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The Economics of the Welfare State (3)

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Development Policies and Programs

- Policies to change the distribution of goods, access to education and job opportunities.
- Progressive taxation policies and monetary transfer programs.
- Policies to improve human capital and education.
- Examples of these types of policies are:
 - Conditional or unconditional money transfer programs;
 - Agricultural development programs;
 - Programs to improve nutrition;
 - Microfinance programs;
 - **Mix of interventions**

Overview

- **Rational for strengthening coherence between social protection and agricultural interventions**
- Case study: Lesotho Child Grants program (CGP) and Sustainable Poverty Reduction through Income, Nutrition and access to Government Services (SPRINGS)

Fresh of the press!

<http://www.fao.org/3/cb3864en/cb3864en.pdf>

Why is coherence between agriculture and social protection important to combat poverty and hunger?

Rationale to linking agriculture to social protection (1)

- In many developing countries extreme poverty, hunger and malnutrition are concentrated among rural households, which depend heavily on agriculture for their livelihoods and food security.
- In SSA more than half of the rural population is extremely poor, living on less than US \$1.90 a day, and as much as 66 percent of the income of poor small family farmers comes from agriculture.
- Due to the sheer size of the smallholder sector as well as the reliance of the poor on agriculture for their livelihoods, **agricultural development is an important pathway for tackling rural poverty and hunger**, at least in the short and medium terms.
- **Increased investment in smallholder agriculture can improve the welfare of the poor by increasing their productivity, food security and incomes.**

Rationale to linking agriculture to social protection (2)

- Small family farmers in developing countries are subject to risks and shocks (e.g. illness, drought, animal pests) and face difficulties in accessing markets (e.g. insurance, credit, labour).
- As a result, poor households often adopt “low-risk”, “low-return” livelihood strategies that reduce their income-earning potential.
- Their production and consumption decisions are highly interdependent, in the sense that risks and challenges faced in their income-generating activities affect their consumption decisions.

Rationale to linking agriculture to social protection (3)

- This means that they face decisions such as disinvesting in education and health in order to spend more money on food or more time producing food, producing staple crops versus cash crops, sending children to work instead of to school etc.
- This in turn often traps them in cycles of poverty and vulnerability to future risks

Rationale to linking agriculture to social protection (4)

