

**Interactions between social protection programs and rural development projects: notes from the field.**

***Session abstract***

Rural households in developing countries are among the most affected groups by poverty and those who have faced greater challenges to overcome it. Different interventions have been designed so poverty alleviation can be achieved. Even, they may overlap. The most relevant, the social protection programs often are implemented over the same population where other rural development programs are in place. As a consequence of the intervention caused by the former programs households may observe improvements or effects over variables that previously had limited their productive abilities, so multiplier effects may be expected. Additionally, the implicit or explicit interaction between the different programs may be generating synergies or complementarities that could facilitate overcoming poverty and increasing the social-aid multiplier effect. In this session we discuss whether participation in social-protection programs may have the potential to have effects over the production as well as how these effects may be potentiated by the simultaneous access to other rural-development interventions.

The session includes two regional projects dealing with these questions: the first one in Latin America, funded by IAFD and coordinated by UniAndes-CEDE, covers six countries (Brazil, Colombia, Chile, El Salvador, Mexico and Peru),. The second one in Africa, funded and coordinated by FAO, covers seven countries (Ethiopia, Ghana, Kenya, Lesotho, Malawi, Zambia and Zimbabwe). In the case of the Latin American set of studies, country programs on conditional transfers are selected as the social-protection interventions; at the same time, rural development projects such as those supported by IFAD are included in the analysis. The goal is to determine if having access to both type of programs generate positive externalities not available when the households receive only one of the interventions. For the case of the African studies, impact evaluations of cash transfer programs are carried out for seeking to effects over productive dimensions. Additionally to the expected effects on human capital, there is evidence that may suggest impact also on productive variables, among others.

The session is complemented with three other studies: the first one looks at the household risk strategies to manage climatic variability as a result of combining transfers and private investments; the second one analyzes the effects of the combination of agricultural insurance and privately provisioned social protection over productivity decisions; and the third one explores the effect of a transfer program combined with access to credit on agriculture production and asset accumulation.

All of these studies open the discussion on the strategies available to rural households to overcome poverty and deal with adverse shocks at the same time as productive abilities that can be generated and implemented. The studies offer a background for discussing not only on the benefits of the interaction between social protection and rural development, but also and perhaps more important, the restrictions and limitations to take full advantage of such synergies and complementarities, when they exist. Finally they also offer evaluations of a wide range of mechanism and institutional arrangements by which the interaction may be currently working. Important lessons for strengthening the effectiveness of poverty interventions in rural areas should be gathered.

***Chairperson: Joan Esteban (CSIC & Barcelona GSE)***

PhD by the universities of Oxford and Autònoma de Barcelona, is research professor at the Instituto de Análisis Económico (CSIC, High Council for Scientific Research, Bellaterra-Barcelona) and at the Barcelona Graduate School of Economics. He has been director of the IAE (CSIC) (1989-1991, y 2001-2006), regional delegate for the CSIC in Catalonia (1993-1996), representative of the Spanish Government at the High Council of the European University Institute, Florence (1989-1996), president of the Asociación Española de Economía (2002), member of the Executive Council (2005-2011, and 2014-) and secretary general (2011-2013) of the International Economic Association, president of the Society for the Study of Economic Inequality (ECINEQ) (2007-2009), Rey Jaime I laureate in Economics (2007), and Fundación Juan Urrutia Elejalde 2014 Fifth Laureate to Research Diversity. He has been the principal investigator of the EC funded project "Polarization and Conflict" (2004-2008). His general area of interest is Economic Theory. Currently, he is working on social polarization and conflict, and in public economics. His research has been published in journals such as American Economic Review, American Political Science Review, Econometrica, Economics Letters, Economics of Governance, European Economic Review, International Economic Review, Journal of Economic Behavior and Organization, Journal of Economic Inequality, Journal of Economic Theory, Journal of the European Economic Association, Journal of Peace Research, Journal of Political Economy, Regional Science and Urban Economics, Science, Social Choice and Welfare, and Theory and Decision.



