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**Building Resilient Farming Communities to Boost Local Economies and
Promote Rural Employment**

Executive Summary

Rural communities in NENA are generally poor and vulnerable to shocks, which hampers their capacity to participate actively in the local economy. Addressing the complexity of the multiple environmental and socioeconomic challenges faced by the region's farming communities requires a strategic reappraisal of rural development strategies. Food and agricultural policies must integrate rural development concerns, including decent rural employment, more effectively, and should operate at the nexus between productivity, environment, rural development and health. This paper presents three interconnected solutions that strengthen farming communities' resilience. The first is the use of territorial approaches that create integrated linkages between the rural communities, their biophysical environment and market opportunities. At farm level, climate-smart agriculture offers practical solutions that help farmers adapt to climate change and enhance the resilience of their production systems. Finally, innovations in agri-food systems help transform working conditions and support the creation of decent jobs for rural youth and women through improved and more sustainable value chains. Together, these three approaches can provide a policy framework for boosting rural economies and creating decent employment, contributing to agroecological transition, ensuring social protection, and progressing toward the SDGs. The United Nations Decade of Family Farming (UNDF) offers a timely framework for action that will contribute to the socio-economic development of rural communities.

Suggested action by the Regional Conference

- Countries should consider territorial approaches as a framework for agricultural and rural development, and should adopt multi-sectoral perspectives and enhance coordination across sectors and levels of governance and between private and public actors.

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- Countries should enable the emergence of innovation based on modern science and technology, strong rural organizations, and agroecological innovation that together promote sustainable intensification and boost the resilience of smallholder farming systems.
- Countries should consider inserting climate-smart agriculture practices in their extension curricula and developing the technical, policy and investment conditions required to boost their adoption by farming communities.
- Countries should shape their social protection programmes so that they contribute to enhanced agricultural productivity and employment, protecting the livelihoods of the most vulnerable groups, enhancing their resilience and making rural transformation as inclusive as possible.
- Countries should support the implementation of the UNDFP action plan and translate it into national policies and programmes.

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Introduction

1. Agriculture in the Near East and North Africa (NENA) region is characterized by the dualism between the relatively small number of medium to large, market-oriented, irrigated farms that are integrated into national economies and the small-scale farms that produce mainly for family consumption and for sale in local markets, often with limited access to irrigation. These small-scale family farmers (SSFFs) face enormous constraints as they are not afforded the benefits and opportunities that could be provided by well-targeted agricultural and rural development policies. Their low productivity means they are unable to significantly contribute to the creation of decent jobs, especially for women and youth. Regional unemployment among men, women and youth average 8 percent, 17 percent and 22 percent, respectively¹. Young people often lack access to relevant education and are more likely to accept employment in precarious or exploitative working conditions. Women's engagement in unpaid care and family work means their contributions are often not visible or not remunerated. Furthermore, most SSFFs are at the risk of falling into the poverty trap, largely due to the continuous fragmentation of inherited landholdings and to their exposure to natural hazards, shocks and stressors, aggravated by their low adaptive capacity. As SSFFs are unable to produce sufficient marketable surplus due to the small size of their landholdings, small-scale family farming cannot be developed solely by intensifying agricultural production.

2. The recent launch of the United Nations Decade of Family Farming (UNDF) can act as a framework to help family farmers realize their full potential in contributing to the 2030 Sustainable Development Agenda, by mobilizing global commitment and action across the three dimensions of the Agenda — economic, social and environmental — in a balanced and integrated manner². The UNDF promotes integrated actions supported by coherent, cross-sectoral policies, which address the environmental, economic and social dimensions of rural development and bridge the humanitarian–development–peace nexus, while placing people and their livelihoods at the centre of such actions.

3. In recent years, a series of Near East/North Africa Regional Conference (NERC) thematic papers have discussed the state of food security, agricultural transformation, youth employment and migration³ and sustainable development. This paper builds on that foundation, focusing mainly on solutions that can potentially strengthen the resilience of farming communities, such as the adoption of territorial approaches, climate-smart agriculture and agri-food system innovation to enhance SSFF productivity. These solutions can also enhance the sustainability of smallholder production systems and support the creation of jobs for rural youth and women through improved sustainable value chains.