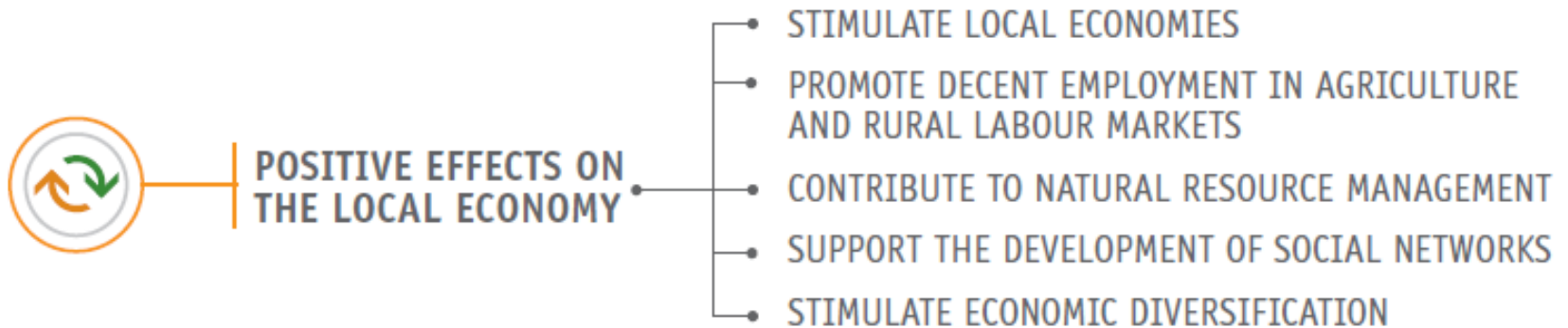


Impacts of agriculture and social protection at the household level



OUTCOMES	ROLE OF AGRICULTURE	ROLE OF SOCIAL PROTECTION
Household-level outcomes contributing to poverty reduction and food security		
Support productive investments	Agriculture provides access to new technologies and extension services, enabling households to intensify their production and productivity.	Social transfers alleviate liquidity and credit constraints, enabling households to invest in agricultural activities.
Strengthen risk management and resilience	Agricultural interventions (e.g. insurance) protect small family farmers from shocks and assist in building long-term resilience (e.g. conservation agriculture practices). Macrolevel agricultural interventions can reduce exposure to shocks (primarily economic).	Predictable and regular social transfers help households to manage income and consumption shocks and protect household assets, while greater certainty encourages engagement in riskier, but more profitable, livelihood strategies both within and out of agriculture.
Intensify and increase efficiency of on-farm labour	Improved labour technologies can increase labour productivity.	Income guarantees can enable households to shift from casual labour to working on their own farms; they also contribute to agricultural production in the long term through human capital development.
Increase household food consumption	Agricultural interventions improve household food production and increase food availability; agricultural practices and technologies (e.g. kitchen gardens) can improve the diversity of food produced and increase efficiency of labour and inputs.	Social protection (i.e. transfers both in cash and in kind) can directly and indirectly increase access to more diversified and better quality food.

Impacts of agriculture and social protection at the community/local economy level



OUTCOMES	ROLE OF AGRICULTURE	ROLE OF SOCIAL PROTECTION
Community/local economy-level outcomes contributing to poverty reduction and food security		
Stimulate local economy	Agricultural interventions boost local capacities to generate a supply response.	Social transfers can stimulate demand for locally produced food and other goods and services.
Promote decent employment	Agricultural interventions can have positive effects on agricultural wages, thereby benefiting landless farm workers and part-time workers, and improving working conditions for both farmers and wage labourers.	Transformative social protection measures may broaden employment opportunities and also improve the terms and conditions of employment for labourers.
Support social network development	Agricultural policy can promote the development of inclusive rural institutions (e.g. community-based credit associations, farmer field schools, producer organizations).	Social protection can increase the participation of the poorest and most vulnerable beneficiaries in social networks, which are important sources of information and communication, mutual support and lending (e.g. food) and credit/business development support.
Stimulate economic diversification	Agricultural growth plays an important role in driving economic development by reducing the cost of staples, allowing consumers to invest in other goods and services and thus stimulating economic development.	Social transfers, in combination with labour market policies and microenterprise development schemes, can facilitate transition to a more diversified economy.

Overview

- Rational for strengthening coherence between social protection and agricultural interventions
- **Case study: Lesotho Child Grants program (CGP) and Sustainable Poverty Reduction through Income, Nutrition and access to Government Services (SPRINGS)**

Background

- Lesotho puts high importance on social protection as a strategy for poverty reduction: integrated in the National Strategic Development Plan; National Social Protection Strategy approved in 2012.
- The Child Grants program (CGP) is the country's flagship social assistance program
- Oxford Policy Management carried out the official impact evaluation (IE) of the CGP (2011-2014), finding many areas where it brought about positive impacts, though it also highlighted:
 - very limited effect on accumulation of assets
 - no impact on savings and borrowing behaviour
 - no significant impact on standard poverty measures

The Sustainable Poverty Reduction through Income, Nutrition and access to Government Services (SPRINGS)

To increase impact on poor households' livelihoods, the SPRINGS project was piloted (UNICEF, MoSD and MoLG, EU):

- Rural finance. Community based savings and internal lending groups, with financial education, also known as Savings and Internal Lending Communities (SILC);
- Homestead gardening. Keyhole/trench gardens, vegetable seeds distribution;
- Access to markets. Market clubs and training on marketing principles;
- Nutrition training. Community-led Complementary Feeding and Learning Sessions (CCFLS));
- Access to services. One Stop Shop / Citizen Services Outreach Days.

