tends to create private rather than public assets).

Transferring resources to HIV/AIDS-affected groups has been seen by some policy-makers as an unproductive investment. However, as we have emphasised, there are various ways in which these transfers can improve aggregate productivity. In particular, there may be significant productivity effects where the nutritional levels of HIV/AIDS sufferers can be raised to a point where they participate in the economy. These are multiplied by the positive effects of nutrition on ARVs (see Farrington et al (2004))

5.3. Broad policy strategies in social protection and agricultural growth

As discussed in detail in section 4.3, relative attention to and expectations from social protection and agricultural growth policies have changed over time. It is helpful to consider four broad strategic approaches to social protection and agricultural growth.

A. Social protection (inter alia) from agriculture and agricultural growth
B. Social protection independent of agricultural growth
C. Social protection for (inter alia) agricultural growth
D. Social protection through (inter alia) agriculture

In terms of historical changes in social protection and agricultural growth policies, we may characterise state led agricultural development policies as falling into strategy A (social protection from agriculture and agricultural growth), agricultural liberalisation and early social protection policies as being largely independent (strategy B), and then extensions of social protection policy beyond welfare instruments to include insurance and resilience building as a move towards strategy C, with a specific emphasis on agricultural growth. Strategy D (social protection through agriculture) is a slightly special case which has elements from both A and C where specific instruments promote agriculture for the purpose of particular and immediate social protection impacts (targeted agricultural inputs programmes, for example, fall into this category) but these are not integrated within wider agricultural development strategies.

This classification of broad strategies does contain overlaps and ambiguities. It is, however, useful as it (a) describes broad historical approaches to social protection and agricultural growth policies (as discussed earlier in section 4.3), and (b) helpfully sets out strategic choices facing policy makers, providing a simple but effective structure for considering different policy instruments' contributions to social protection and agriculture (as discussed in section 5.4 below).

5.4. Policies and instruments for social protection and agricultural growth

Policy approaches to social protection and agricultural growth have changed radically over the last forty years. Often changes in particular countries have been driven by international 'fashions' with a 'one size fits all' approach. While it is important to develop clear policy principles wherever possible, it is also important that policies are effective in dealing with different problems in different contexts. The discussion of 'phases' in social protection and agricultural growth policies in section 4.3 and the analysis in Figure 5 illustrates this with regard to policies within agriculture and social protection. Can this approach be extended to consider strategic choices between strategies A to D? We suggest that this should be possible, and, following the arguments in section 4.3 and elsewhere in this paper, should take account of (inter alia)

1. conditions, constraints and opportunities in agricultural and non-agricultural sectors
2. the structure of people's livelihoods, and the opportunities, constraints and stresses that they face,
3. the state of market and supply chain development
4. existing formal and informal social protection mechanisms
5. capacity and resources for implementation of agricultural and social protection interventions
6. particular characteristics, strengths and weaknesses of different agricultural and social protection interventions in achieving particular outcomes

We now apply such analysis to consider choices of particular instruments for achieving changing social protection and agricultural growth objectives, examining their use in the four broad policy strategies identified earlier in section 5.3.

5.4.1. Social protection (inter alia) from agriculture and agricultural growth

'Social protection from agricultural growth' is used to describe the broad strategic approach to agricultural development in (primarily) post independence state led agricultural development policies. These policies often had multiple and sometimes conflicting objectives as they attempted to promote agricultural growth, to extract agricultural surpluses to promote industrial development, and to provide some social protection generally focussed on promotion of food security. Primary policies here involved output price and market interventions, input subsidies and delivery systems, provision of agricultural credit, infrastructural development (transport, irrigation and market facilities), technical change (promoted through all these policies, together with research and extension), and (less universally) land reform. Policies were implemented both at a national levels (for example through pricing policies, market regulations and tariffs) and through programmes and projects focusing on particular geographical areas. In some countries these policies were coordinated through 'integrated rural development' projects which attempted to coordinate health and educational service investments and provision with transport and multiple agricultural service investment and delivery activities.

5.4.1.1. Output price & market interventions

There are multiple and conflicting interests in low food prices (important for poor consumers) and high food prices (important for promoting intensification and growth, with immediate benefits for producers and longer term indirect benefits for others), but reduced food price volatility offers benefits to all. These concerns have historically provided a strong rationale for interventions in food markets in order to stabilise prices and offer guaranteed minimum prices to producers and maximum prices to consumers. Such systems however require the ability to intervene in the market to buy and store produce when prices are falling and to sell into the market during times of scarcity and can therefore be costly and difficult to manage. They are also very politically charged and, due to the large volumes traded, have the potential to yield large rents to unscrupulous officials or politicians. They are therefore frequently subject to and rendered ineffective by political or patronage abuses (Dorward and Kydd, 2005). However where it works, food price management can provide important social protection welfare and insurance mechanisms for both producers and poor consumers, and can work in both the early stages of growth through non-market mechanisms (by direct promotion of food production in remote food deficit areas) and later using market based mechanisms.

Important questions concern the level at which food prices should be stabilised, and the ways by which they should be stabilised. On the first question, while in the short term, deficit households will undoubtedly suffer from high prices it is possible that their indirect impact on rural wages may substantially compensate for higher food prices, particularly if increased incentives for intensification effects across certain price thresholds are taken into account. Further research is required to gain more information about (i) rural labour markets and how they operate across geographical areas and (ii) the sensitivity of the effects of food price increases to the range over which these prices occur (and particularly on the nature and effects of price thresholds) and to other policy interventions. As deficit households are negatively affected by higher food prices in the short run and in many cases also in the long run, any interventions supporting producer prices need to be accompanied by appropriate protective social protection interventions both to smooth consumption of those affected in the short term and to provide long term assistance to those unable to take advantage of increased labour demand.

Appropriate mechanisms for food price stabilisation are the subject of ongoing debate (see World Bank, 2006; Byerlee et al., 2006). A variety of market and non-market mechanisms may be used, and the relative effectiveness and efficiency of these varies between countries depending on local market development; production opportunities and constraints; links to regional and international markets; political will and government capacity to intervene directly in markets; and financial, human and institutional capacity to utilise sophisticated market instruments to hedge risks. Proponents of market based instruments tend to argue that these can operate efficiently and effectively at a large scale to stabilise markets, provided that private investors are assured that governments will not arbitrarily intervene in food markets. Others, however, contend that while such arguments may appear to provide technical solutions to market stabilisation problems, in fact they ignore

- the political realities that cause governments and politicians to intervene in food markets,
- the way that high cost and time requirements for food importation into some land locked countries leads to very wide import-export parity price bands with the potential for damaging price peaks following delayed imports
- the significant benefits and modest costs that may be involved in promoting at least some incountry storage, and
- the role of output markets and food prices in the development of complementary services for small farmers in poor rural areas

Poulton et al., 2006 suggest a variety of mechanisms involving market instruments and regional, national and locality specific interventions that attempt to promote stable food prices, low food prices for poor consumers and higher prices together with access to complementary services for emerging smallholder producers.

5.4.1.2. Input subsidies & delivery systems

Input subsidies have been widely used in Asian Green Revolutions to increase access to and uptake of modern inputs. Such subsidies, it is argued, can help kick-start pro-poor growth in early stages of agricultural transformations by lowering investment risks and helping to overcome critical price and transaction cost distortions in poor rural areas (Dorward and Kydd, 2005). In the context of failing credit markets, high transportation costs often place inputs beyond the reach of most smallholders, especially in landlocked countries and remote areas, and input subsidies may therefore be an important means of stimulating development of complementary services needed for agro-chemicalbased intensification. However subsidies may also encourage inefficient use of inputs, and input subsidies are difficult to manage and are susceptible to political and patronage interests. Their costs also tend to grow rapidly and they are politically difficult to withdraw and can thus rapidly become a major fiscal burden..