I. Small-scale family farming in the NENA region

A. Regional trends and their implications for smallholder agriculture

4. The World Development Indicators recently summarized the major trends, threats and opportunities of agri-food systems⁴. In the NENA region, demographic issues are the key drivers of these trends, putting pressure on natural resources and driving urbanization, rural poverty, unemployment and precarious employment, and increasing the rural-urban-gap, leading to distress migration. Hunger is on the rise in the region mainly due to conflict. Child undernutrition indicators continue to improve; while overweight and obesity continue to worsen among both children and adults. Land and water scarcity are exacerbating agricultural difficulties under ongoing climate change.

¹ World Bank. World Development Indicators. The World Bank Group. Accessed Nov. 2019. <https://datacatalog.worldbank.org/dataset/world-development-indicators>. Based on modelled International Labour Organization estimates for 2018.

² FAO and IFAD. 2019. United Nations Decade of Family Farming 2019-2028. Global Action Plan. Rome. Accessed Nov. 2019. <http://www.fao.org/3/ca4672en/ca4672en.pdf>

³ FAO. 2018. Agricultural transformation in the Near East and North Africa Region and the Challenge of Youth Employment and Migration. Rome. Accessed Nov. 2019. http://www.fao.org/fileadmin/user_upload/bodies/NERC_34/MW318_5/MW318_NERC_18_5_en.pdf

⁴ Serraj and Pingali, eds. 2019. Agriculture & Food Systems to 2050: Global Trends, Challenges and Opportunities. Singapore. World Scientific. Accessed Nov. 2019. <https://www.worldscientific.com/doi/pdf/10.1142/11212>

5. A number of countries in the region, including Algeria, Egypt, Jordan, Libya, Oman and Saudi Arabia, stand to gain from a demographic dividend, whereby the share of the working-age population is larger than that of the non-working-age population. With nearly half of the region's population under the age of 24, the potential for economic growth and social change, particularly in rural areas, is unprecedented. Yet this potential can only be realized if the necessary policies are in place to ensure enough decent work opportunities in the rural areas. High unemployment rates and decent work deficits resulting from precarious and informal employment in the NENA region require policies for structural reform aimed at strengthening an enabling environment for the private sector and encouraging the growth of tradable sectors. Inclusive rural transformation requires strategies and investment plans to close the rural-urban gap by raising agricultural productivity, adding value along food value chains, strengthening rural-urban linkages, providing social protection to societies' vulnerable segments and enhancing public services in rural infrastructure, health, education and other sectors.

B. Challenges of smallholder agriculture

6. Small-scale family farmers in the NENA region are the backbone of rural communities. They produce more than 80 percent of agricultural production on 75 to 85 percent of the agricultural landholdings. Yet, in most countries, national priorities do not reflect their important role and their potential contribution to the countries' social and economic development. Rural areas have inadequate infrastructure and poor services compared to urban areas, and the majority of the poor live in rural areas.

7. In-depth studies of family farming in the NENA region show that, in most of the countries, agriculture is still carried out primarily by small-scale farmers, across a variety of farming systems (irrigated, highland mixed, rainfed mixed, dryland mixed, pastoral and arid). Agricultural land in small-scale family farming is devoted to crop cultivation in combination with small-scale stockbreeding using traditional technology (low-yielding varieties and cultivars and low levels of fertilization). In mountain regions, family farmers opt for fruit plantations and mixed farming, combined with small livestock. Elsewhere, in irrigated plains and in valleys and oases, farming systems grow crops for direct consumption and sometimes cash crops for export (citrus, vegetables, dates). Most SSFFs are at risk of falling into the poverty trap due to their increasing vulnerability to natural hazards, shocks and stressors, aggravated by their inadequate coping and transformative capacities because of limited access to resources, assets, skills and technologies. The increasing risk of transboundary animal, plant and fish pests and diseases, aggravated by climate change, increases the pressure on SSFFs in the region. Market-driven shocks, such as unstable access to high-yielding inputs and lucrative markets, increases SSFFs' vulnerability. The continuous fragmentation of inherited landholdings further decreases their ability to achieve the economic scale necessary to adopt high-yielding technologies and mechanization⁵. Addressing these multiple challenges requires comprehensive policy frameworks to drive collective farmer action which will enable farmers to access market opportunities and achieve scale, while preserving natural resources.

