

CHAPTER 13

# CONCLUSION

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**R**ooted in the recognition that most poor Africans reside in rural areas and earn their income from agriculture, the Malabo Declaration emphasizes agriculture-led growth as the engine for poverty reduction. But even the most inclusive agricultural growth may be insufficient to lift everyone out of poverty. To take part in the growth process and enjoy its benefits, households need a basic level of resources and security to ensure their assets are not depleted in the face of drought or other shocks. Convincing evidence now shows that effective social protection programs can assist those trapped—or at the risk of being trapped—in chronic poverty. In fact, over the last 10 to 15 years, social protection has been heralded as an answer to food insecurity and as a development paradigm that can support economic growth by building livelihood resilience. Today, every African country has at least one social protection program.

The *2017–2018 Annual Trends and Outlook Report (ATOR)* focuses on social protection to advance our understanding of the status of these programs in Africa and highlight opportunities to design and scale up the interventions with the greatest impact. The report has summarized and synthesized the available evidence on successful implementation of social protection programs in rural areas; answered questions and filled in knowledge gaps related to maximizing of the role of social protection in reducing vulnerability and increasing resilience of rural households; and highlighted policy lessons to guide the design and roll-out of national social protection programs, including under the Malabo agenda.

The analysis of the interplay between agriculture and social protection programs and policies and their coordinated implementation reveals the existence of real and positive synergies that can accelerate progress in reducing rural poverty, eliminating hunger, and enhancing resilience and well-being, especially for smallholders. While rapid and sustained poverty reduction primarily requires policies fostering total factor productivity to produce significant cumulative income gains, the evidence shows that social

protection programs—such as cash+ and graduation programs—stimulate development of a more skilled workforce capable of responding to changing demand and joining the transition to higher levels of productivity.

**Policy implication:** Greater coordination of government interventions across ministries to improve the coherence between social protection and agriculture programs and policies would help increase impact among the most vulnerable households.

The benefits and challenges of linking social protection with agriculture are explored through the experience of the Ethiopian Productive Safety Net Program (PSNP). The findings provide valuable guidance for policy and program design and implementation. The PSNP is designed around three interlinked objectives: protection, prevention, and promotion of vulnerable and chronically food insecure livelihoods. The promotion objective of the program aims to enhance agricultural production and productivity. Although the program's impact on community and household asset-building was found to be limited, the PSNP did contribute to consumption smoothing, reduce food insecurity, and minimize productive disincentives. This suggests that a social protection program that incorporates a livelihood promotion objective not only helps to protect poor people from consumption crises but does so without creating significant production disincentives. However, graduation out of the PSNP had been slow. Graduation is a function of many factors, including production disincentives, the ability or inability to create capacity, and the effectiveness of the implementers for graduating clients. The creation of clientelism between donors and recipients, which led to compromising promotion in favor of the transfer (protection) objective of the program, is one reason for slow graduation. Assessing the reasons behind the low rate of graduation and the cost-effectiveness of the program requires a mix of quantitative and qualitative analyses.

**Policy implication:** A sustainable multi-objective social protection program requires an effective institutional architecture that can mobilize expertise, assign clear responsibilities to stakeholders, and design an

equitable and efficient targeting system. Continuous quantitative and qualitative empirical assessment is essential to generate evidence for learning and to improve the design of subsequent phases of the program.

Cash transfers and other forms of social grants are among the main instruments of social protection. Their effectiveness is demonstrated by the analysis of the impact of cash transfers on rural entrepreneurship among rural farming households in KwaZulu-Natal in South Africa. When the share of transfers in total household income was low, social grants were found to have positive effects on farm labor supply, entrepreneurship competencies, and investments in farm inputs.

**Policy implication:** Interventions using social grants, when well designed and targeted, can play a complementary and crucial role in fostering economic activities among the poor and vulnerable, such as smallholder farmers.

Cash transfer programs can also be a potent tool to support risk management and build resilience, as demonstrated by impact evaluation studies of programs in several countries including Ethiopia, Ghana, Kenya, Lesotho, Malawi, and Zambia. By providing a steady and predictable source of income, cash transfer programs build human capital, improve food security, and can potentially strengthen households' ability to cope with exogenous shocks. Many of the cash transfer programs led to greater investment in agricultural inputs and assets, including farm implements and livestock. As a result, beneficiaries generally increased the volume and value of their crop production. For Zambia, where data on rainfall were also collected, cash transfers were found to help poor households manage climate risk. The proportion of food-secure households also rose as did consumption and dietary diversity. In addition, cash transfer programs appear to have strengthened community ties, allowed households to save and pay off debts, and decreased the need to rely on adverse risk-coping mechanisms.

