Managing reforms to improve poverty eradication, inequality reduction and inclusion

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What has not changed since the MDGs: the face of extreme poverty and hunger - Lessons from evidence

- Predominately rural
- Most depend—at least partly—on agriculture, fishing or forest resources for their livelihoods
- Less access to
  - productive resources, services and technologies
  - basic services (health, education, social protection)
  - basic infrastructure (roads, water and electricity)
  - off farm employment
- More likely to be malnourished in all forms
- High dependency ratio—more children
- Difficulty managing risk—and increasingly vulnerable with climate change
- Remoteness and geographical isolation
- More likely to suffer from conflict and live in fragile states
Agriculture and food systems are key to achieving SDGs 1 and 2

• Numerous cross country studies and country experiences highlight larger impact of *agricultural growth on poverty reduction* - particularly for the poorest and most hungry

• Larger for staple foods then for export crops
• Example: agriculture accounted for bulk of poverty reduction in Ethiopia over past 15 years
• Example: China and the household responsibility system
• Important *safety net for food security*
• Meeting future needs
Most income in rural SSA comes from on farm activities

Share of income from on farm activities among rural households

Main challenges to reduce poverty and hunger — Lessons from Evidence 2

- **Structural constraints faced by poor rural households**
  - Need of reducing crop failures, changing crop mix, and increasing farm size
  - High skill and knowledge requirements for moving to higher value crops
  - Poorly developed market infrastructure for perishable products – fruit, vegetables, dairy & meat
  - High transactions costs for smallholder integration into fruit and vegetables value chains

- **Diet diversity needs of the poor not adequately addressed** (Pingali, 2018)
  - Undernutrition due to insufficient amount of food and to the lack of diet diversity
  - Obesity and the rise of NCDs due to high calories, high sugar and fat diets
  - Disconnect between policy (biased towards increase productivity) and food security needs of the rural poor (more diversified food)
What is necessary to reduce rural poverty and hunger – going beyond agriculture Lessons from Evidence 3

• Foster **inclusive structural transformation and growth**
  ✓ enabling poor to actively participate in, and benefit from, economic activity

• **Address structural constraints** faced by poor agricultural households –
  • Access to insurance, credit, technology, services, information, markets, etc.

• **Create decent off-farm employment for the poor**

• **Build and scale-up social protection systems**

• Build rural infrastructure (energy, transport, water, sanitation)

• Build human capital (health, education)

• **Strengthen governance**
  ✓ Capacities of local government, institutions, and organizations

• **Empowerment of the poor**
  ✓ Participation and voice; knowledge and protection of their rights
Agri-food systems and job creation

• **Increasing demand for** high-value primary and processed **products in urban and rural areas** offers employment opportunities—the dietary transition
  - Diversification of diets, rural diet increasingly purchased, increasingly processed, mostly domestically supplied, domestic supply chain growing 5-10 times in 2-3 decades

• **New farm and off-farm jobs** created upstream and downstream, directly or indirectly linked to value chains, in input supply, service provision, aggregation, processing, distribution, and marketing

• As countries develop, **food systems transform**, leading to a **shift of jobs** from agriculture to food manufacturing and services.

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Employment distribution in food systems in low-, middle-, and high-income countries

- **Low Income: Eastern and Southern Africa**
  - Farming: 91%
  - Food manufacture/industry: 6%
  - Food services: 3%

- **Middle income: Brazil**
  - Farming: 49%
  - Food manufacture/industry: 26%
  - Food services: 25%

- **High income: US**
  - Farming: 21%
  - Food manufacture/industry: 65%
  - Food services: 14%

*Source: World Bank, 2017*
Transformation of food systems for poverty reduction and food and nutrition security