8. In the NENA region, about 25 percent of people still live in rural areas in upper-middle-income countries and more than 50 percent live in rural areas in lower-middle-income and low-income countries. Given the limited prospects of agricultural growth in the region, further constrained by water scarcity, a more integrated rural development approach must be adopted. This will require that policies, public investment and institutions in the region be assessed in terms of their effectiveness in fostering rural development and generating decent employment for the growing number of rural workers. There is indeed a need for reform, which will certainly involve addressing some questions related to governance and whether the centralized institutional setup is adequate to advancing integrated rural development. It is also necessary to revise current agricultural policy, which often favours crops with low levels of water productivity, such as cereals, over crops with higher levels of water productivity, such as fruits and vegetables. Such policy revisions must go beyond agriculture and capitalize on the territorial dimensions in development planning through a multi-sectorial approach. This will allow today's rural economies to reap the benefits of technological advances and digital technology that can

⁵ FAO, CIRAD, CIHEAM. 2017. Small-Scale Family Farming in the NENA Region. Synthesis. Cairo. Accessed Nov. 2019. <http://www.fao.org/3/b-i6436c.pdf>

modernize and diversify traditional rural sectors such as agriculture, agro-processing, tourism and agroecology to make them lucrative and sustainable.

II. Agro-territorial development and agri-food systems innovation: opportunities for boosting rural economies

9. Given the challenges that SSFFs face in the NENA region, this paper proposes a territorial approach as a development framework for agriculture and rural areas. An important characteristic of this approach is that it recognizes the diversity of development potentials of subnational geographic territories. The approach focuses on specific territories and is based on a multi-sectoral perspective of rural development, requiring strong coordination across sectors and levels of governance and between private and public actors.

Agro-territorial development: concepts, tools and potentials in the region

10. Rather than focusing on subsidies, territorial approaches focus on investing to strengthen rural-urban linkages and build capacity in rural communities. They create a balance between tangible and intangible factors, by emphasizing that public investment in infrastructure (such as roads, electricity and irrigation) provides the highest returns when intangible factors, such as human capital, knowledge, cooperation, partnerships, and local vocations, are recognized and mobilized in development planning. FAO has identified five agro-territorial development tools, which require different levels of private-public partnership and investment scales. They are: agro-corridors, agro-clusters, agro-industrial parks, agro-based special economic zones, and agribusiness incubators (FAO, 2017). Several countries have implemented different modalities of territorial approaches to rural development. In Latin America, in Mexico, Brazil and Chile for example, different combinations of the above-mentioned agro-territorial tools have been employed as the basis of successful rural development initiatives that increased rural employment, reduced poverty, diversified rural economies and enhanced food security. In China, investments in public goods and rural-urban connectivity was a key element of the country's rural development strategy (Box 1). In the NENA region, although uptake of the approach is still in its initial stages, the results so far are promising. A notable example is the incubator Flat6Labs Cairo, created in 2011 in Egypt, which generated more than 400 jobs over three years with a small investment of only USD 1.2 million. The Egyptian Government recognizes the potential of these territorial tools and is working to promote the growth of existing clusters, especially those in the poorest rural areas.

Box 1. China's experience in rural development

China's dramatic progress in reducing poverty over the past three decades is well documented. The country has achieved an annual GDP growth rate of nearly 10 percent, resulting in a tremendous increase in per capita income (from only USD 200 in 1990 to about USD 5 000 in 2010). This success is due to a long period of economic growth, accompanied by a series of institutional changes and public investments in rural-urban linkages that have stimulated agriculture and paved the way for rapid industrialization in both urban and rural areas. Agriculture grew more than 7 percent per year from 1978 to 1984, while the share of rural non-farm income in total income rose from 34 percent in 1985 to 63 percent in 2000 and to 71 percent in 2010.

China's enormous success in creating off-farm rural employment was largely a result of the Town and Village Enterprises (TVEs) initiative based on a territorial perspective of rural development. The initiative helped spur the development of rural cottage industries to meet local demand for goods and services as agricultural incomes increased. It helped move 223 million people from farming to non-farming activities between 1978 and 2006, while agriculture continued to grow, producing the necessary raw materials for manufacturing and generating demand for non-agricultural products. In 2006, the TVEs had grown to 23 million enterprises, provided 119 million jobs, and produced 40 percent of China's exports. The growth was supported by public provision of social safety nets and rural health services, two important elements for enhancing social welfare and positively altering attitudes towards taking entrepreneurial risks.

11. A key objective of a territorial approach is to ensure the inclusion of SSFFs, especially youth and women, by brokering collaborative arrangements between producer organizations and agro-enterprises in the target location. To benefit fully from such arrangements, SSFFs will need to be well connected to sources of knowledge, inputs and finance, and to profitable value chains.