Although input subsidies and delivery systems have historically played a major role in successful agricultural intensifications and hence in promoting growth and national food security, they may not make much impact on poorer people's direct access to inputs unless subsidies are very high (with very high fiscal costs) or are specifically targeted on poorer people. Outside of these targeted input programmes (which were not a common feature of state led agricultural development policies and are therefore discussed under D below, 'social protection through agriculture') they have therefore played a relatively small role in direct social protection, although they did make an important contribution to the production of staples needed for national food security.

5.4.1.3. Credit subsidies & delivery systems

Within agricultural growth policies, credit subsidies and delivery systems have largely been supported to (i) overcome a critical constraint to growth from a lack of cash

to finance farm investments and variable inputs, (ii) to accelerate the uptake of modern technology, and (iii) to overcome barriers to smallholder access to seasonal finance resulting from a lack of collateral or information (Ellis, 1992). Large scale agricultural credit programmes implemented as part of state led development policies were (with important exceptions) generally unsustainable, with low repayment rate, high operational costs, and did not generally promote access to financial services by the poor. They therefore played only a limited direct social protection role. However such programmes, inefficient and unsustainable though many of them they may appear, were associated with green revolution successes (Dorward et al., 2004) and in India there is some empirical evidence that they made an important contribution to agricultural growth (Fan et al., 2004).

Access to credit is often seen as allowing consumption smoothing and hence can be seen as a form of insurance, a way of reducing vulnerability. Paradoxically, however, credit tied to purchase and use of agricultural inputs may increase risk and vulnerability, as loans are normally a very significant proportion of poorer farmers' annual income and of their assets, and consequently lead to high gearing. This, coupled with the inherent variability in rain fed crop and livestock production and in agricultural markets, leads to high risk exposure. There are, of course, trade-offs between increased productivity and growth and increased vulnerability, and the desirability of such trade-offs will depend upon their effects on specific areas and people, and on the ability of the state to provide social protection instruments to offset increases in vulnerability.

5.4.1.4. Infrastructure development

Poor roads lead to high transport and communications costs, high input purchase and service delivery costs, and low farm gate prices for agricultural produce (although they can also offer some protection to local producers). Infrastructure development is therefore a basic pre-condition for agricultural and wider economic growth. Despite declining donor allocations due to high implementation and maintenance costs, weak transport infrastructure is almost universally recognised as a major barrier to growth in Sub-Saharan Africa. The contribution of poor infrastructure to high transaction costs, including measurement, search and contract enforcement costs, and thus to transaction failures and thin markets is less often recognised. Investments in irrigation infrastructure are critical to lowering the risks and thus increasing the incentives for investments in agro-chemical based intensification. Investments in infrastructure therefore significantly lower the investment thresholds necessary to kick-start growth although additional coordination interventions are likely to be required where agricultural markets are thin or missing altogether (as in Phase 1 in Figure 2).

Although investments in infrastructure are generally justified in terms of their contribution to growth, they may also generate positive externalities for social protection. Improved transport infrastructure tends to improve spatial and temporal (e.g. storage infrastructure) arbitrage and may therefore reduce seasonal price volatility and improve food supply in deficit regions. Increases in productivity resulting from investments in irrigation infrastructure or higher farm gate prices can contribute to both national food security and lower food prices for consumers. Improved infrastructure can also increase the labour and consumption linkages from agricultural growth and improve the spatial spread of these multipliers while lowering the implementation costs of social protection programmes. However, while these effects may dampen the demands on social protection programmes, they do not necessarily result in incremental benefits to all the rural poor, especially when they bypass less favoured areas and are not simultaneously supported by other interventions designed to overcome micro-level poverty and meso-level underinvestment traps. Conversely, as discussed later, public works programmes (PWPs) are unlikely to have significant and sustained impacts on growth unless they reach a scale and quality necessary to shift transport and transaction costs below critical thresholds. It was in recognition of these types of difficulties that state led policies for a while adopted 'integrated development programmes', to try to ensure that multiple constraints on growth and social protection were addressed in a coordinated complementary way. Such programmes, and growth-oriented infrastructure in general, however tend to focus on high-potential areas and thus may have had only limited effects on social protection concerns in Less Favoured Areas (LFAs). (On the other hand, however, PWPs under social protection programmes are likely to focus on LFAs, with lower benefits for growth.)

While state led development policies often had a strong emphasis on infrastructural development, in Africa countries generally started with very low levels of infrastructure at independence, and low population densities in agricultural meant that the costs of investments in infrastructure, particularly transport infrastructure, were very high in per capital terms. Rapid investments in infrastructure also jumped ahead of the financial and other resources needed for maintenance, and state led systems have very poor incentives for promoting maintenance. Rapid deterioration of roads and of large scale irrigation systems has therefore been a problem (although there are increasing attempts to improve local ownership and management of infrastructure, and this may be associated with PWPs).

5.4.1.5. Technical change

Technical change leading to increased land and/or labour productivity is an essential condition for agricultural growth. In poor rural areas, technical change has tended to focus on the dissemination of modern seed varieties together with fertilisers, crop protection chemicals, irrigation where possible and, in land-abundant regions, on improving access to farm mechanisation. The critical challenges for technical change as a driver of pro-poor growth relate to (i) the difficulties in developing and adapting appropriate technology to heterogeneous, resource-poor conditions; (ii) the challenges of promoting the development of and ensuring coordinated access to the complementary input, output, financial and technical services required for successful and lower risk adoption of these technologies; (iii) the capital, labour-saving bias of some forms or technical change; (iv) the potential

uptake biases towards large, commercial farms; (v) the bias in research and extension towards the needs of the commercial sector; (vi) difficulties in developing effective, two-way research and extension systems.

These challenges mean that technical change is often biased towards the commercial sector or at least larger smallholder farms in terms of its technical specifications, ease of adoption and capital intensity. Even scale-neutral technology, such as hybrid seed varieties, in practice tend to be biased towards larger farms which are better integrated into markets due to their improved access to credit and the typically large size of seed and fertiliser packages. Where technical change has been labour-intensive and centred on staple food crops (as with 'green revolution' technologies), the resulting agricultural growth has increased demand for wage labour and, in many cases, bid up the price for labour and lowered food prices, benefiting the rural poor. This has had significant direct and indirect 'social protection benefits'. Agricultural research has also played an important role in developing lower risk technologies, for example through breeding of crop varieties that are more resistant or tolerant of drought, pests and diseases and through advances in crop protection, water harvesting and animal health.

Research in applied biotechnology, which may provide new opportunities for increasing yields, particularly in resource-poor environments, is largely privately owned, exploited and motivated and more radical approaches, such as competitive public contracts, are required to make poverty-oriented research by private companies profitable and therefore attractive.

An important challenge for agricultural research and extension serving diverse, complex and resourcepoor farming systems is to provide similarly diverse packages tailored to local circumstances. In this context, Berdegué and Escobar, 2002, advocate a more differentiated approach to research and extension systems including (i) a private, market-driven system with only indirect benefits to the poor, (ii) a market-oriented, asset-constrained system targeted at 'better-off' smallholders in terms of their asset-base and production environment; and (iii) a context and asset-constrained system in areas where there is a limited potential for agricultural development. This approach overlaps in part with asset-building social protection approaches and involves a wider policy emphasis on increasing producers' asset-base and/or overcoming environmental constraints first.

One commonly reported result of technical change associated with post independence state led agricultural development policies has been a reduction in livelihood diversity in the early stages of growth. There are a number of aspects of this, and considerable variation between areas, but the overall effect may be to increase risk and vulnerability. Reductions in diversity can occur at different levels – in terms of reduced range of crop varieties and livestock breeds being grown or kept (and hence reduced genetic diversity) and in terms of a reduced range of farm activities (crops and/or livestock – for example a shift to maize from millet and/or root crops). Reductions in diversity may also occur within and across livelihoods. As with the use of purchased inputs and input credit discussed earlier, with all of these cases there should be some trade-off between increased productivity and growth and increased vulnerability, and the desirability of such trade-offs will vary between areas and people, and depend upon state provide social protection instruments to offset increases in vulnerability.