Mixed Method Approach: rationale

- This study includes 2 streams of analysis: quantitative and qualitative
- Qualitative and quantitative methods have complementary roles
- The quantitative method allows to quantify the size of a program's impacts on a large set of outcomes
- The qualitative method adds further depth and insights to the analysis, and contributes to interpreting the quantitative results by shedding light on the mechanisms and processes at work in a specific context

Impact evaluation objectives

A mixed method approach has been used to examine impacts of the combined programs - by defining similar research questions across three areas of inquiry, as per main goals of the CGP and SPRINGS programs:

- Household welfare, economic security and market engagement
- Financial inclusion, risk management and risk attitudes
- Nutritional knowledge and dietary practices and

How? Methodological approach to qualitative research

- A systematic protocol with research guide: roadmap of research process + fieldwork; hypotheses + semi-structured questionnaire + participatory tools
- Sampling and field preparation – 1 week training, including pilot exercise
- Triangulation of Methods: focus group discussions (FGD) (disaggregated by gender), Key informant interviews (KII) + household case studies
- Sub-teams working in 3 different communities (1 week each) in 2 regions - 4 days in 1 community + 1 day comparison
- Nightly team debriefings to identify patterns
- Community validation to “confirm” and inform findings; team consolidation

Where did we work? 3-stage sampling process

- **CGP only**
- **CGP+SPRINGS** (old cohort)
- **CGP + SPRINGs** (recent cohort)
- **Comparison** – no program: proximity to treated sites; relatively similar in context

Who? Informant selection

Stratified FGDs – people selected by random process whenever possible:

- Beneficiary groups (disaggregated by gender)
- Non beneficiary groups
- Interest groups: e.g. SILC groups, opinion leaders, market clubs

Key Informants Interviews (KIs)

Table 1.1 Suggested key informants

Key informant	Probable location	Importance
Village chief/head	Community	✓
Village committee member	Community	✓
Leaders of minority groups	Community	✓
CBO leaders/members/religious leaders	Community	✓
Member of a specific social network	Community	✓
Local business owners (employees)	Community	✓
Local farmers/agricultural merchants	Community	✓
Market traders	Will depend	
Extension workers	Will depend	
School teachers	Will depend	
Community Health Workers	Will depend	
Bank/MFI/SACCO staff	Will depend	

Participatory research tools



Micro-econometric study design: A matched case-control study

- Link SPRINGS beneficiaries' list to NISSA
- Identify households receiving CGP only and CGP+SPRINGS
- Identify households in villages where neither CGP nor SPRINGS were provided (the potential comparison group)
- Compare CGP only and CGP+SPRINGS households with a subset of those from the potential comparison group, ie those with the greatest similarity in terms of demographic and economic characteristics available in NISSA
- Given programs implementation, this is the best possible design (randomization ruled out)

Household welfare, economic security and market engagement

CGP alone:

- No significant impact on income
- Transfer was used for child welfare needs
- Reduction of child labor
- The qualitative analysis highlights that the receipt of CGP alone increased sense of household income security
- However, the impact of CGP alone was reduced by the inadequacy of the transfer amount and the irregularity of payments

Regarding children's needs, "you'll have to buy shoes in January and then something else only in the next quarter" (female beneficiary, Ha Teketsi village)

Household welfare, economic security and market engagement (2)

CGP and SPRINGS

- Reduction of poverty (12 percent in the poverty gap).
- Increase of non-food consumption (24 percent increase)

“I used to struggle a lot with four children. I was only able to buy them clothes once a year, but now after CGP and SPRINGS I am able to buy them clothes a few times a year and then provide them adequate food”

(male beneficiary, Mahlabatheng village)

Household welfare, economic security and market engagement (3)

CGP and SPRINGS

- Strong increase in sales of fruits and vegetables due to keyhole gardening. This in turn helped boost household incomes, noting that this proportion is still quite small
- Positive impact on few agricultural inputs expenses and use
- However, promoting household supply of vegetables risks saturation of local markets, thereby depressing prices and incomes
- Perception of stronger household income security - even if this is not reflected in an actual real increase of household income

“ We also didn't really know how to grow vegetables and SPRINGS gave us training on how to construct and how to grow a variety of vegetables – before SPRINGS we would only plant one vegetable at a time”
(female beneficiary, Letlapeng village)

Financial inclusion

CGP alone:

- Heavy reliance on indebtedness to cope with impact of delays in CGP payment- particularly through moneylender with high interest