***Details on speakers and presentations below***



### **Jorge Higinio Maldonado**

Associate Professor

Universidad de los Andes

#### **Jorge Higinio Maldonado's short bio**

Associate professor in the economics department at Universidad de los Andes. PhD in Agricultural, Environmental and Development Economics (Ohio State University), Bachelors' degree in Animal Sciences (Universidad Nacional de Colombia). His research interests are the application of economic tools for understanding and solving problems related with environment, natural resources, agriculture and economic development, with emphasis on poverty and rurality. He is currently director of the Latin American and Caribbean Environmental Economics Program (LACEEP). He is general director of the Cash Transfers Project and Rural Development in Latin America, funded by IFAD.

#### **Presentation Abstract: Synergies between conditional cash transfers and rural development in Latin America: What have we learned?**

About 27 million poor households from Latin American Countries receive conditional cash transfers-CCT. A considerable share of these households is rural and therefore potential beneficiaries of rural development projects. Households receiving both interventions might find a different way of managing their resources if synergies between these sources emerge. If these materialize, development projects may be more effective in reducing poverty and promoting rural development, and CCT programs would have access to new exit or graduation strategies, a challenge for most CCT programs in the region. By combining qualitative and quantitative methodologies an impact evaluation was performed for evaluating the existence of these synergies in six countries in the region. Results suggested that even synergies may be theoretically and logically possible, these are not immediate or evident. There may be several channels or factors affecting their existence and implementation.



### **Benjamin Davis**

Deputy Director,  
Agricultural Development  
Economics Division

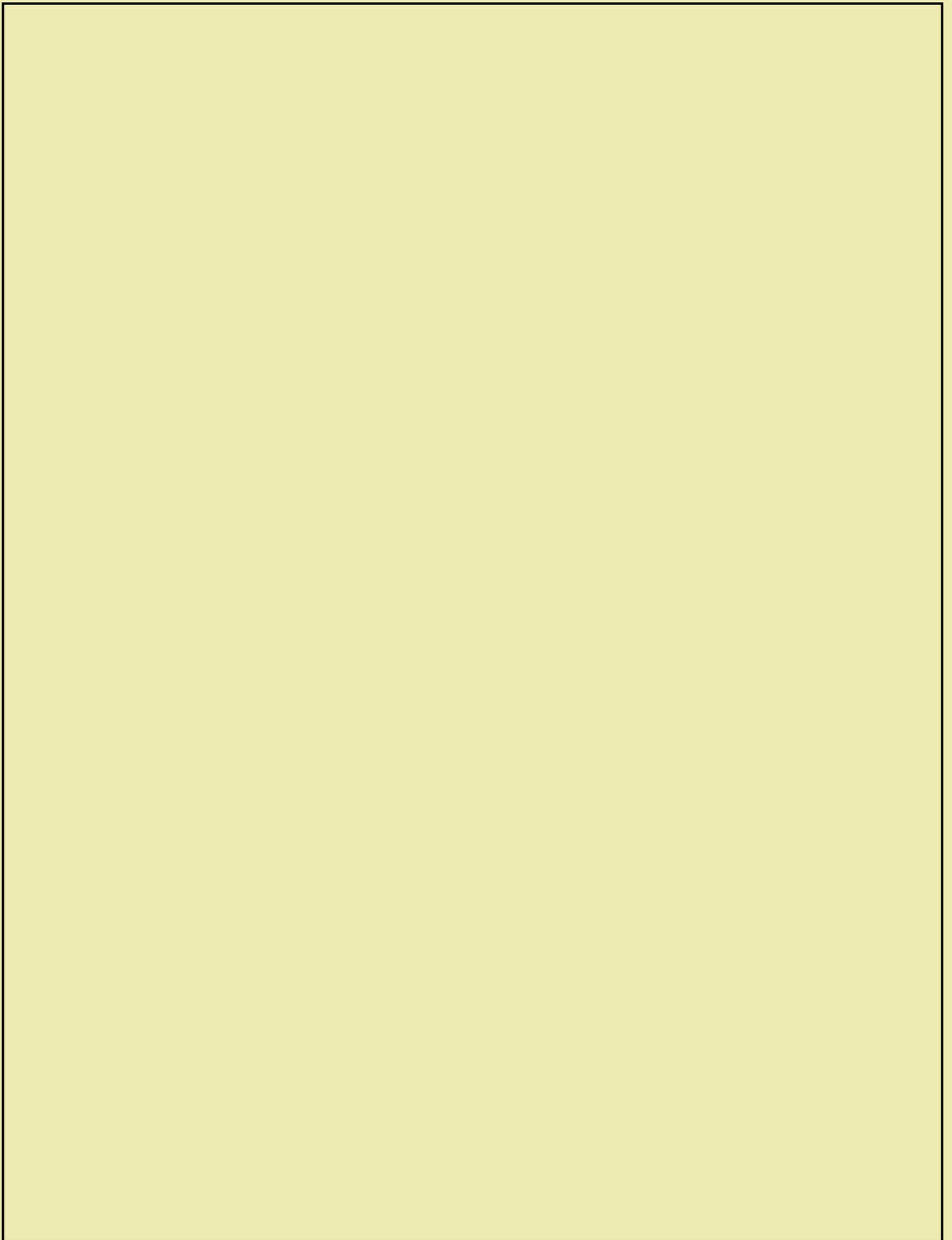
Food and Agriculture  
Organization – FAO