5.4.1.6. Land reform

It is widely accepted that clearly-defined and secure land rights are critical to provide incentives for investment and sustainable resource management. At the same time, land inequality continues to be high in many parts of Sub-Saharan Africa and rising population density is likely to push land reform up the political agenda. These two points, combined with the widely observed transaction co stadvantage of small family farms in the utilisation and supervision of farm labour continue to provide a strong argument for continued land reform processes.

Although land reforms implemented up to the 70s were often more effective than is recognised (Lipton, 1993) and were often important in establishing the conditions necessary for agricuutral transformation (Dorward et al., 2004), land reform has (with some exceptions) received less attention in rural development policy in the last 20 years or so. Old-style, administrative and redistributive approaches have been displaced by 'new-wave', negotiated approaches, relying on market-based incentives and with a greater emphasis on the empowering aspects of land reform (Lipton, 1993). More recent approaches focus on improving the transparency and efficiency of land sale and rental markets and assisting market-based reform through promoting productive projects. Decentralised implementation of negotiated reform processes have also proven to be much cheaper and more efficient than centrally administered processes with more scope for beneficiary involvement in the negotiation process (Deininger, 2004).

For these new approaches to be successful they need to be more efficient and less costly than the old approaches and should endeavour to incorporate efficient elements of pre-reform system, e.g. large farm transaction cost advantages in credit markets and input and output marketing and their economies of scale in transport and post-harvest operations. This calls for new institutional forms combining relative advantages of large and small holdings and reducing transaction costs within and between them (Deininger, 2004). Greater attention to the empowering aspects of land reform within new approaches is also relevant to our discussion as secure land tenure is likely to be particularly important for socially excluded groups, and Lipton argues that secure access to even very small land parcels (for example only enough for a house) can provide important risk management and resilience building benefits, providing reservation income and strengthening the bargaining position of rural labour (Lipton, 1993).

There is therefore the potential for land policies to have important social protection and growth benefits extending beyond more direct agricultural benefits. Social protection perspectives are also important to debates about the effects of policies promoting land markets. While these are often promoted on the grounds of their potential to allow the use of land as collateral in accessing credit, there are often informal institutional difficulties in achieving this. Reforms that allow the poor

to sell land may also give them the opportunity to 'step out' from agriculture with capital raised from the sale of land, but conversely may damage the interests of poor people who may find themselves forced to make distress sales of land when land prices are very low and are thus unable to fall back on subsistence production as a form of social protection[12].

5.4.1.7. Livestock services

Livestock are very important to the livelihoods of some rural people, sometimes in production and income, and sometimes as assets for use in accumulation, buffering and insurance. There has been a tendency for livestock development services to focus on the income generating role of livestock at the expense of attention to low cost, low risk livestock keeping to fulfil more 'social protection' functions of accumulation, buffering and insurance. However there have been considerable successes in the promotion of small scale dairying, providing poor people with both income and protein. There have also been benefits from improved animal health services, for both production and social protection from livestock keeping (see for example Owen et al., 2005; Mwangi et al., 2005). The importance of property rights, market systems and technical change promoting social protection through livestock keeping are increasingly recognised, for pastoralists and for poor keepers of small stock such as poultry. It is also important, however, to recognise that the importance of livestock keeping for savings and insurance is likely to diminish as rural economies grow and microfinance systems become more accessible (Dorward et al., 2001).

5.4.1.8. Complementary coordination

An important feature of state led 'social protection from agriculture' policies has been the way that the state provided (or attempted to provide) complementary coordination between (a) the various services which were individually necessary but not sufficient for agricultural growth and (b) some social protection through food pricing and marketing interventions to reduce price volatility for consumers and producers. This complementary coordination was generally provided by regulation and intervention in national produce, input and agricultural finance markets and by investments in research and extension services and in infrastructure, sometimes preceded by land reform. In integrated rural development projects (IRDPs) particular efforts were made to establish coordinated service delivery systems in specific areas.

5.4.2. Social protection independent of agricultural growth

The broad strategic approach we describe as 'social protection independent of agricultural growth' describes social protection policies mainly promoted in the 1990s, in the early days of the development of social protection policies when there was a strong emphasis on welfare instruments. This was associated with market liberalisation policies which, in agriculture as in other sectors, had a strong emphasis on promoting growth with little attention to ways in which agricultural development could directly deliver social protection. We therefore give considerable attention here to consideration of social protection welfare instruments with a shorter discussion of agricultural policies.

5.4.2.1. The need for social protection instruments in liberalised agricultures

The principal agricultural development policies which have been pursued independently of social protection policies are those described earlier in section 4.2 under market liberalisation. These involved removal of tariffs and of regulations protecting state monopolies, dismantling or privatisation of parastatals, and removal of price controls (often with a shift first from fixed prices to price bands). As noted earlier, there is considerable debate about political economy difficulties with the implementation of these policies and concern about the efficacy of these policies under different conditions and their failure to deliver growth and price stability particularly for food staples. Food price instability has been very high in recent years in, for example, Ethiopia and a number of southern Africa countries, but this can often not be attributed to liberalisation policies per se, but is due more to inconsistency of liberalisation with poorly managed interventions (World Bank, 2006). Failures in the development of input (and particularly fertiliser) delivery systems to smallholder farmers are widely recognised, but again while some commentators argue that such failures are inherent in liberalised systems, others argue that these are due to partial liberalisation and insufficient complementary investments in public goods, notably agricultural research, irrigation and roads (see Poulton et al., 2005, for more detailed discussion of service delivery challenges in smallholder agriculture).

A critical problem in liberalised markets is the lack of access to seasonal finance for food production. In the gap left by the collapse of formal lending programmes in Sub-Saharan Africa, a wide range of institutional models and financial products are attempting to serve demands for seasonal finance. However, few of these operate in lower density rural areas or in areas with a low level of agricultural and non-agricultural activity. None appear to be operating in the conditions faced by the majority of poor farmers in sub Saharan Africa or providing seasonal finance for food crop production. High costs and risks mean that such services are generally unprofitable to supply in poor rural areas, while the high risks and low returns of investment in agriculture in resource-poor areas tends to stifle demand (Dorward et al., 2001). In areas which have already experienced agricultural growth and which therefore have a growing non-farm sector, better-off smallholders may be able to access loans from Micro Finance Institutions. Interlocking arrangements may provide an important institutional solution to the lack of credit markets and high risks of lending in poor, un-diversified rural economies. However, such arrangements typically only work for some cash crops and where output markets are concentrated among one or two buyers, although this may allow buyers to capture an undue share of the output margin.

An important response to these difficulties has involved increasing attention to market development and improving market access for smallholder farmers. This has developed in parallel with a strand of thinking

labelled 'Making markets work for the poor' (see DFID, 2005). A range of models have been developed to try to improve smallholder access to services, including innovations such as the development of fertiliser supply systems through small agro-dealers. Most attention, however, has been given to the development of farmer organisations.

Farmer organisations have had a very mixed record in the past, and face many challenges, with oftenmixed and sometimes conflicting objectives and expectations among members and external supporters. Most successful farmer organisations, however, focus more on improving farmers' access to higher-value cash crops supply chains and are likely to bypass staple food markets, where low prices and atomistic markets provide disincentives to investing in appropriate coordination arrangements. While these organisations are critical for smallholder market access and for agricultural growth, such organisations by their very function exclude poorer producers with marginal or irregular surpluses. Once established, farmer organisations may however contribute to informal transfers within the community although the bottom-line of running a competitive business will limit the scale of such transfers. However farmer organisations also face dangers that external organisations (particularly government and NGO agencies) may view them as convenient delivery channels for social protection interventions and thus threaten to undermine their business rationale.

Agricultural policies pursued under market liberalisation have therefore not explicitly focussed on a social protection agenda. However some insurance instruments have been introduced to promote agricultural growth. These include crop insurance (attention to this has been growing in recent years and this is discussed below under 'social protection for agriculture') and continuing (if limited and patchy) investment in land reform, infrastructural development (primarily transport infrastructure) and technical change (through research and extension). These are recognised as important for the delivery of public goods necessary for liberalised markets to work in smallholder agriculture but, as noted above, limited investments in infrastructure, research and extension are often cited as a major cause for stagnation in African agriculture over the last 20 years. This may be explained by the reduction in the scope of state responsibilities which was central to liberalisation policies being accompanied by a general reduction in the capacity of the state to fulfil all activities, with a reduction of the resources available to it to pursue in activities considered legitimate state responsibilities (Fukuyama, 2004). At the same time there has been a search for increased private sector involvement in the delivery of research and extension. Land reform, infrastructural development and investment in technical change were major features of early state led agricultural development and have been discussed in more detail under 'social protection from agriculture' above.

