

Spotlight 1: Social protection

Social protection is important in driving rural transformation and ensuring its inclusiveness. The policies of social protection – defined as a set of interrelated public policies and interventions implemented to reduce poverty, vulnerability and risk – via universal and targeted social interventions have the potential to enhance the capacity of vulnerable groups to participate in their communities' economic, social and political life. Equally important, to the extent that they enhance the participation of often marginalized groups – smallholder farmers, women, landless labourers and indigenous groups – they can be crucial drivers of inclusive rural transformation. Yet social protection is not enough in isolation to drive rural transformation. It must be combined with suitable macroeconomic policies, decentralized governance and institutional structures, and public–private investments in rural infrastructure, in particular smallholder agriculture.

Social protection evolution: from protective and preventive to promotional

Social protection can be an enabler of inclusive rural transformation, but needs to be contextualized and integrated within an overall view of the complex, multi-dimensional nature of livelihoods. Not only must it be targeted and

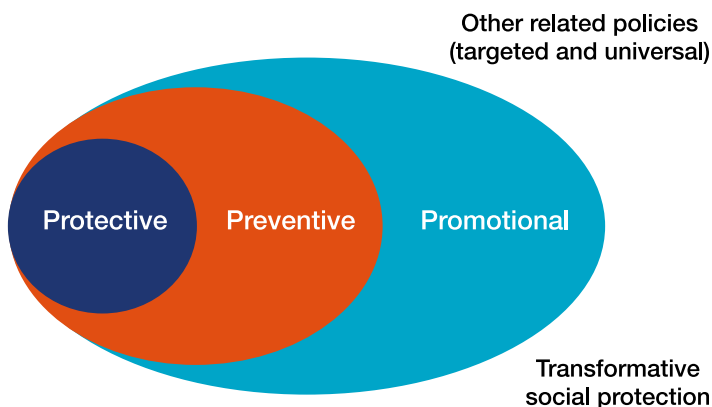
responsive to specific rural realities, it should go beyond filling shortfalls in income and consumption to promote productive investment, creating synergies with wider policies to foster economic opportunities.

Three types of social protection measures can be distinguished: Protective with the specific objective of guaranteeing relief from deprivation; preventive that directly seeks to avert deprivation; and promotional that aims to enhance real incomes and capabilities (Guhan 1994) (figure S1.1).³⁵ These measures might overlap given that social protection policies and programmes could be, at the same time, protective, preventive, and promotional.

For spurring investment, growth, and rural and structural transformation, it will be necessary to move beyond protective and preventive measures towards promotional ones. To date, protective and preventive forms remain the most common typologies of social protection, though within these there is growing awareness of the need to develop more universal, all-encompassing measures. Innovations in developing countries such as Brazil, China, Mexico and South Africa have provided new comprehensive models with important lessons – relevant for developing and OECD countries (Barnett and Chalk 2010; Devereux 2010; Ribe et al. 2010, cited by Gentilini and Omamo 2011). More pertinent is the role of broader promotional forms that address wider dimensions of economic and social empowerment. Indeed, conceptually, social protection appears to have evolved into consideration of overall social and political development, including all elements of protection against shocks.

Despite encouraging cases in some countries, such a conception is still out of line with the mainstream reality of social protection, though there is potential to build on and adapt good practices in promotional social protection. Graduation models – which integrate measures such as cash transfers, access to formal saving services, training and transfers of assets – have shown potential. These models have gained

FIGURE S1.1 Typology of social protection interventions



Source: Authors.

attention for their ability to increase the productivity of the poorest of the poor. Many of these measures have been inspired by the Bangladesh Rural Advancement Committee (BRAC) Graduation Model, initially piloted in six countries (Ethiopia, Ghana, Honduras, India, Pakistan and Peru) in 2002, which has shown encouraging signs of sustainable impacts on key elements of rural transformation (box S1.1).

To realize its potential, social protection must be embedded within a broader policy framework that encompasses a wider range of decisions that allow vulnerable populations to become full citizens. Social protection is a means to help reduce poverty, exclusion and inequality while promoting political stability and social cohesion. This approach broadens the definition of social protection with an emphasis on policies and interventions that can activate inclusiveness in different rural subsectors or populations.

Social protection programmes often fail to reach rural people

A review of social protection programmes around the world reveals that, despite the gradual emergence of new models, few programmes are explicitly targeted or tailored towards rural people. In most countries, social protection policies are not designed to serve the rural poor nor address rural vulnerabilities and constraints.

This lack of specificity is at odds with the concentration of poverty in these areas and with the particular and pronounced risks associated with rural people and their livelihoods. The specific nature and severity of risks to rural areas have wide implications for the impact of emerging technologies and business opportunities. Without tailored social protection mechanisms, rural people may reject productivity-enhancing and income-generating transitions that are likely to enhance livelihoods

BOX S1.1 Assessing impacts of graduation models

The BRAC Graduation Model “Challenging the frontiers of poverty reduction” was implemented in 2002 to target 100,000 ultra-poor households in the poorest 15 districts. The BRAC methodology combines multiple interventions to enable extremely poor populations to achieve sustainable gains in income and other dimensions of well-being (MacMillan 2013).