12. The absence or malfunctioning of insurance and credit markets in rural areas in most NENA countries traps farming households in low-return activities as they are unable to take risks, thus perpetuating their poverty and low productivity. Farming communities without functioning credit markets tend not to adopt more sustainable and productive practices and technologies, such as modern irrigation and farm machinery. To correct these failures, dedicated financial facilities and investment vehicles are increasingly being used in agro-territorial development to support farmers and agribusiness. This is also essential for small-farming women and youth, who are often trapped in low value-added agricultural segments and value chains and have fewer opportunities for growth. They tend to work in unpaid family labour or on farms and in agri-businesses that offer low wages and no social security or other benefits. Agro-territorial tools that can support women and youth in working cooperatively and also in accessing markets, credit and agriculture inputs, are essential in harnessing the immense economic potential that this historically marginalized labour force has to offer. An example of financial facilities developed in the context of territorial development is the Beira Agricultural Growth Corridor initiative, in Mozambique, which envisioned three types of financial facilities for companies and farmers: 1) working capital to support agricultural production; 2) social venture capital to promote pioneer investments; and 3) long-term capital for agricultural infrastructure. Some agro-territorial tools can facilitate and improve the functioning of financial markets. This is the case of the agro-clusters in Egypt, based in local communities, where social capital plays a significant role in overcoming financial constraints.

Inclusive and sustainable value chains for boosting rural economies and youth employment

13. The planning and implementation of the five agro-territorial instruments mentioned earlier incorporate value chain interventions that aim to reduce costs, increase market competition and improve product and service quality, among other objectives. Sustainable value chain development initiatives should start by selecting strategically important value chains based on a holistic set of sustainability criteria adapted to specific local and project contexts, followed by analysing the selected value chains to identify the root causes of underperformance and the strategies needed to improve their sustainability. These upgrading strategies and interventions may include improving value chain linkages and coordination, improving support services (e.g. by establishing innovative value-chain finance schemes, enhancing linkages between value chain actors and input and service providers), and proposing and advocating for policy change. Value chain interventions and agro-territorial tools can go hand in hand and complement each other, as elaborated below.

14. For successful and inclusive value chains, it is essential that interventions promote active linkage between smallholder farmers, markets and customers, for instance by supporting the aggregation of farmer produce and facilitating farmer access to finance. In some contexts, inclusiveness will require layering value chain interventions with social protection programs for the most ill-equipped farmers, as well as connecting smallholders with social protection programs, such as home-grown school feeding programs, that can help to sustain demand for smallholder production and increase smallholder access to markets. All the agro-territorial tools typically cover multiple value chains and promote spatial synergies across them. They capitalize on the strong social capital that exists in communities in developing countries that can be harnessed to compensate for the financial constraints of local firms. Many low- and middle-income countries can also find dynamic pathways that connect local food systems to growing urban markets and seize market opportunities, despite the 'supermarket revolution'.

15. Growing evidence shows that the region's agricultural comparative advantages lie in commodities such as fruit, vegetables, oil crops and livestock products. Capitalizing on these advantages requires developing market opportunities along the value chains through agro-processing. Such opportunities will motivate SSFFs to exploit these comparative advantages. Currently, agro-processing development in the region is dominated by small, scattered enterprises with productivity levels far below

their potential. Agro-territorial development tools, such as clusters and agro-parks, can be the key to the consolidating these enterprises and gaining scale in a way that is more inclusive of SSFFS and SMEs. In China, industrial parks have helped small-scale park tenants grow into medium-sized and large enterprises. In Africa, governments and the private sector have been investing in growth corridors, and more than 30 such corridors are being developed or planned across the continent. Many agricultural areas where farmers currently practice low-productivity subsistence farming are soon likely to be connected to markets⁶.

16. Agro-territorial development tools should be implemented as part of broader development plans that acknowledge the potential synergies and trade-offs between different interventions. In remote rural areas, implementation should focus on strengthening linkage to the rest of the economy through investment in infrastructure and, if needed, through policies that mediate and redirect the impacts of structural and rural transformations to make them smoother and more inclusive. Interventions to increase agricultural productivity should be complemented with interventions to boost labour-intensive agro-processing that can absorb the already abundant rural labour force and those exiting agricultur. Tax policies are also important to create a balance between the positive outcome of productivity improvement (higher income) and the negative outcome (environmental degradation), while social protection policies are essential to reduce risks and encourage entrepreneurship. Furthermore, regulatory frameworks that foster an enabling business environment and improved governance are fundamental to reduce transaction costs that impede smooth market functioning and prevent farmers from adopting new technologies and exploiting market opportunities.