5.4.2.2. Unconditional cash transfers (UCTs)

UCTs are "unconditional transfers of cash made by government or non-governmental organisations to individuals or households identified as highly vulnerable, with the objective of alleviating poverty, providing social protection, or reducing economic vulnerability" (Devereux et al 2005) and include social pensions and child support grants. The principal connections to agriculture reside in 1) the ability of assisted households to participate in the rural economy as a) consumers and b) producers, and 2) the uses to which the transfers are put either a) directly, or b) indirectly, through intra- or inter-household fungibility. We will deal with the multiplier and incentive effects of transferring cash (as opposed to food or inputs) later. Here, we point out that 1) UCTs are cheap, 2) UCTs' poverty impact is highly sensitive to design, and 3) UCTs can have behavioural effects.

A significant advantage of UCTs is their low administrative costs relative to other programmes. In general, transferring cash is cheaper than in-kind inputs, but as with other instruments, costs increase sharply with targeting strictness and the remoteness of the target population. UCTs are cheap relative to conditional cash transfers because they contain no complimentary behavioural intervention. However, some complimentary work may be necessary to reduce the risk of inflationary effects, and this can add to costs.

The poverty impact of UCTs depends on the size and method of the transfer. There are clearly important trade-offs, for a fixed budget, between the impact on the severity of poverty (maximised by strict targeting and high value transfers to a few) and the impact on the extent of poverty (maximised by poverty-line targeting and low value transfers to many). The resolution of these trade-offs depends strongly on the ability to target, on political economy issues, on the characteristics of different target groups, and on the existence and nature of threshold effects in and on individual livelihoods and local markets. For instance, old age pensions are sometimes considered effective in reducing vulnerability of all age groups in Southern Africa because many old people live with and care for their grandchildren (see for example Barrientos and Lloyd-Sherlock 2002; Camerano 2002); Ntozi and Nakayiwa 1999). Nevertheless, most adults and children are likely to live in households without elderly people, and therefore a careful analysis of poverty demographics is needed in assessing the wider impacts of pensions on, for example, HIV/AIDS orphans.

Most experience of UCTs has been gained in countries which have progressed through an agricultural transformation, and are in phase 3 in figures 2 and 4. Great caution needs to be exercised in taking experience from the administration and impacts of UCTS in these countries and applying it to poorer countries in phase 1 or early phase 2.

5.4.2.3. Food Aid

Food aid plays a crucial role in humanitarian emergencies, particularly in alleviating short term hunger, reducing household vulnerability, and preventing reductions in consumption in situations where households prefer not to sell assets. It can also have significant positive effects on health and is especially important in HIV/AIDS affected populations. The potential for substantial positive impact of food aid is not doubted. Barrett and Maxwell (2005) note five potential positive effects of food aid in stimulating local livelihoods:

1. Relief of short-term borrowing constraints that prevent farmers buying agricultural inputs.
2. Safety net provision, allowing producers to take on more risk.
3. Reduction of food import, freeing up foreign exchange for import of other inputs.
4. Prevention of irreversible health problems, contributing to a healthy labour force.
5. Increased transport capacity in response to demand.

Effects 1) and 2) are common to all interventions that regularly transfer food or cash (where food is available) to vulnerable groups. Effects 3), 4), and 5), however, may be rather more specific to food aid, but their significance is not well understood and the net effect on factor and product markets may be ambiguous. Effective food aid interventions that do not damage livelihoods therefore require careful design and resources.

Food aid can be particularly important for HIV/AIDS-affected populations. HIV/AIDS and food security interact in complex ways. HIV/AIDS exacerbates food insecurity and malnutrition, and food insecurity and malnutrition may increase susceptibility to HIV and vulnerability to AIDS (Kadiyala and Gillespie 2003). HIV/AIDS-affected populations may have high dependency ratios and struggle to produce sufficient food, and indeed HIV has been identified as a fundamental cause of the Southern Africa food crisis (for example De Waal and Whiteside, 2003; UN 2003) although there is mixed evidence for this (Jayne et al., 2005). PLWHA also have increased nutrient needs, both to resist disease and to increase the effectiveness of anti-retrovirals (Piwoz and Preble 2000; Kadiyala and Gillespie 2003). Kadiyala and Gillespie (2003) argue that HIV/AIDS indicators should be incorporated into food aid targeting (as in the WFP's VAM) but, as discussed earlier, targeting PLWHA makes high resource demands.

The source of food aid has significant implications for its effect on agricultural production. As with any food-based intervention (such as school-feeding, see below), there are potential positive and negative effects on local production. Since food aid is normally perceived to be intended for areas of food-shortage, it is associated with external sourcing and damage to local factor and output markets. This is a significant risk. Moreover, food aid has the potential to change tastes (e.g. from white maize grown in Africa to yellow maize grown in industrialised countries of the West) with the risk of compromising the sustainability of food production. These considerations represent a powerful case for triangular sourcing – purchasing food from another area of the destination country or a neighbour. This requires poor market integration between source and destination markets, and surplus food supplies in sourcing areas. This may be the case more often than is widely recognised but there are three reasons to be cautious about triangular sourcing of food aid, particularly in relation to agricultural livelihoods:

- A dependence on rain-fed agriculture is extremely risky, in terms of availability, capacity, and quality. It is important to have alternative back-up sources.
- Poor integration of markets may reflect infrastructural or institutional problems that complicate the management of food aid.
- Buying large quantities of food affects not only local sellers (positively) but also local buyers (negatively), and it is important that attempts to address a food crisis of one vulnerable group do not damage other vulnerable people.

Maintaining national food stocks is one way of ensuring rapid food aid response and of stabilising grain prices to reduce producers' and consumers' risk. However practical experience has been mixed and there are concerns that they i) crowd out private storage, ii) face serious management problems, iii) are ineffective in meeting price targets, and iv) have high fiscal costs (Farrington (2005); Byerleeet al., 2006; Jayne et al., 2006). Barrett and Maxwell (2005), however, argue that the depletion of the Strategic Grain Reserve in Malawi contributed to the 2002-03 food crisis while Poulton et al., 2006, argue that for land locked countries fiscal costs may not be high as compared with imports and there may be other significant advantages from local storage, if proper management can be assured (see earlier discussion in sections 5.2.1 and 5.4.1.1).

5.4.2.4. Public Works

Public works programmes (PWP) are "activities which entail the payment of a wage in return for the provision of labour, in order to i) enhance employment and ii) produce an asset, with the overall objective of promoting social protection." (SALDRU 2005). In earlier PWPs, the major objective was to maximise employment (through Employment Based Safety Nets - EBSN). With increasing emphasis on useful asset creation (through Labour Based Infrastructure Programmes - LBIPs), there is now a policy dilemma between these two objectives. Much of the literature on PWP is concerned with the perceived trade-off between welfare impacts and growth impacts. PWPs are often associated with the creation of agricultural assets, and are discussed in more detail on page 29ff.

5.4.2.5. Conditional cash transfers (CCTs)

Conditional cash transfers are likely to have similar multiplier effects to unconditional cash transfers, but are intended to change the structure of incentives faced by households in order to induce particular behaviour that complies with wider social objectives. Interventions are most often concerned with healthcare, education, children's nutrition, and agriculture. These interventions can have significant impacts on agricultural livelihoods. Potential connections between CCTs and agriculture beyond those associated with UCTs arise where there are direct connections to (conditionality of transfers on) agricultural activities (affecting, for example, distribution of access to and the scale of transfers) and where induced changes in behaviour have important effects on agricultural activities. Behavioural changes and their effects are often also conditional, however, on other constraints faced by agricultural households and on their access to markets and to other services (Stecklov et al (2005) Sadoulet et al (2001)). The nature and extent of these connections with agriculture is, however, currently under-researched, and existing research is focused mainly on experience with programmes in Latin America. Caution is required when generalising from Latin American (Phase 3) experience to poorer African

countries at earlier stages of agricultural transformation and with weaker markets, institutions and services (i.e. in phase 1 or early phase 2).

