LINKING SOCIAL PROTECTION TO AGRICULTURE
Capetown, November 25-26, 2014

NEPAD Planning and Coordinating Agency
AGRICULTURE AND FOOD INSECURITY RISK MANAGEMENT (AFIRM)
A NEPAD/CAADP PERSPECTIVE

Mariam Sow
CAADP RF/MALABO AND AFIRM

1. How this program fits into the CAADP Results Framework and the Malabo Declaration

2. What it entails to do with countries and regions in the next 4 to 5 years

3. What the specific role of social protection should be in this context

4. Exploring linkages with the FAO Agriculture - Social Protection Initiative
AFIRM = an Opportunity to address RISK AVERSION

• Smallholder farmers = 80% of African farmers
• Weak access to input and output markets
• Recurrent crises ➞ erosion of assets and low incentive to invest
• CAADP ➞ Significant increase in Africa Ag Productivity = 6% annually

• **MAJOR CHALLENGE**
• Shifting from managing crises to managing risk related to agriculture and food insecurity of smallholders rural producers

• **MAJOR OPPORTUNITY**
Contribution of AFIRM to CAADP RF LEVEL 2

• 2.1. Ag production and productivity
• 2.2. Better Functioning of markets
• 2.3. Increased investment and job opportunities
• 2.4. Availability and access to food and productive safety nets
• 2.5. Management of natural resources for sustainable ag production
Addressing Risks (“HOW”)

Assessing risk factors of rural smallholders and SMEs / in terms of perception, level of confidence/

- Production: crop failure and labor shortage
- Market performance and price volatility
- Weak institutions and unpredictable policies
- Idiosyncratic
- Political

/ in terms of asset-base and trade-offs between

- On farm VS off-farm labour (hungry season
- Consumption VS Investment
- Selling at low price AT HARVEST TIME VS storing in order to get at higher price LATER
- Social Obligations VS Investment
Addressing Constraints ("HOW")

• **Hard infrastructure =**
  – Transport, energy, water-irrigation/potable, sanitation, education, health, storage and marketing facilities…

• **Soft infrastructure =**
  – Input and output systems, financial institutions, ICT, MIS, planning, coordination mechanisms, *timely and consistent interventions*
AFIRM METHODOLOGY

1. How this program fits into the CAADP Results Framework and the Malabo Declaration
2. What will AFIRM do with countries and regions in the next 4 to 5 years
3. What the specific role of social protection should be in this context
4. Exploring linkages with the Linking Social Protection to Agriculture Initiative

Building capacity related to AFIRM in countries and regions with 3 regional centres/University in Niger, Cameroon and Uganda.
AFIRM METHODOLOGY

• Holistic Approach to AFIRM
  – Looking across sectors, at micro, meso and macro levels both at risks and constraints = VALUE CHAIN APPROACH
  • Production risks, market risks, institutional risks, consumption risks (in particular of smallholder rural producers), and idiosyncratic risks (disease, financial constraints and trade-offs)
- Risk Assessment and identification of tools and policy instruments to address current risk factors
- Facilitation of implementation of the tools with supporting policies/broker financing and enabling environment : public policies and PPP
**AFIRM METHODOLOGY**

- **Identify gaps** in terms of AFIRM tools, policy instruments, institutional capacities and human resources
- **Create partnership** with private sector, technical partners, financial institutions, farmers’ groups and NGOS
- **Conduct feasibility studies** on design, formulation and implementation of the tools in specific regions and value chains of the country, and the supporting policies and enabling environment
- **With RECs**, identify cross-border risk management issues to be addressed
SOCIAL PROTECTION AND AFIRM

• 1. How this program fits into the CAADP Results Framework and the Malabo Declaration
• 2. What it entails to do with countries and regions in the next 4 to 5 years
• **3. What the specific role of social protection should be in this context**
• 4. Exploring linkages with the FAO Agriculture - Social Protection Initiative
PRESERVING SOCIAL AND HUMAN CAPITAL IN SOUTHERN AFRICA

- Combination of Anti Retroviral Treatment and SP programs, cutting by 60% the death toll in Botswana in 7 years - specific target (self) with specific objectives
- Expansion of social welfare grants in Namibia
- Child Grants Program in Lesotho
- Social Cash Transfer Program in Malawi
Lifting rural producers out of extreme poverty in Ethiopia... and NEXT?

- PSNP Successful BUT
  - Awareness that MORE NEEDS TO BE DONE in order to NOT ONLY PREVENT AND PROTECT, BUT ALSO TO PROMOTE AND TRANSFORM
    - Now combined with other risk management tools: insurance (bundled with subsidies), WRS, Credit and saving schemes, price stabilisation, irrigation and extension...
    - SHIFTING FROM EXIT STRATEGY PARADIGM TO ONE OF GRADUATION STRATEGY
    - BUILDING LINKAGES TO MARKETS AND
    - CREATING INCENTIVES for productivity increase (avoiding trade-offs) allowing a clearly informed decision making process
    - Adopting a VALUE CHAIN Approach to tackle downstream bottlenecks and risks ==&gt; INVOLVEMENT OF OTHER ACTORS
MAIN CONCLUSIONS

• SP MEASURES SHOULD
  – NOT BE A STAND ALONE POLICY MEASURE IN AFRICAN AGRICULTURE
  – BE EMBEDDED INTO/BUNDLED WITH OTHER RISK MANAGEMENT INSTRUMENTS
  – BE EXTENDED TO OTHER RURAL PRODUCERS ALONG THE VALUE CHAIN, BUT ADAPTED based upon a BLEND of MARKET AND NON MARKET MEASURES through a Graduation Strategy
  – NOT BE PRECEDING THE SUPPLY SIDE, AS IT WILL CREATE A DEMAND FOR NON EXISTENT goods and services. Hence the URGENCY to build soft and hard infrastructure in rural areas
LINKING ASPA TO AFIRM...

THANK YOU FOR YOUR ATTENTION