**Policy implication:** Articulation of cash transfer programs with other sectoral development programs in a broader, coordinated rural development strategy could lead to synergies and greater overall impact. Including

environmental risks and vulnerabilities as targeting criteria could help improve the effectiveness of social protection as a risk-coping instrument. Complementary measures to maximize the positive spillover of the income multiplier effect generated by these programs should also target the ineligible households that provide many of the goods and services in the local economy. Public works programs, including productive safety nets, can be designed in ways that simultaneously contribute to increasing household incomes, engaging communities in climate-smart agriculture, and generating “green jobs” in areas such as waste management, reforestation, and soil conservation. The potential productive impact of cash transfers is sensitive to implementation. For instance, delays and irregularities in payments can reduce the effectiveness of transfers in terms of helping households invest and manage risk.

In places affected by conflict, food transfers are found to have a protective effect on the food security and nutrition of vulnerable populations. Evidence also shows that combining specialized and general food assistance is more effective than using a single form of transfer. In addition, food assistance in conflict zones may provide a platform to improve growth for children outside the priority age group for nutrition interventions (that is, the first thousand days).

**Policy implication:** The design and scale-up of food assistance can be improved to ensure better nutrition outcomes in conflict areas. Increasing the coverage of nutrition-specific interventions and including provision of specialized complementary foods for supplementary feeding could boost impacts. Systematically bundling different forms of food assistance alongside generalized food distribution may also be an effective strategy to support vulnerable populations during conflict.

Children are the most common target group for social protection programs in Africa; social protection—and cash transfers in particular—has proven to be a powerful tool for improving child well-being and care, from material to psychosocial aspects. Despite this success, gaps remain in terms of nutritional, learning, and other outcomes, and interventions may

have some adverse effects such as transfers allowing parents to seek work elsewhere and leave their children in the care of others.

**Policy implication:** The strong momentum for social protection coupled with the available knowledge about what works and what does not work provides a solid foundation for strengthening social protection's role in improving the well-being and care of Africa's children. Going forward, these outcomes could be improved significantly by a focus on cash+ (cash plus) programs, greater attention to the balance between paid and unpaid care work, and strengthening of the linkages between social protection and child protection.

Looking at social protection approaches through the lens of cost-effectiveness, the comparative analysis of 48 graduation, livelihood development, and lump-sum unconditional cash transfer programs reveals that lump-sum cash transfers had the highest impact-cost ratio, that is, the greatest impact for money spent. However, the graduation approach is supported by the most rigorous evidence of long-term impact and produces positive changes more consistently than either the livelihood approach or cash transfers. Graduation initiatives are also more cost-effective than the subset of livelihood programs targeting the extreme poor for which there are long-term impact estimates. A few experimental studies that directly compare graduation with lump-sum unconditional cash transfers also suggest that the graduation approach is more effective.

**Policy implication:** While lump-sum cash transfers are easier to administer and have the biggest impact in the short run, the graduation approach has the broadest and most consistent body of evidence to support its sustainable impact on extreme poverty.

This report has also reflected on the design of social protection programs and offered corresponding lessons for policy makers. Three challenges inherent to poverty-targeting constrain the achievement of program objectives. First, the difficulty of identifying the poorest among the poor. When income or asset distributions are flat, meaning it is difficult to distinguish the poorest from the poor, a combination of targeting

methods may work best, such as an objective proxy means testing method combined with a community-based method. Second, heterogeneity in household characteristics within a target population that is assumed to be relatively homogeneous. Heterogeneity in household type, in location, or in population group means that a one-size-fits-all social protection program is unlikely to work, especially in terms of targeting households for program eligibility or identifying households to graduate from a program. Assumptions about similarities within a target group can be misplaced, leading to inappropriate benefit provision for some households and premature graduation for others. Assuming homogeneity also ignores the diverse needs of households for different types of support and for different lengths of time. Third, provision of "individual/household" transfers in diverse social and cultural contexts. For cultures where sharing is the norm, benefits may need to be delivered to clans or communities rather than individual households. Or, where people are on the move, delivery for registration of target populations and payment points may need to be adapted to mobility patterns and changing locations.