Even in Latin America, however, the record of CCTs in relation to poverty reduction is less clear. It is likely that there is a trade-off between the poverty reduction and behavioural change components of CCTs. Targeting also becomes a critical issue where the transfer is not universally distributed. If the objective of the intervention is primarily poverty reduction, it may be that the higher administrative costs of CCTs make them less cost-effective than UCTs.

5.4.2.6. Food for education (FFE)

FFE programmes comprise school feeding interventions, where children at school are provided with food, and food for schooling, where children are given rations to take home. The intended impacts are primarily a) behavioural (concerning educational attendance and gender relations), and b) nutritional, but there are also effects on c) agricultural production.

The behavioural impacts are well documented. Both school feeding and food for schooling interventions have been found to increase enrolment and attendance, to reduce drop-out and repeater rates, and to narrow gender gaps (see Bennett 2003). Some studies have also found improved learning capabilities and cognitive development, although the evidence for this and also for improved nutrition in normal circumstances is also weak (Bennett, 2003; Clay, 2000). Highly vulnerable groups, however, such as stunted, wasted, or undernourished children, or groups facing hungry seasons, benefit most from FFE interventions (Grantham-MacGregor 1991). The effects on agricultural production depend mostly on the source of food. There may be significant impacts on agricultural production and market development if food can be locally purchased or is complementary to local produce (Caldes and Ahmed, 2004;. Hellin and Higman, 2002 quoted in Farrington et al. 2004).

5.4.3. Social protection for (inter alia) agricultural growth

Although there are sometimes trade-offs between welfare outcomes and agricultural growth in 'welfare' social protection interventions, there are also synergies. Other sorts of social protection intervention, however, are much more explicitly concerned with agricultural growth and may have no explicit welfare focus.

5.4.3.1. Insurance

Insurance enables producers to take risks and undertake higher risk and return activities. Social protection interventions that support risk management through insurance can therefore enable farmers to utilise more productive technology and engage in more specialised and intensive production. Explicit insurance instruments relevant to this discussion are crop and livestock insurance (against production or price risks) and savings and credit services.

Both crop insurance and micro-finance face severe challenges in the context of complex, diverse and resource-poor agriculture. While area-based index insurance, such as regional rainfall insurance, may overcome many traditional problems with crop insurance in smallholder agriculture (such as adverse selection, moral hazard and high administration costs, Hazell and Skees, 2005), the heterogeneity of production conditions and output in smallholder agriculture in Sub-Saharan Africa, even across small areas, poses severe challenges to such a system. There is, however, growing experience with systems using index insurance and/or the layering of risk to facilitate risk transfer (World Bank, 2005) although this experience does not generally extend to staple crops in poor agricultural economies that have not progressed beyond early Phase 2 in Figure 3 and Figure 5. This work offers, however, a good example of attempts to integrate agricultural and social protection policy analysis and interventions, with explicit attention to growth, disaster risk management, poverty reduction and social protection objectives (op. cit. table 6.1, page 36).

In diversified rural economies, micro-finance services may offer consumption loans although such services are rarely provided in Phase 1 or early phase 2 situations before agricultural growth has kickstarted growth in the non-farm economy (Dorward et al., 2001). Self-insurance through formal or informal saving mechanisms therefore often provides the only explicit risk management instrument open to large numbers of the rural poor.

Risk can, however, be reduced in other ways. The known and stable presence of 'safety-net' transfers for the poor (such as food aid or unconditional cash transfers) can act as insurance as producers are aware that if their crop fails, and their incomes fall, they will be entitled to welfare transfers. However, there is little understanding concerning the magnitude of such insurance effects and how far its effects on risk-taking behaviour extend above the safety-net income level. Policies that support various livelihood strategies (seasonal migration, crop diversification, small asset accumulation) can also both reduce risk and increase productivity (see for example Farrington, 2005). Policies that promote macro-economic stability and a stable institutional environment also reduce risk and increase production incentives.

5.4.3.2. Building Resilience

Instruments that build resilience (through asset creation or social inclusion and improved access) directly raise rural productive capacity as well as unleashing otherwise latent or constrained productivity. Transfers may be contingent on the creation of capital, through either public works, or food for education, or may be designed to maintain long-run human productivity, through providing nutrition at critical stages of development or incentivising health seeking. A key function of resilience-building transfers is that they enable recipients to escape micro-level poverty traps. Transfers therefore need to be large enough to move individuals or households across critical asset thresholds. More research is required to develop a better understanding of poverty traps and the scale and nature of transfers necessary to move recipients across critical thresholds.

'Transformative' social protection aims to reduce exclusion, which may facilitate cooperative measures and greater equality of access, which recent studies have

suggested has positive growth impacts (Sabates-Wheeler 2006). There are clear linkages between agricultural growth policies and 'transformative' social protection objectives in the areas of land reform and collective action among producers. These links and other links would benefit from further research. Possible negative impacts of social protection policies on growth, mainly through crowding out, also need to be recognised.

5.4.3.3. Public Works

Public work programmes (PWPs) can have a significant impact on poverty reduction if the assets they create have significant and pro-poor output effects. There is a strong case for the superior cost effectiveness of labour-based techniques in creating physical infrastructure. As Devereux (2002) notes, however, although the argument is often made that effective PWP can reduce dependence on social protection in the future, it has rarely been achieved in practice. Farrington et al (2004) provide a review of some evidence showing that PWPs can be effective in creating agricultural assets, including the creation and maintenance of rural infrastructure in Maharastras, and of irrigation improvements, pro-poor assets, roads, and water conservation in Bangladesh. Success is not, however, ubiquitous. It is not that it is impossible to create productive rural assets through PWP, but that PWP a) detracts from welfare impacts (because non-wage items such as materials or training are costly), b) requires effective implementation (which is costly), and c) is problematic with unskilled labour. One distinction policymakers may make in resolving this tension is between long-term and short-term horizons. A greater focus on longer-term prospects for asset creation and maintenance might lead to accepting a reduced short-term wage transfer. Political commitment and strong institutions are likely to be critical in managing this focus.

Even in the more successful examples of asset creation through PWP, such as the Maharastran EGS, analysts have noted a pro-rich bias to asset creation (and Joshi and Moore (2000) also argue that this bias may have been instrumental to the political acceptability of the scheme). Technical change is not distribution neutral and this has critical implications for the nature of agricultural growth that derives from the creation of particular assets.

PWPs impose high burdens on participants, both in terms of direct and opportunity costs. Maxwell (1993) estimated direct participation costs of up to 1000 calories per day, and Lipton (1988) opportunity costs of 20-30% of wages in South Asia. This can be very problematic for agricultural production if the intervention is poorly timed. It is also problematic, however, for labour constrained households, who are very often comprised of the most vulnerable members of communities. This issue is of particular relevance where high HIV/AIDS prevalence contributes to high dependency ratios and makes hard physical labour a difficult proposition for many households. Despite some innovative, small scale and resource intensive programmes successfully addressing this problem, (Mccord, 2004; SALDRU, 2005) there are significant questions about the potential for PWPs as effective social protection instruments for large HIV/AIDS-affected populations.

PWPs affect local labour markets, directly through labour supply and indirectly through multipliers. Whilst the direct effect can be negative if the PWP is mistimed, well-designed PWPs can increase wage rates by reducing the supply of labour and by increasing workers' options and bargaining power (Devereux 2002). This upward pressure is mediated by the design of the project: very low wages in Employment Based Safety Nets (EBSNs) produce negligible upward pressure, and Labour Based Infrastructure Programmes (LBIPs) have low employment coverage. Nevertheless, Devereux (2000) reports that participants in an LBIP project in Zambia hired agricultural labour and purchased seeds and fertiliser, as a result of continuous employment and fairly large incomes. This 1) created a significant employment multiplier, 2) freed women participants from arduous agricultural tasks, and 3) probably increased agricultural output. PWPs also often generate specific multipliers by attracting roadside traders on paydays.