“We were never aware we could save and borrow this easily” (female beneficiary, Top village, Menkhoaneng Community Council)

CGP + SPRINGS:

- Strong increase in the share of households that save and borrow money (more than 100 and 82 percent increase, respectively)
- Increase in the amount of money saved and borrowed (more than 100 and 70 percent increase, respectively)
- Some investments now directed to production and productive assets

“People now have capital to start producing home brewed beer and sell to others. From IGAs such as home brewing and spaza shops, people then use the profits made to contribute money to SILC” (SILC Field Agent, Mahlabatheng village)

Risk management and attitudes (1)

CGP alone:

- Need to continue piece work
- Greater risk-taking but late and irregular CGP payments, combined with the fear of being removed from the program, moderate the degree of risk-taking

*“People were still afraid to take risks such as making small investments to set up IGAs especially with CGP transfers as it was meant for children needs”
(Opinion Leaders, Maisa Phoka Community Council)*

Risk management and attitudes (2)

CGP + SPRINGS:

- Reduction of negative coping strategies, such as cutting meals or engaging in daily piece work
- Greater willingness to take risk and greater risk-taking, especially in the early cohort of CGP and SPRINGS combined where beneficiaries are accessing loans and saving more through SILC

“Beneficiaries are able to work together in the community by building keyhole gardens and contributing money in SILC” (male beneficiary, Mahlabatheng village)

Nutritional knowledge and dietary practices (1)

CGP only:

- Beneficiaries show improvement in diet, mostly in the two weeks following payment
- Some findings indicate infants (6-23 months) had increased daily food intake and more nutritious food intake (porridge with milk) although this has not translated into improved anthropometric outcomes



Nutritional knowledge and dietary practices (2)

CGP+SPRINGS

- Increased consumption of green vegetables, fruits, organ meat, dairy and legumes
- Nutritious food available all year round
- Greater diet diversity was prompted by keyhole garden production combined with increased purchases of different foods (milk, meat, eggs)
- Perceptions that more food is available in community, due to spillover effects of keyhole production practiced by many



“you’ll see them from town with many plastics – rice, milk, eggs included in the plastics. They didn’t eat rice and meat regularly, but now they eat a variety”

(SILC field agent in Tenesolo Community Council)

Nutritional knowledge and dietary practices (3)

CGP+SPRINGS

- Improved nutritional knowledge and consumption patterns, combined with increased hygiene and sanitation due to the CCFLS component of SPRINGS, as reported in the qualitative analysis
- Improvement of knowledge and practice on food processing
- Strong improvements in anthropometric measures, detected in the quantitative analysis
- Increased access to health clinics, immunization and growth monitoring

“Children are able to play when they are at school because they are eating well and they are no longer getting sick easily”

(beneficiary in Menkhoaneng Community Council)

“People are also equipped with skills on food preservation involving drying of vegetables, such as beetroot and preserving in bottles - through training provided by SPRINGS”

(Field monitor, Tenesolo Community Council)

Recommendations (1)

Actively continue to support saving and internal lending communities (SILC) to promote household savings, borrowing and accessing loans

- Strengthen participation in SILC groups - this is a determinant driver of the positive impacts from the combined programs
- Emphasis should be placed on, for example, group formation, business planning, financial literacy, SILC group networking and partnerships, etc.

Establish and support greater linkages to markets to avoid market saturation and increase income

- establish and support market club formation and strengthening through support to clubs' in marketing and agribusiness knowledge and skills, including value addition; and
- Broaden market access, for instance, through promoting buyer-seller collaboration or contract farming

Recommendations (2)

Strengthen support to local service provision (One Stop Shops / Citizen Service Outreach Days)

- Prioritize key relevant services and adequately resource their delivery
- Intensify advocacy and training to service providers on value-addition and operational modalities of working in collaboration with concrete linkages - ensuring multisectoral support to communities, for example combined agricultural and social protection support

Recommendations (3)

Ensure more regular CGP payments to smoothen household consumption more effectively

- More regular payments should increase income security among beneficiaries, and could in turn affect other outcomes positively

Improve CGP payments cost efficiency by increasing e-payments

- Reduce administrative costs - 80% of the payments are still done by hand delivery



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