**Policy implication:** Gradually expanding (progressive) geographic blanket coverage of entire communities would substantially reduce the cost of deciding which combination of targeting mechanisms will work best, if at all, minimize exclusion errors, and reduce social tensions; such universal coverage would also be a more ethical solution in the context of local development. Budgetary commitments could then follow the geographic expansion of the program across the country. Where universal targeting is not deemed possible, effective targeting will require attention to context, culture, and population characteristics. Beyond the targeting, support delivered through the program must be appropriate and sensitive to contexts and livelihoods. A "leave-no-one-behind" agenda depends on coordinating and delivering the appropriate combination of interventions to different population groups in different contexts.

Egypt's Takaful and Karama Program provides a case study to examine the effectiveness of proxy means test (PMT) targeting. For this program,

targeting effectiveness is defined in terms of its ability to enroll beneficiaries from the lowest two quintiles of the expenditure distribution. With a combination of PMT and exclusion factors alone, about 55 percent of beneficiaries would be characterized as poor based on a poverty line at the 40th percentile; the addition of geographic targeting increased the incidence of poverty among beneficiaries to 67 percent. The overall targeting success of the program is largely explained by the relatively higher rate of applications by poor beneficiaries, which is attributed to both the geographic roll-out and outreach focused on poor households and self-selection by households. The history of the program also shows that while household-level verification is costly, it helps prevent leakage. Although exclusion factors did not affect targeting effectiveness, they were found to be easier for beneficiaries to grasp than the PMT-based selection process and contributed to an understanding that the program was attempting to be fair.

**Policy implication:** Combining PMT with geographical targeting proved effective. However, clear communication about the PMT-based targeting approach is needed to avoid potential confusion about the inclusion criteria, which can breed suspicion of local government officials and increase social tension.

When it comes to the design of cost-effective social protection programs, well-informed decision making on the three key features of these programs—targeting, the choice of payment modality, and graduation—is crucial. Experimenting with small-scale pilot programs with variations in those features, and associated evaluations, can inform decision making. Well-functioning monitoring and evaluation (M&E) systems can document progress in implementation and generate information that can be used to improve the overall program design. External funding continues to play an important role in financing these programs, raising concerns about the long-term sustainability of social protection on the continent.

**Policy implication:** M&E systems should be developed early on as a core component of program design. To ensure the long-term sustainability of social protection programs, it is important to move toward domestic financing models.

As the official monitoring and evaluation report for CAADP, the ATOR assesses trends and progress on a range of indicators from the CAADP Results Framework, including indicators on government expenditures on social protection and agriculture and on impacts on growth and poverty reduction. Progress has been made in the CAADP implementation process, with several countries now formulating Malabo-compliant national agriculture investment plans (NAIPs) and mutual accountability processes such as joint sector reviews (JSRs) becoming more inclusive, comprehensive, and regular. The inaugural CAADP Biennial Review and Africa Agriculture Transformation Scorecard (AATS) were largely successful, with 47 out of 55 countries reporting and 20 of those considered on track to achieve the Malabo Declaration commitments. However, Africa's economic growth has slowed; continentwide GDP per capita grew at 0.8 percent in 2008–2017 compared to 3.9 percent in 2003–2008. Agriculture sector growth was stronger in 2008–2017, at 4.3 percent, although still short of the 6 percent CAADP target. Nonetheless, 17 countries met the CAADP growth target in 2008–2017.

Over the past two decades or so government expenditures on social sectors such as health, education, and social protection have increased while expenditures on agriculture, despite showing strong growth during the first decade of CAADP, have declined. For example, for Africa as a whole, the share of government social protection expenditure in total expenditures rose from an average of 5.2 percent in 1995–2003 to 12.5 percent in 2008–2012. In contrast, the share of government agriculture expenditure fell from an average of 3.3 percent in 1995–2008 to 3.0 percent in 2008–2017. It is therefore essential to formulate strategies that maximize

the impact of growing social sector investments on agricultural productivity growth—a key driver of long-term poverty reduction.

The Malabo Declaration commits African governments to integrating measures for increased agricultural productivity and growth with social protection programs. As this report has shown, social protection programs can offer a valuable complement to agriculture-focused policies by protecting vulnerable populations and reducing poverty. Maximizing synergies between social protection and agricultural programs can boost agricultural production and productivity, thus contributing to long-term growth and poverty reduction in Africa.