#### **Benjamin Davis's short bio**

Benjamin Davis is Deputy Director of the Agricultural Development Economics Division at FAO and team leader of the From Production to Protection (PtoP) project. He has served as Social Policy Advisor for the UNICEF Regional Office in Eastern and Southern Africa and as a Research and Post Doctoral Fellow at IFPRI. He holds a PhD in Agricultural Economics and a Masters in Public Policy from UC Berkeley.

#### **Presentation Abstract: The impact of cash transfer programs on household livelihoods and the local economy**

Beyond their social objectives, cash transfers also influence the productive dimension of beneficiary households, whose livelihoods are based mainly on subsistence agriculture and rural labor markets. Cash transfers provided in a regular and predictable fashion can help households to overcome credit constraints and manage risk. This, in turn, can increase productive investment, increase access to markets and stimulate local economies. Cash transfers can thus potentially serve as an important complement to a broader rural development agenda, including a pro-poor growth strategy focusing on agriculture. Taking advantage of rigorous impact evaluations in seven countries of SSA and using a mixed method approach, we find that unconditional cash transfer programs affect investment in agricultural and nonagricultural activities, labor supply, social networks and local economy income multipliers. These impacts vary by country, primarily due to differences in program design and implementation.





### **Ghada Elabed**

Researcher

Mathematica Policy  
Research

#### **Ghada Elabed's short bio**

Ghada Elabed is a researcher at Mathematica Policy Research. She received a Ph.D. in Agricultural and Resource Economics from the University of California, Davis. Her research uses randomized and quasi-experimental designs as well as counterfactual field experiments to evaluate the impacts of interventions in developing countries. She is currently a member of the team evaluating the Morocco Fruit Tree Project funded by MCC, which aims at increasing economic growth and reducing poverty by reducing the volatility of agricultural production and increasing the volume and value of fruit tree production in Morocco. She is also a member of the team evaluating the MasterCard Foundation Scholars Program, which is intended to support socioeconomic development in Africa through the provision of scholarships and support programs for secondary and post-secondary education. Recently, as part of her doctoral research, Ghada assessed the effectiveness of an agricultural index insurance intervention targeted to cotton producers in Southern Mali. She also conducted counterfactual field experiments with a sample of cotton farmers to study the behavioral impediments to the uptake of agricultural index insurance.