Finally, relative to cash transfers, EBSNs have a higher cost per unit transferred to the poor (in Malawi, 13.9 per unit for PWP relative to 1.73 per unit for cash transfers (Smith 2001)). This, together with shortfalls in the capacity of implementing agencies, high costs for the participants, and the questionable value of the assets produced, seems to demand a choice between PWP for welfare and PWP for assets. Neverthless, as noted above, well-targeted LBIPs can have a significant impact on the poverty of poor participants, whilst creating productive assets and various positive multiplier effects on local economies (particularly if the wages are paid in cash), with positive impacts on nonparticipants. These considerations suggest a potential complementarity between poverty reduction and growth – but at the expense of an explicit social protection focus.

5.4.3.4. Inputs for work programmes

A form of public works programme that has particularly close linkages with agriculture are inputs for works programmes. These share many of the features of PWPs discussed above, but instead of providing participants with cash or food, provide them with inputs for agricultural production, often in the form of vouchers. As compared with cash for work programmes, inputs for works programmes may be criticised for restricting participants' choices in spending their earnings. Nevertheless, trial inputs for works programmes in Malawi have proved highly popular with participants, as they represent a forced form of saving[13]. Depending on their design, such programmes may also build up input supplier networks. However, unless participants sell inputs or vouchers on, the benefits for participants are deferred, depend upon access to land and are subject to normal agricultural production risks in the following season. Timing of input delivery is also very critical.

5.4.4. Social protection through (inter alia) agriculture

This strategy is closely related to categories A and C above, but it differs from these strategies by its primary focus on directly delivering social protection welfare (rather than insurance or resilience) in the short term through contributions to own production by poor

people, and may also be distinguished from strategy A (social protection from agriculture) by the absence of a wider and longer term framework addressing complementary coordination problems. This distinction may not, however, always be clear cut. The principal instrument in this strategy is targeted input programmes, however we could also consider some aspects of inputs for work programmes, land redistribution and even cash transfers as falling in this category (cash transfers, for example, where they relieve critical cash flow and consumption constraints to allow people to cultivate their own land rather than seek off-farm employment).

5.4.4.1. Targeted Inputs Programmes (TIPs)

TIPs are designed to reduce populations' vulnerability to food shortage by providing inputs to agricultural production. They therefore represent a direct intersection of social protection and agricultural livelihoods promotion. The effect of these interventions can be large. Starter Pack in Malawi, a well documented and large scale example, is reported to have increased participants' production by 100-150kg/pack. The current record on the effectiveness of TIPs is not, however, unequivocal, and there are a number of cross-cutting issues around TIPs.

First, it is important to understand the mechanism by which the TIP will achieve the programme objective, and how this interplays with the design, the sustainability of, and the commitment to the programme. For instance, the recent Starter Pack programme in Malawi (1998-2004) was initially intended to (a) achieve national aggregate food security through self-sufficiency in maize production and (b) provide poorer households with a critical production and food access boost[14]. In 2000, Starter Pack was scaled down from universal distribution to smallholders in order to reduce costs and increase cost effectiveness, and this may have been one contributor to the 2002 food crisis (Levy 2005b), as the critical contribution of starter pack to food security was not increased production by target households but (a) reduced food prices and (b) increased labour demand and wages as a result of widespread of starter pack cultivation by both poor and less poor households. (Levy et al 2004; Chinsinga et al 2002; Dorward, 2004). The scaled back, targeted Starter Pack also faced significant problems targeting the food insecure.

The second issue around TIPs is whether they crowd out private supplies of agricultural inputs. The record is mixed. Nyirongo, 2005argues that this was not the case for fertiliser with the Malawian Starter Pack, and only partially the case for seeds. Sperling et al (2004) find increasing evidence that repeated seed aid in chronic stress contexts distorts farmers' own procurement strategies (in Malawi and Kenya), undermines local seed/grain market functioning (in Burundi) and compromises the development of more commercial seed supply systems (in Zimbabwe). The critical issue for design is whether seed insecurity is the result of seed unavailability or poverty. In most cases, Sperling et al argue, the problem is poverty, and therefore local seed markets should be supported. They suggest that seed vouchers or fairs are more appropriate, in this context, than direct seed aid, which tends to undermine local markets. Where misdiagnosis of the problem leads to a default assumption of seed unavailability, this can be extremely damaging if local sources exist.

Third, it is important to recognise that technical change is not neutral (Scoones et al., 2005). Input provision has distributional effects, and these effects are important, not only for social protection objectives but also for growth patterns and future inequality (Sabates-Wheeler 2005). With regard to TIPs, input provision does not offer immediate direct benefits to the cash or land constrained poor as benefits are obtained at harvest, unless inputs are sold on (Dorward and Kydd, 2005), although if the intervention is on a large scale most poor households should benefit from lower food prices and increased wages and/or wage earning opportunities. Input access is also affected by political and patronage systems (Longley et al (1999), for instance, found that wealthier households received more packs in the 'universal' Starter Pack scheme in 1998/99). Alternative forms of social protection are therefore necessary for those households who are unable to benefit directly from extra inputs and policy-makers need to be very aware of distributional, social, and political issues. The design of TIPs, particularly targeting, is crucial in this regard.

5.4.5. Conclusion

A number of conclusions can be drawn from our examination of the four broad strategies that governments have followed in relating social protection to agriculture.

With regard to independent approaches to agricultural development and social protection, these have a poor record in stimulating broad based agricultural growth, particularly in staple crop production, in poor rural economies which have not yet achieved an agricultural transformation. If agricultural growth only benefits a relatively small number of progressive farmers, this places very heavy demands on social protection welfare instruments as regards the number of people that need to be reached, the scale and source of resources needed, and the difficulties and distortions inherent in long term welfare support to very large numbers of people. It also makes it harder for insurance and resilience building instruments to make significant growth contributions, as these contributions are likely to be greatest in the context of broad based growth (across different socio-economic groups and geographical areas) and, in agriculture, are often conditional on access to complementary services that liberalisation policies have found difficult to deliver. In rural areas which have achieved some degree of transformation, however, these policies may be more effective, with less inflationary effects, greater multipliers, and also lower fiscal opportunity costs.

Conversely, strategies promoting social protection from agriculture and agricultural growth through provision of complementary services promoting food crop production have the potential (if effectively implemented over a sustained period) to generate growth while at the same time providing some systemic social protection in terms of welfare and stress management mechanisms for both producers and poor consumers. These can work through non-market mechanisms in the early stages of growth (by direct promotion of food production in

remote food deficit areas) and evolve towards more market reliance as markets develop – although the transition of state withdrawal is problematic in a number of ways. However systemic social protection instruments do not provide enough specific support to those unable to participate in productive activities and there are critical challenges to the conclusions presented here as regards first state capacity to manage effective interventions promoting market development (in phase 2 in figure 2), second feasibility and processes of timely state withdrawal once markets are established (in phase 3 in figure 2), and thirdly tight fiscal constraints in poor economies and hence high opportunity costs of expenditure on interventions promoting market development.

Strategies promoting social protection for agricultural growth focus primarily on insurance mechanisms, public works programmes and micro credit. There are very significant challenges in overcoming problems of high transaction costs, adverse selection and moral hazard in crop insurance and micro-finance programmes in poor rural areas, and the most promising insurance schemes make significant use of group based instruments (such as weather indices). There is an important research agenda here in comparing the costs and effectiveness of more generic growth and social protection approaches used in earlier state led agricultural development policies (for example food price stabilisation interventions) with more recent micro- level social protection approaches in order to identify combinations of instruments that can best promote both agricultural and non-agricultural growth and social protection in different contexts.