- Particularly relevant in countries with rapid population growth and limited prospects for industrialization to create jobs on-farm and off-farm.
- State of Food and Agriculture 2017 (SOFA) finds that over half of the global population lives within or around cities and towns of less than 500,000 people.
- Yet, in most developing countries, resources are disproportionately allocated to larger cities.
- Better connecting rural–urban territories through an agro-territorial approach, which takes into account the importance of small cities and towns, is a strategy for creating on-farm and off-farm jobs and attaining SDGs 1 and 2.
TOWARDS A NEW RURAL DEVELOPMENT APPROACH

An effective and inclusive territorial development must:

- Be tailored in accordance with local realities and overcome the sectoral perspective
- Recognize the heterogeneity of agricultural producers and promote differentiated public policies for the most vulnerable farmers
- Going beyond sectoral to more holistic strategies, by linking social protection, productive policies, infrastructures...
- Improve farmers’ capacities and education and stimulate their participation thanks to stronger Producers Organization
Agricultural and social protection policies are both fundamental levers to overcome rural poverty.

Helping small farmers to improve productivity is important, but in most contexts is not enough to lift all rural poor out of poverty, which in turn limit agricultural productivity itself.

Providing social protection and pursuing agricultural development in an integrated way offers synergies that can increase the effectiveness of both.

Better social protection can positively influence the investment decisions of poor households, helping poor farmers to overcome liquidity and credit constraints, invest in productive activities build assets and manage risks more effectively.

These benefits spread beyond the immediate recipients to their communities and the broader economy as recipients purchase food, agricultural inputs and other rural goods and services.

FROM EVIDENCE TO ACTION:
The Story of Cash Transfers & Impact Evaluation in Sub-Saharan Africa

An example of how to link evidence to policy and programmes

Impact evaluations of 7 government managed cash transfer programmes in SSA (joint FAO-UNICEF)
Summary results

- **Crop production**
  - Increase in crop production and sales (Lesotho, Zambia)
  - Move away from traditional to more nutritious, higher-value crops (Zimbabwe, Ethiopia, Malawi)

- **Agricultural inputs and assets**
  - Significant impacts on expenditures on and use of agricultural inputs (seeds, fertilizers and pesticides) (Zambia, Lesotho, Malawi, Ethiopia)
  - Increased investment in small agricultural tools (Zambia, (Ethiopia, Malawi and Zimbabwe)

- **Livestock**
  - Positive impact on livestock accumulation (Malawi, Zambia, Kenya, Lesotho, Zimbabwe)
  - Livestock ownership often seen as risk-coping strategy, second-best for precautionary savings

- **Labor**
  - Reduction in casual agricultural wage labor (Malawi)
  - often offset by an increase in on-farm work (Zambia, Ghana)

- **Risk Management**
  - Households diversified income sources, increasing their engagement in non-farm businesses (Zambia, Zimbabwe)
  - CTs contributed to debt repayments, savings and a reduction of loans and distress sales of assets (Ghana, Malawi, Zambia)
  - CT beneficiaries were less likely to change eating patterns or take their children out of school and send them to work
Policy impacts

- Results from impact evaluations influenced design of programs and contributed to strategic policy decisions

- Influenced changes in programme design and implementation
  - Targeting, transfer size, role of complementary interventions (nutrition, agriculture and HIV/AIDS)

- Evidence was not major driver of government decisions, but contributed to strengthen the case for scale-up and expansion
  - Building the Economic Case for expansion: Shifted the narrative—from cost to investment and contribution to inclusive growth
  - Addressed concerns regarding dependency
  - Expanded audience for social protection (to ministries of agriculture and finance)
  - Strengthened credibility of cash transfer programs, and confidence with which policymakers decide scale up
Determinants of Success for Using Evidence

- Evidence generation needs to be embedded in national policy processes, involving government, national researchers, and development partners
- Rigorous impact evaluation - credibility of results
- Timing: evidence (impact evaluation, targeting analysis and other) available at critical moments of policy-making
- Learning agenda more than just impact evaluation; use of data for other critical analysis (financing, targeting, etc)
- Broad scope of the evaluation enhanced understanding and appreciation of cash transfers among a traditionally sceptical audience: social and economic
- Government champions, political commitment and influence
Thank you

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