#### **Presentation Abstract: Ex-ante Impacts of Agricultural Insurance: Evidence from a Field Experiment in Mali**

The ample evidence that uninsured risks lead low-wealth agricultural households to underinvest in profitable activities motivates the hypothesis that provision of insurance—or other forms of social protection—will crowd-in increased risk-taking and investment. To test this hypothesis, we randomly distributed the possibility of being insured and feeling insured to a group of cotton cooperatives in Mali by giving them access to a microinsurance contract. We find that the offer of insurance had a significant impact on household investment in cotton at the extensive margin, with ITT estimates showing that the offer of insurance resulted in a 15% increase in the area in cotton, and a 14% increase in the expenditure on seeds per ha. Using the offer of insurance as an instrument to predict whether farmers reported that their crops and livelihoods were insured, our ATE estimates reveal that a household that felt insured increased cotton investment by more than 60%.



### **Karen Macours**

Associate Professor

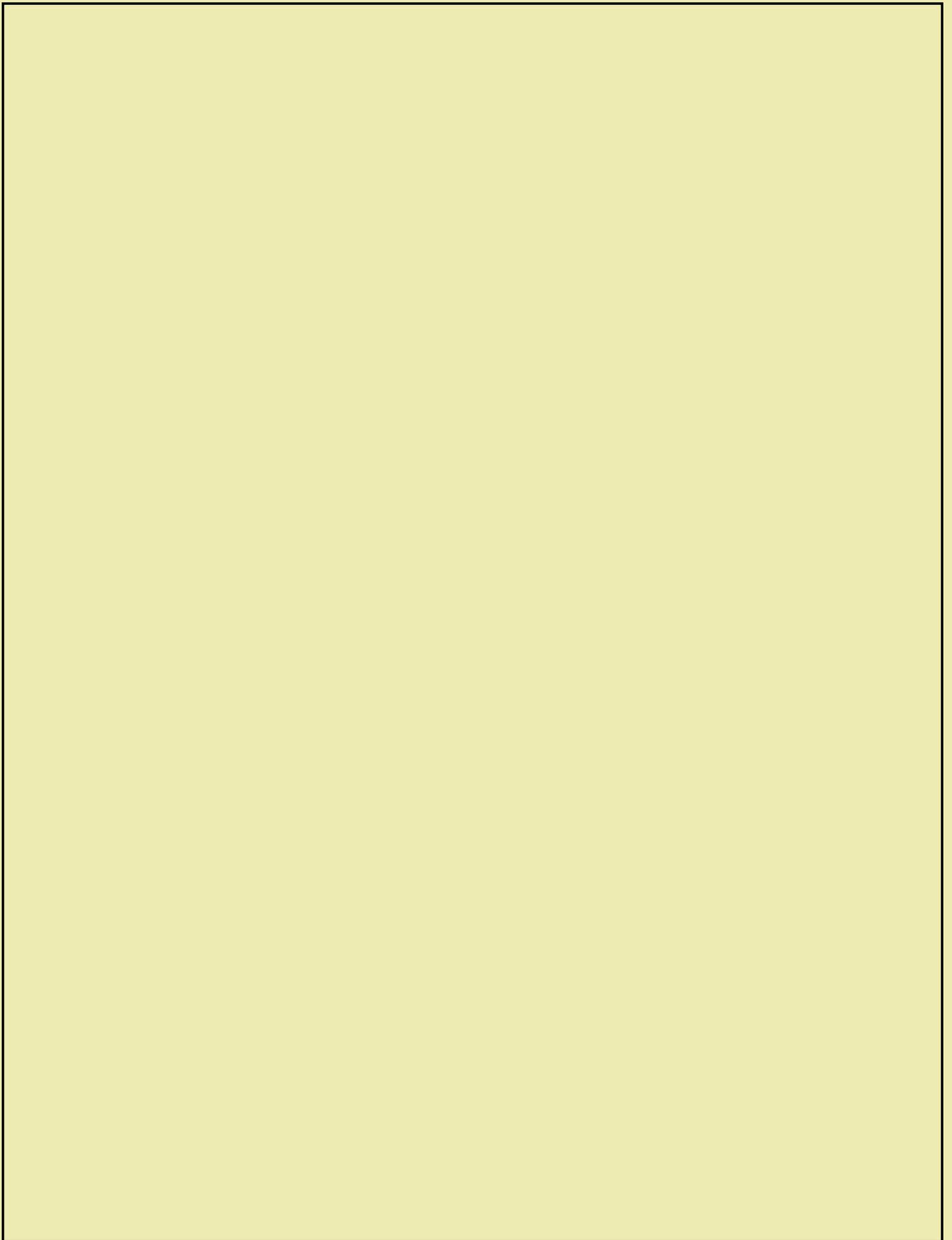
Paris School of Economics

#### **Karen Macours's short bio**

Karen Macours is associate professor at the Paris School of Economics and researcher at INRA. Her current research focuses on rural households' productive and human capital investments (productive social safety nets, conditional cash transfer programs, early childhood development, education and rural labor markets). A lot of her current research involves the evaluation of pilot programs addressing these issues. She is an affiliate of CEPR and of JPAL Europe. She previously was associate professor of international economics at SAIS- Johns Hopkins University and received her PhD from the University of California at Berkeley.

#### **Presentation Abstract: Transfers, Diversification and Household Risk Strategies: Can productive safety nets help households manage climatic variability?**

While climate change is likely to increase weather risks, there is little evidence on effective policies that help poor farmers manage risk. This paper provides experimental evidence of a short-term transfer program that was combined with either an investment grant or training for randomly selected households. We identify the relative impact of the three packages and analyze how impacts vary by exposure to exogenous weather shocks. Both productive interventions led to income diversification and provided protection against weather shocks after the program ended. Combining safety nets with interventions relaxing skill or capital constraints hence can help households manage climatic variability.