5.5. Design And Implementation Issues

Choice of appropriate types of social protection and agricultural development instrument depends upon the design and implementation of each instrument – and critical issues here have been discussed under the description in section Error! Bookmark not defined.Error! Reference source not found. of each type of instrument. Here, however, we bring together this discussion to consider each issue in turn.

5.5.1. Type of Transfer – cash, food, inputs, vouchers.

Many of the instruments discussed above require choices between types of transfer. In PWP, for instance, payment can be made either in cash or in food, or in inputs. Food aid and UCTs can be seen to some extent as a choice between transferring food and transferring cash. To a large extent, the appropriateness of different types of transfer depends on the context in which the intervention takes place. Where there is an absolutely inelastic supply of food, for instance, cash transfers will have a negative (inflationary) effect, but supply elasticity depends upon the existence and effectiveness of markets to respond to increased demand for goods and services (dependent in turn upon infrastructure, market institutions, trader access to credit, etc) and upon the scale of such demand (larger scale transfers will both exert greater inflationary pressures and increase incentives for market players to invest in supply to meet increased demand) . However in-kind transfers of goods may also distort markets (Barrientos and de Jong 2004). As discussed earlier, the distribution of food aid may negatively affect food prices, harming surplus producers, but the purchase of food aid from areas of low supply elasticity may raise prices, harming consumers.

Different transfer types can also be distinguished by factors associated with their relative fungibility (cash being the most fungible). These factors include:

- Multiplier effects on local economies (cash is generally thought to have stronger multipliers, but food and inputs may have some multiplier effects, particularly on the areas from which the food or inputs come).
- Crowding out (or in) of informal intra- or inter-household transfers (the evidence here is mixed and further research is needed).
- Effects on incentives (for example food aid may disincentivise food production whereas inputs encourage it).
- Corruptibility (cash is more easily looted and more desirable to the non-poor, leading to delivery problems, but food can also be misappropriated).
- Fungibility and liquidity (these are normally considered as desirable characteristics, but as sometimes the poor may prefer less liquid and fungible transfers to assist them with forced savings).
- Specific programme objectives (food may achieve better nutritional outcomes than cash, while inputs may have stronger effects on agricultural productivity).
- Delivery costs (cash is usually assumed to be cheapest to deliver, but risks of diversion and costs of providing security must be taken into account).
- Ease of targeting (cash is thought to be less easy to target because it is attractive to the nonpoor, where certain types of food or quantities and types of input may not be; where the transfer is earned, as in public works, the choice of transfer can be used as a targeting mechanism).
- Gender effects (women tend to control food provision and men cash).

The relative advantages and disadvantages of different types of transfer therefore vary widely, depending upon the particular structures, constraints and opportunities in different people's livelihoods; the general level of economic activity in the local area; the functioning of different markets; and the objectives of the intervention.

5.5.2. Timing

The timeliness of social protection interventions is particularly important for seasonal agriculture,which faces vulnerabilities and production opportunities which vary with time. However, since goods and labour market contexts also vary seasonally, incentive and crowding-out effects are also timevarying. Seasonal effects also vary between instruments.

Food aid can be timed for 1) moments when recipients' vulnerability is particularly acute, either during emergencies or pre-harvest, and 2) to provide a macro-level counter-cyclical transfer (Barrett and Maxwell 2005). A number of problems present themselves.

- Lags between commitment and delivery due to complex logistics. Even emergency shipments have a median lag of 139 days (Barrett and Maxwell 2005).

This significantly raises the premium for effective early warning.

- Food aid volumes co-vary negatively with international prices, so that food aid volumes are more volatile than food production or trade.
- The provision of food aid suffers from high inertia.
- Mistimed food aid may fail to prevent malnutrition or asset sales and can have significant adverse effects on markets. Late food aid, into situations where supply is no longer inelastic, can have marked downward price effects, depressing agricultural production, producer
- incomes, production incentives and supply chain development, and increasing producer risks.

Lipton (1998) argues that private labour market responses to seasonal public works can "double or destroy" their poverty impact. There is legitimate concern that PWP can conflict with agricultural activities and take workers away from the fields if mistimed, and they must therefore be designed to coincide with the slack season in rural areas. On the other hand, it can enable participants to employ others in their fields, and the needs for cash and food are often greatest at times of highest agricultural labour demand.

The timing of inputs provision is also important. Clearly, inputs must arrive before the planting season. In multi-season agriculture, the choice of season may also be important. Gondwe 2005 found that winter starter packs in Malawi provided only half a month's extra maize per household at best, and concluded that limited financial resources should be concentrated on a single season.

5.5.3. Scale

Given the suggestions above about potential thresholds in agricultural growth at both the livelihood and local economy/ market levels, the scale of the intervention becomes extremely important as regards both the size of transfer and the number of beneficiaries. This is an area for further research, but if we can develop an understanding of the critical characteristics of households on either side of these thresholds, it would be possible to design social protection interventions that prevent falls below or boost households above these critical levels. Similarly an understanding of labour and food supply and demand elasticities and of production and consumption characteristics of different household types is critical for understanding scale, multiplier and targeting effects.

5.5.4. Conditionality

As noted earlier, all social protection transfers have some behavioural effects, whether negative or positive. The ability of conditional transfers to achieve the desired behavioural effects has been examined above. It should be remembered, however, that conditionality often results in unintended effects and may also trade off with other objectives (see for example our earlier discussion of issues around HIV/AIDS and social pensions where cash transfers are conditional on being in a certain age group).

5.5.5. Stability/reliability of payment over time

The stability of welfare programmes has critical effects on their ability to deliver insurance benefits. Only if people can trust welfare instruments to support them if things go wrong do such instruments allow them to move out of low risk/ low return activities into higher risk/ return activities. Key issues are the stability of the transfer and the trust that people have in their ability to access it when needed. In many African countries welfare programmes' ability to deal with food insecurity has been mixed, with often late and patchy responses, seriously undermining this important potential benefit of these instruments.

5.5.6. Targeting social protection in agriculture

Targeting social protection to groups is one way of reducing administration costs in rural communities but it also faces a number of pitfalls. Most of these are not specific to agriculture, but are nevertheless extremely important in affecting interactions between social protection instruments and agriculture:

- Bias against remote areas. In many localities, more remote groups are more vulnerable, and therefore have higher demand for social protection. However, it may be harder to target, and to distribute to, them, especially in areas of low population density. Individuals who have to travel to collect transfers may face high direct and opportunity costs of doing so. Salama et al (2001) note the tendency of food aid to avoid remote areas, and that central distribution points can contribute to the spread of infectious disease.
- Bias against individuals not clearly part of any household, such as orphans or the homeless.
- Stigmatisation and exclusion of target groups as, for example, use of low wages to encourage
- self-selection by the very poor in PWPs may contribute to the exclusion, marginalisation, and maintenance in poverty of those employed.
- Resentment among untargeted groups who are denied transfer benefits.
- Exclusion and inclusion errors as, for example, geographic targeting of food aid can exclude vulnerable households outside drought prone areas (Clay et al, 1999).
- Inappropriate definition of group membership, leading to targeting of the 'wrong group'.
- Political and cultural factors that (a) make it difficult to match 'community' perceptions of vulnerability to 'objective' indicators more amenable to policymakers and (b) lead to political patronage biasing the distribution of social protection.

All of these difficulties make targeting on a large-scale particularly problematic (see for example Devereux et al, 2005). Particular targeting difficulties associated with agricultural related social protection concern possible administrative delays associated with targeting, problems when a very large proportion of rural people are poor, the importance of large scale interventions in delivering multiplier and food and labour market benefits. Another aspect or targeting relates to resource prioritisation in agricultural growth policies. Public spending on agricultural research, infrastructure investments, and service, input, other technology subsidies face severe constraints and need to be prioritised to maximise outcomes and satisfy a range of political or patronage agendas, with complex short term and long term trade-offs. Such decisions will often be biased towards the higher investment and patronage returns offered by

high-potential areas and organised commercial interests, although short term political agendas may also force poorer smallholders' interests up the agenda.

