

## The State of Food and Agriculture Social protection and agriculture: breaking the cycle Of rural poverty 2015

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO)  
Rome, 2015

### Introduction:

A majority – 72 out of 129 – of the countries monitored by FAO have achieved the Millennium Development Goal target of halving the prevalence of undernourishment by 2015, with developing regions as a whole missing the target by a small margin. In addition, 29 countries have met the more ambitious goal laid out at the World Food Summit in 1996, when governments committed to halving the absolute number of undernourished people by 2015. Meanwhile the share of people in developing countries living in extreme poverty has fallen from 43 percent in 1990 to 17 percent this year (World Bank, 2015a).

Many developing countries increasingly recognize that social protection measures are needed to relieve the immediate deprivation of people living in poverty and to prevent others from falling into poverty when a crisis strikes. In most low- and middle-income countries, agriculture remains the largest employer of the poor. It is a major source of livelihoods through wage labour and own production for household consumption and the market. Poverty and its corollaries – malnutrition, illness and lack of education – limit agricultural productivity. Hence, providing social protection and pursuing agricultural development in an integrated way offers synergies that can increase the effectiveness of both.

### Trends in poverty:

Extreme poverty has fallen substantially in many regions, especially in East Asia and the Pacific as well as in South Asia. In sub-Saharan Africa, little progress has been made and almost half the population is extremely poor. Extreme poverty is disproportionately concentrated in rural areas, and the rural poor are more likely to rely on agriculture than other rural households, especially in sub-Saharan Africa. It is the poor's reliance on agriculture for their livelihoods and the high share of their expenditure on food that makes agriculture key to poverty and hunger alleviation interventions.

### Why is poverty so persistent?

Poverty often begins with poor nutrition and health, especially in early childhood: the poor become trapped in vicious circles of hunger, poor nutrition, ill health, low productivity and poverty. Economic growth, especially agricultural development, has been essential for driving down poverty rates.

### What is social protection?

Social protection encompasses initiatives that provide cash or in-kind transfers to the poor, protect the vulnerable against risks and enhance the social status and rights of the marginalized – all with the overall goal of reducing poverty and economic and social vulnerability. Social protection programmes have expanded rapidly over the past two decades. Throughout the developing world, about 2.1 billion people, or one-third of the population, receive some form of social protection. There is wide variation among regions, with coverage lowest in the regions where poverty incidence is highest. This report focuses on social assistance, by far the most common form of social protection in the developing world.

#### ***Social protection includes three broad components:***

- *social assistance,*
- *social insurance and*
- *labour market protection.*

## Highlight

### **Is social protection affordable?**

Most countries, even the poorest, can afford social protection programmes that could be of significance in the fight against poverty. Spending on such programmes has been low relative to GDP. For more comprehensive programmes, financing may require difficult expenditure choices. Donor support will be essential in the short-to-medium term for maintaining programmes in some countries. Yet, mobilizing domestic fiscal resources from the outset are important in principle and to establish a politically and financially sustainable basis for social assistance programmes.

### **Social protection can help reduce poverty and food insecurity**

Social protection programmes are effective in reducing poverty and hunger. In 2013, social protection helped lift up to 150 million people out of extreme poverty, that is, those living on less than \$1.25 a day. Social protection allows households to increase and diversify their food consumption, often through increased own production. Positive impacts on child and maternal welfare are enhanced when programmes are gender sensitive or targeted at women. For social assistance programmes to improve nutrition outcomes, they must be combined with complementary interventions. Numerous agricultural interventions, such as home gardening and small livestock breeding, can also contribute to improving nutrition.

### **The potential impact of social protection on investment and growth**

The livelihoods of most of the poor rural households in the developing world are still based on agriculture, particularly subsistence agriculture. Many of these farmers live in places where markets – for agricultural inputs and outputs, labour, and other goods and services such as credit and insurance – are lacking or do not function well. The uncertainties of weather, particularly with accelerating climate change and the lack of affordable insurance, are at the heart of the vulnerabilities of household's dependent on agricultural livelihoods. Social assistance programmes not only prevent households from falling into deeper poverty and hunger when exposed to a shock but, by helping the poor overcome liquidity and credit constraints and manage risks more effectively, it also allows them to invest.

### **Understanding what works: implications for programme design and implementation**

- Targeting can help achieve programme objectives at lower costs
- Level, timing and predictability of transfers matter.
- The available data show a wide variety of transfer levels, with many countries providing average social protection transfers to beneficiaries several times greater than the poverty gap (at \$1.25 a day), while in many of the poorest countries transfers are well below what it would take to close the gap.
- Regularity and reliability increase the time horizon of beneficiary households, allowing them to manage risks and shocks more effectively and thus avoid “negative” coping strategies and risk-averse production strategies and, instead, increase risk-taking in more profitable crops and/or activities.
- Regular and reliable payments increase confidence and creditworthiness, while reducing pressure on informal insurance mechanisms.
- Household-level factors and gender influence programme impacts.
- Many social protection programmes target women because research shows that giving women greater control over household spending leads to greater expenditures on food, health, education, children's clothing and nutrition.
- The nature of the local economy also shapes the type and extent of the prospective productive impacts of cash transfer programmes.

### **Social protection and agricultural development**

Agriculture and social protection are fundamentally linked in the context of rural livelihoods. Poor and food-insecure families depend primarily on agriculture for their livelihoods, and make up a large

## Highlight

proportion of the beneficiaries of social protection programmes. Stronger coherence between agriculture and social protection interventions can help protect the welfare of poor, small-scale agriculturalists, helping them manage risks more effectively and improve agricultural productivity, leading to more sustainable livelihoods and progress out of poverty and hunger.

### Options for combining agricultural policies with social protection

- Social protection and agricultural input subsidies
- Credit to agriculture
- Institutional procurement programmes
- Bringing the sectors together: the critical
- issue of targeting

### Key messages of the report

- Social protection programmes reduce poverty and food insecurity.
- Programmes targeted at women have stronger food security and nutrition impacts.
- Social protection stimulates investment in agricultural production and other economic activities.
- Social protection does not reduce work effort. But it does give beneficiaries greater choice, and many shift time.
- Social protection has virtuous impacts on local communities and economies.
- Social protection, by itself, is not enough to move people out of poverty.
- There are clear opportunities to leverage social protection and agriculture programmes to further rural development.
- A national vision is needed of how agriculture and social protection can gradually move people out of poverty and hunger

Read the full report at the official website: <http://www.fao.org/3/a-i4910e.pdf>

© FAO, 2015

**FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS**  
**Rome, 2015**