The five main components of BRAC programmes are targeting, consumption stipend, formal saving accounts, transfer of productive assets and productive training. These graduation programmes provide a holistic set of services, including the grant of a productive asset, to the poorest households in a village (which BRAC calls the “ultra-poor”). The beneficiaries are identified through a participatory process in a village meeting, followed by a verification visit by the organization’s staff. Selected beneficiaries are then given a productive asset that they choose from a list, training and support for the asset they have chosen, general life-skills coaching, weekly consumption support for a fixed period, and typically access to savings accounts and health information or services (Banerjee et al. 2015).

Das and Misha (2010) found compelling evidence on the success of the programme in Bangladesh, noting that positive effects on income, food security, employment and asset holding remained six years after the intervention concluded. Similarly, Banerjee et al. (2015) analysed programmes in six countries,³⁶ and found that the programme’s primary goal – to substantially increase consumption of the very poor – was achieved by the end of the programme and maintained one year later. The same authors conclude that a multi-dimensional graduation approach to increasing income and well-being for the ultra-poor is sustainable and cost-effective.

Sources: MacMillan (2013); Banerjee et al. (2015); Das and Misha (2010).

in the long term, if there is a possibility of these reducing their income in the short term.

The reliance of rural people on natural resources, climates and biological processes for their livelihoods is predominantly derived from the role of agriculture and its related activities – for instance, provision of downstream services such as input and machinery supply, or upstream transport, storage and marketing services. Rural landscapes are frequently exposed to climatic and weather-related shocks, with many rural people deriving their livelihoods from some of the world's most fragile landscapes – mountainous areas, drylands and floodplains, etc. Rural producers are also vulnerable to volatile crop price fluctuations. All this means that many rural people are exposed to more severe risks than their urban counterparts, implying the need for rural-tailored programmes.

Good practices exist, but much more needs to be done to adapt and scale them up. In Ethiopia, the Productive Safety Net Programme is increasing productivity in agriculture, developing local infrastructure, and providing rural people with a minimum level of food security while reducing the need for them to sell assets to cope with shocks. The programme provides access to productive assets, technologies and credit services working in partnership with private micro-finance institutions that invest in local infrastructure while providing transfers in cash and food (Hoddinott et al. 2012; World Food Programme 2012). Another example is the *Juntos* (Together) cash transfer programme in Peru, which is targeted at rural areas most affected by the political violence that hit the country between 1980 and 2000, and is combined with the *HakuWiñay* (Let's Grow) programme that develops productive capacities, rural entrepreneurship and access to financial services.

Social protection enables rural transformation

Social protection can promote inclusive rural transformation in many ways, though evidence remains scarce (particularly at the macro level) on concrete impacts. Inclusive

rural transformation is necessarily dependent on the capacities of rural people to invest in different forms of capital, and on the prevalence of opportunities to translate this access into improved incomes and livelihoods. This prevalence is largely determined by wider policies and institutional frameworks that must be combined with social protection programmes to bring about an inclusive rural transformation. Social protection programmes induce investment in capital by rural people as follows:

- *Human capital*: Better health and nutrition, reduced stunting, and improved school enrolment and performance have all been tied to effective social protection programmes, in particular where transfers have been targeted at women (ODI 2011; FAO 2015).
- *Physical capital*: Productive investment is induced in smallholder households by social protection programmes, with significant positive relationships between the receipt of social assistance and capital accumulation (Hidrobo et al. 2014, cited by FAO 2015).
- *Financial capital*: Social protection is a key tool for addressing savings and credit difficulties faced by rural households as a result of the seasonal nature of agricultural-related income sources and rural labour market demand. Evidence points to positive impacts of social protection on both savings and access to credit (Ahmed et al. 2009, for Bangladesh; also Evans et al. 2014; Daidone et al. 2014).
- *Social capital*: Increased participation in and re-entry into social networks has been linked to social protection programmes (for Paraguay, see Soares et al. 2008, cited by FAO 2015). These networks can in turn help rural households to manage risks and credit constraints.
- *Natural capital*: The increased livelihood security provided by social protection reduces the short-term imperative to exploit environmental resources unsustainably (see Spotlight 7).

In more general terms, social protection enables households to favour riskier, higher-return

investments by alleviating concerns over capacity to meet short-term basic needs (FAO 2015).

Improvements in rural employment have also been encouraging, creating direct jobs (box S1.2) and prompting indirect knock-on effects on labour markets (Samson et al. 2015). Also significant is the economic empowerment of women associated with gender-sensitive targeting, as well as documented impacts across the health and education dimensions of human capital. This has been shown to contribute to the growth of new businesses and productive income-generating activities (World Bank 2012; de la O Campos 2015).