### **Cesar del Pozo Loayza**

Principal Researcher

Centro de Estudios  
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### **Cesar del Pozo Loayza's short bio**

Cesar Del Pozo is principal researcher at the Centro Bartolome de las Casas in Peru. His current research focuses on the impact evaluation of public policy on the rural development in Peru. He previously was director of economic analysis unit at Ministry of Agriculture. He was awarded with research grants by the Consorcio de Investigación Económica y Social (CIES) and the Latin American and Caribbean Environmental Economics Program (LACEEP) to carry out impact evaluations of the conditional cash transfers program and mining royalties on rural welfare in Peru. He was research associate at the Innovation for Poverty Action (IPA). Master in Social Management (Pontificia Universidad Católica del Perú) and a B.A. in Economics (Universidad Nacional San Antonio Abad).

### **Presentation Abstract: The impact of linking conditional cash transfers to agricultural credit on productive assets accumulation of rural households in Peru.**

The aim of this study is to estimate the impact of the linking between Conditional Cash Transfer Program (Programa Juntos) with agricultural credit on the accumulation of productive assets by rural and poor households in Peru. The analysis is based on quasi-experimental impact evaluation methodologies: Differences in Differences and Instrumental Variables. The information about rural households come from the National Agriculture Census (data collected in 1994 and 2012). The sample used contained more than 340000 rural households located in the whole country. Empirical evidence suggests that the linking Juntos-Credit can increase the accumulation of productive assets of rural and poor households for the Peruvian case. In particular, the linking Juntos-Credit increases cultivated land and livestock accumulation. As a form of policy advice, the accumulation of productive assets by rural and poor households, could become an instrument to reduce poverty vulnerability in the long-run. Also can serve as a policy instrument to promote rural development in Peru.