

Transformative social protection: findings from the Zambian child grant and farmer input support programmes

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In Southern Africa, in the past 10 years there has been an increase in expenditure on social protection programmes. While these are often conceived of primarily in terms of smoothing consumption patterns and alleviating the most severe forms of poverty, they should instead be viewed in a more fundamentally transformative way. I argue that the current turn towards social protection opens up a window of opportunity for highlighting the synergistic effects between economic and social policies and for removing the separation between the redistributive and the productive spheres (Wolkenhauer 2016).

A look at the East Asian experience supports this point. In the so-called miracle states, attention to rural livelihoods was crucial for the structural transformation that occurred during the industrialisation process since the 1960s—namely, pro-poor land reforms and other redistributive and social security interventions. Strong ‘developmental’ states were necessary to direct investments into new manufacturing activities and to create an educated and skilled labour force. In Africa, developmental states existed in the early post-colonial period, but as states were scaled back during neoliberal structural adjustment, their capacity to steer economic activities, increase productivity and enlarge the domestic market through Keynesian policies became severely limited. The current turn towards nationally led social protection could give way to policies that not only spread the gains from economic growth more evenly but also make income-generating activities more inclusive in the first place. Below, I will draw on evidence from the Child Grant Programme (CGP) and the Farmer Input Support Programme (FISP) in Zambia—situated at opposite ends of the reproduction–production spectrum—to argue that welfare programmes have productive effects, and that productivity-enhancing policies could be more effective when including poorer recipients.

Child Grant - The American Institutes for Research conducted experimental impact evaluations of the Zambian CGP, which was initiated by the Zambian Ministry of Community Development, Mother and Child Health in three pilot districts in 2010 (Seidenfeld, Handa and Tembo 2013). The experimental evaluation uses a difference-in-differences approach and reveals several productive effects: the programme led to an increase of 21 per cent in the share of households possessing livestock, to an increase of 18 per cent in the size of operated land, and to a 50 per cent increase in the value of overall harvest. Moreover, it reveals a 12 per cent increase in the number of households selling some of their crops, and a 17 per cent increase in the share of households operating a non-farm business.

Beyond the household level, the money received through the cash grant was shown to have a large multiplier effect, as more than half of all goods were purchased nearby. Based on the local economy-wide impact evaluation (LEWIE) model, the authors estimate that non-participants received an indirect benefit of around 60 per cent of the cash grant. This shows that a child grant programme, even if mainly conceived as a social protection programme,

can have substantial impacts on agricultural production and productivity. In this sense, cash transfers can be a crucial component of structural economic transformation, as they create demand for domestic products and effectively enable households to invest in human capital and on- and off-farm businesses.

Farmer Input Support Programme - Zambia’s FISP was reintroduced by the Ministry of Agriculture in the 2001-02 agricultural season and has been studied in depth by the Indaba Agricultural Policy Research Institute (IAPRI). The scheme aims to reduce poverty and improve overall food security and agricultural productivity by supplying selected smallholder farmers (holding between 0.5 and 5 hectares of land) with subsidised fertiliser and maize seed. However, the FISP is found to have very minimal poverty reduction effects (receiving 200 kg of subsidised fertiliser reduces the likelihood of falling below the extreme poverty line of USD1.25 per day by 1–2 percentage points), and only a small positive impact on maize production, with each additional kg of fertiliser received increasing maize output by 1.8 kg and maize yield by 0.74 kg/ha (Mason and Tembo 2014). This is due to significant crowding-out effects, where each kg of subsidised fertiliser results in only 0.58 kg of additional fertiliser used. A likely cause is the skewed distribution of FISP fertiliser to wealthier farming households, with 68.2 per cent reaching the top two income quintiles in 2010-11. Moreover, the centralised purchase of this in-kind support reduces the spill-over effects to the local economy.

In sum, reviewing the CGP and FISP in Zambia has shown that poor people make rational spending decisions by investing in productive assets, and that government-administered fertiliser distribution could have more substantial impacts if it targeted poorer farming households who are unable to buy inputs at commercial prices. Investments in agricultural activities are vital, but they need to become more redistributive to have significant demand-strengthening and productivity-increasing effects. The CGP proves that redistribution can be productive—albeit not in an instrumental but in an economically inclusive sense. While the above comparison remains somewhat tentative, it demonstrates that social protection policies and economic interventions (such as in the agricultural sector) need to be seen as following the same goal: to integrate individuals equally into the economy and thereby ultimately diversifying and boosting economic activity at large.

References:

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This publication is part of a joint series of One Pagers between the Southern African Social Protection Experts Network (SASPEN—www.saspen.org) and the IPC-IG.

This publication is part of the project supported by the UK Department for International Development (DFID) entitled: “Brazil & Africa: fighting poverty and empowering women through South-South Cooperation”.