5.5.7. The political economy of local, national and international relations.

The funding, design and delivery of both social protection and agricultural development activities are highly political but the costs and benefits are perhaps particularly obvious for social protection interventions. Consistent and predictable social transfers require long-term commitment of external agencies, such as donors, or/and national governments and NGOs. The political barriers to mustering this type of (often massive) support are obvious at all levels. Political support for various social protection initiatives will have direct implications for targeting, as it is those in powerful positions who are able to create and perpetuate eligibility criterion. Given the patronage and patrimonial realities found in much of Africa (Van de Walle, 1999; Lockwood, 2005; Cromwell and Chintedza, 2005) social protection policies are likely to be regressive rather than progressive, and may lead to exclusion and marginalisation of certain groups, continued dependency and reinforcement of established power hierarchies, patterns of exclusion and social polarisation. Similar effects of agricultural development interventions are well known.

A particularly large set of political economy difficulties are very prominent around food. Internationally, there are particular vested interests of some donor countries in the disbursement of food aid sources from subsidies to their own farmers, and these play a large role in food aid policies and systems (for example limiting the use of triangular sourcing). Food security and access is also a major political issue nationally, with often hard to separate 'legitimate' interests of politicians and bureaucrats justifying and leading to interventions in food markets as they need to (a) work towards food security and access for their people and (b) need to be seen to do something before and during food crises. However such interventions open the door to illegitimate interests, and even well intentioned interventions can cause harm rather than good. A critical lesson here is that agricultural and social protection policies and interventions must be designed to work efficiently allowing for political realities as well technocratic factors.

More generally, while social protection is currently in vogue with many donors, there are valid concerns that this agenda may be a passing fad – as support for agricultural development was in the past. Commitment to social protection within the political elites and middle classes of developing countries is also unclear, as the very large burdens carried by small middle classes in poor countries may lead to resentment and the perception that social protection increases rather than reduces dependency. The fluidity and unpredictability of donor and government supported social protection programmes then undermine potential indirect (risk reduction) benefits. Again, there are unfortunate parallels with the history of donor and government agricultural policies.

A big question for encouraging synergies between social protection and agriculture, therefore, is how to establish consistent and long term political and economic support for complementary social protection and agricultural development policies. Both are expensive, and with severe fiscal constraints limiting public spending, low-cost (often interpreted as targeted) and indirectly funded (through indirect taxes) interventions are attractive. However the policy space for such interventions is increasingly narrow (as a result of democratisation, civil society activity, and aid conditionality). This may result in increasing emphasis on more immediate, populist responses to social protection, and major challenges to 'couple' such responses to welfare and development support for vulnerable and excluded groups.

6. Conclusions: research issues

Our review of broad agricultural and social protection policy strategies and instruments, and their relation to livelihood and agricultural development processes, suggest a number of issues requiring further research, both to extend our general understanding of the relationships between and policies for social protection and agricultural growth and to develop better policies for specific country contexts. The analysis in this paper provides a useful conceptual framework for developing better understanding of different phases and changing synergies/trade-offs between different social protection and agricultural development interventions or instruments. In broad terms the critical question facing policy makers is where and how to locate social protection and agricultural development interventions on figure 3 as an economy moves down figure 4, taking account of fiscal, capacity and political constraints, as well as of a changing global economic environment and, increasingly, of climate change. Topics that need further attention and could be helpfully addressed in this framework include:

- The potential for a heterodox mix of strategies and instruments that changes with phases of development and allows for the need for policy transitions (with exits from particular policies) while supporting livelihood transitions (with stepping up and stepping out and exits from agriculture, and from staple food production for many people) and maintaining trust in commitments to and delivery of social protection
- The extent and determinants of multipliers linking different social protection instruments to growth through labour markets, food prices and other linkages
- The importance and nature of thresholds affecting livelihoods and local food and labour markets, and their implications for targeting and for the scale and nature of different interventions
- Ways of allowing for diversity and addressing special agricultural and social protection needs of particular groups (for example PLWHA)
- The effects of, and alternatives to, policies which focus on agricultural growth for high potential farmers and areas, and relying on social protection to support large numbers of poor people
- The potential for social protection to reduce rather than increase dependency

- Links (synergies and conflicts) between social protection and agriculture policy interventions with informal social protection mechanisms
- Roles of government, private sector, civil society, farmer organisations, donors, political economy issues and policy processes
- Land policy options and their links with social protection and agricultural policy strategies
- Food price and market policy options and their links with social protection and agricultural policy strategies

End Notes

[1] Risks, shocks and stresses are defined in a variety of ways in the social protection, livelihoods and agricultural development literatures and have complex and strongly interactive effects. For consistent ease of exposition, the term 'stress' will be used in the remainder of this paper to include problems associated with both risks and shocks.

[2] However some very poor people may only be able to engage in a very limited range of activities due to very limited resources and opportunities.

[3] The effects of non-separability have been an important focus of farm-household modeling and theory, but the implications of this for understanding peoples' responses to risk have been largely ignored: nonseparability generally requires sequential or embedded responses to risk (Dorward and Parton, 1997; Hardaker et al., 1991) but most risk analysis examines only non-sequentiual or non-embedded risk. This is an important issue in the relation between social protection and agriculture.

[4] Thus, for example, there are parallels but not exact matches with Dercon's distinction.. between 'risk management strategies' (such as livelihood diversification and income skewing, i.e. pursuing low risk but low return activities) and 'risk coping strategies' (such as self-insurance through savings and informal communal risk-sharing arrangements) (Dercon, 2002) with Dercon's 'risk management' including stress reduction, resistance and some recovery as defined here, while 'risk coping' includes other relief and other stress recovery responses. Similar difficulties are faced with related distinctions in social protection instruments, as will be discussed later

[5] The strategies here should be distinguished from similar terminology sometimes employed in describing social protection instruments working as 'spring boards', 'trampolines', 'safety nets' or 'cargo nets': the strategies described here represent endogenous initiatives by communities, households and individuals in their livelihood activities, whereas the social protection instruments are exogenous actions by others seeking to support communities, households and individuals vulnerable to and affected by stress. This distinction is expanded on in section 3.2.

[6] This paper does not provide a comprehensive review of this literature (see for example Devereux 2001; van Ginneken 2000 Holzmann and Jørgensen 2000, Kabeer N., 2002; Conway and Norton 2002).

[7] Some authors suggest that conceptualisations of social protection should, be broadened to include 'social' aspects of vulnerability (Devereux and Sabates-Wheeler, 2004, Conway and Norton, 2002). This paper does not focus substantial attention on this, but the positive relationship between livelihood security and enhanced autonomy or empowerment is of fundamental importance to long-term poverty reduction. Largely missing from the more influential 'social risk management' frameworks (such as the World Bank's SRM, (Holzmann and Jørgensen 1999)) is a concern for equity and social rights. Hoewever tackling 'social' vulnerabilities can help create the policy conditions for a virtuous cycle of pro-poor growth, for governance systems that are accountable and responsive to poorer as well as wealthier citizens, and for an approach to development that is grounded in concerns for social equity.

[8] Other protective instruments can be classified as social services. These would be for the poor and groups needing special care, including orphanages and reception centres for abandoned children, feeding camps and provision of services for refugees and Internally Displaced Persons (IDPs).

[9] Social protection might sometimes involve limits on extraction to prevent economic and social breakdown in poor rural areas and also the protection of customary land rights in smallholder agriculture to act as a labour reserve – see Chirwa et al., 2006a.

[10] The following two paragraphs draw heavily from Dorward and Kydd, 2005.

[11] Lipton's analysis applies particularly to poor rural areas with scarce land relative to labour, Similar concerns to those raised here require different processes to allow broad based growth and food security in areas with more abundant land.

[12] This issue is briefly discussed in Chirwa et al., 2006b.

[13] Dorward, 2004, using a livelihood and informal rural economy model is surprised to find that cash transfers are less effective in reducing poverty than input transfers of equivalent value, as the model mimics forced saving benefits

[14] Other objectives in the original proposals, were not prominent in the progamme as implemented: these included promotion of input supplier networks, of technical skills, and of crop diversification and soil fertility enhancement.

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