Multiplier benefits can result from a combination of higher levels of capital combined with links to wider policies and investments that create commercial opportunities for rural people. Increases in disposable income create additional demand for local goods and services, in particular in the non-farm economy (because households are able to devote a greater share of their income to non-food purchases), which contribute to virtuous circles where farm and non-farm growth reinforce each other (Haggblade et al. 2007). There is a wealth of evidence to support the hypothesis that, in the right conditions,

social protection can be a crucial contributor to inclusive rural transformation.

Implementation challenges

Two key challenges concerning social protection relate to its affordability and how it is targeted. Many analyses conclude that social protection is affordable, but reiterate issues of defining affordability and ensuring sustainability and country ownership. Certain redistribution and financing capacities undoubtedly prevail in many countries: Ravallion (2009, cited by Gentilini and Omamo 2011) found that the average marginal tax rate needed to close the poverty gap at US\$2/day in a sample of 10 selected countries exceeds 80 per cent. Given this, it is unsurprising that domestic financing in many social protection programmes is not greater than 5 per cent (McCord 2009, cited by Gentilini and Omamo 2011). This raises certain questions on national ownership of social protection and sustainability. More encouragingly, however, Ravallion (2009) found that affordability starts to increase rapidly with sufficient economic growth, suggesting the possibility of mutually reinforcing inclusive growth and redistribution.

BOX S1.2 Employment generation social protection programmes

Many social protection programmes have been based on generating employment, chiefly through public works initiatives. The largest and best known is the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in India.

The MGNREGA aims at two interlinked goals. The first is to ensure livelihood security of rural residents by providing at least 100 days of guaranteed wage employment in a fiscal year to every household with an adult member willing to do unskilled manual work for a minimum wage. The second is to mobilize surplus labour in rural areas to generate rural economic growth. At least a third of the beneficiaries of the scheme must be women. The Act came into force on 2 February 2006 and was implemented in phases to cover all rural districts within three years. At its peak in 2010/11, it covered more than 55 million rural households, about a third of all rural households, generating 2.6 billion days of employment that year (FAO 2015).

The Act raised agricultural wages significantly, especially for women (Berg et al. 2012; Zimmermann 2012). On asset creation, areas with poorer results are cited as lacking technical staff (Gupta et al. 2012; Narayanan 2014).

Sources: FAO (2015); Berg et al. (2012); Gupta et al. (2012); Zimmermann (2012); Narayanan (2014).

This suggests that progressive structural and rural transformations provide opportunities to enhance the breadth and depth of rural transformation programmes. In advanced economies such as the Nordic countries in Europe, social protection is integrated into general social programmes such as health, education and pensions for old and/or disabled people. Such integration has started in China and India.

Targeting is also controversial. While multiple targeting methods exist, social protection programmes have been increasingly dominated by administrative-based targeting, such as means testing. These methods have been criticized for their perceived arbitrariness (particularly where thresholds are used to determine programme eligibility) and, sometimes, contributions to social tensions. They are particularly troublesome where the distinction between vulnerability and poverty profiles are blurred, as in rural areas where poverty is widespread (Gentini and Omamo 2011). Social tensions have been reported in recipient areas between beneficiaries and non-beneficiaries, including Ghana, Kenya, Lesotho, Mexico, United Republic of Tanzania and Zimbabwe (OPM 2013a, 2013b; Barca et al. 2015; Pellerano et al. 2014; Evans et al. 2014; and Adato et al. 2000, cited by FAO 2015). Reaching vulnerable households without creating such tensions is a serious challenge, requiring balancing targeting methods.

Other areas for reflection surround philosophical and political divergences over the fairness and desirability of income redistribution that is associated with social protection, as well as more operational issues of beneficiary verification, programme enrolment and exit strategies, and the appropriateness of cash versus food assistance.

Implications for policy

From a policy perspective, key insights include:

- Social protection is necessary but not sufficient for inclusive rural transformation. It can be expected to contribute when it simultaneously combines the three interventions (protective, preventive and promotional) on the same territory, taking into account context-related opportunities. However, such initiatives need to be integrated with broader eradication policies, and with strong political commitment. They may also be difficult to implement in lagging countries owing to budget constraints.
- Rural social protection has to be defined, reshaped and implemented based on context-specific factors, given that rurality imposes challenges on these interventions. These factors include structural economic dynamics, institutional environment, and social relations' vulnerabilities and opportunities. Rural sensitivities should be central to the design, implementation and evaluation of interventions.
- Methods exist for integrating social protection and agriculture programmes. Linking public expenditures on agriculture to social protection programmes can not only further growth linkages and transformation, but also enhance inclusiveness.
- Social protection programmes targeted at women show greater benefits, particularly on key inclusion criteria such as child health and nutrition. These outcomes are especially important because maternal and child malnutrition perpetuate exclusion and poverty from generation to generation – undermining the capital needed to drive rural transformation, as well as the inclusivity of the process.

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