Agroecological innovation and climate-smart agriculture to improve family farming productivity, sustainability and resilience

17. If food production needs to increase substantially in the future, new forms of sustainable agricultural intensification are needed to produce more food with less resources, while respecting and making use of ecosystems' natural functionalities in order to increase the efficiency of external inputs (Tittonell, 2019). Transition towards agroecology can efficiently improve the health of soils and consumers, and that of farmers due to better and safer use of chemicals. Although numerous experiences using agroecological intensification principles have been documented recently, important challenges (such as scaling) remain unresolved (FAO, 2018). The ten elements of agroecology proposed recently by FAO should serve as guidelines for policymakers, practitioners and stakeholders designing, managing and evaluating agroecological transitions in the NENA region. Regional context specificities will need to be taken into account as well.

18. Agri-food systems in the NENA region face increasing risks owing to more frequent and severe extreme weather events (heat waves, droughts and floods) resulting from climate change, in addition to the chronic water scarcities that characterize the region. Often without warning, weather-related shocks can have catastrophic and reverberating impacts on the increasingly exposed global food system, impacting production, processing, distribution, retail, disposal and waste. Rural farming communities are amongst the most vulnerable to these impacts because of their direct dependence on climate and natural resources, their relative poverty, and their often poor access to support systems and safety nets. Ensuring that these communities are resilient to these changes requires the adoption of climate-smart agriculture (CSA) practices. In addition, considering off-farm livelihood diversification will be essential in the region to ensure rural employment is decent and climate-resilient (Figure 1). Investing in risk monitoring and early warning, environmental conservation, restoration of ecological biodiversity and degraded systems and promotion of more efficient and sustainable production practices are essential for enhancing the resilience of SSFF.

6 Byiers, B., Bizzotto Molina, P., Engel, P. 2016. Agricultural Growth Corridors: Mapping potential research gaps on impact, implementation and institutions. Rome. CGIAR. Accessed Nov. 2019. <https://ecdp.org/wp-content/uploads/Agricultural-Growth-Corridors-CGIAR-ECDPM-March-2016.pdf>

19. Innovation based on modern science and technology, in association with the use of big data tools, geographic information systems and remote sensing, can contribute significantly to maximizing the use of inputs and sustainable intensification in smallholder farming systems. Distributed ledger technologies, such as blockchain, can enhance the efficiency of agricultural supply chains in many ways, for example, by improving food safety through increased traceability. Blockchain technology is also seen as a monitoring tool for value distribution along the value chain, helping to improve the livelihoods of those in the lower tier and to monitor critical issues such as child labour. Technological innovation can play a role in making agriculture development more inclusive. Young people are at the forefront of the use and generation of new digital technologies that can help improve access to markets and inputs, transform extension services and facilitate financial transactions. These tools can also help rural women overcome barriers to mobility, reduce their burden of work and save valuable time. Simple phone applications that provide access to information on weather pollution and other biophysical parameters influencing agricultural productivity can help build resilience among young farmers, livestock keepers and fishers in the context of climate change.

20. Key CSA practices that should be encouraged in the region include the adoption of more appropriate crops – including drought-, salt-, pest- and heat-tolerant crop varieties – where possible. Selecting and breeding livestock that is better adapted to drought conditions could also increase the resilience of the mixed farming systems that dominate the region as well as the livelihoods of pastoralists. In addition to selecting appropriate crop, tree and livestock varieties, optimizing tillage and farm practices can hedge against potential yield losses. Such practices include adapting planting dates to changes in temperature and precipitation, introducing organic matter through manure and green manure, placing greater emphasis on winter rather than spring crops, improving water harvesting, and altering the fallow period to increase retention of soil moisture and organic matter.

21. In addition to options specific to crops or livestock, integrated and mixed crop-livestock agroforestry systems can provide systemic solutions for reducing risks by diversifying assets and production systems. Furthermore, effective on-farm planning and management will require more precise monitoring of temperature and precipitation trends under these more uncertain and extreme conditions. With effective climate monitoring and early warning systems, yield losses can be minimized. Finally, climate change will necessitate better post-harvest management and storage to reduce the food losses that could result from increased temperatures, variable precipitation, and pests and diseases. One option is for small-scale farmers to look at developing value-added products that have a longer shelf life. Governments can adopt and support such CSA innovations and solutions. These CSA solutions and innovations can be adopted in close alignment with their countries' Nationally Determined Contributions (NDCs) to the Paris Climate Agreement to ensure farmer productivity, efficiency and sustainability in the context of climate change.

Box 2. Climate-smart agriculture in NENA: a case study from Kodroka Forest Reserve

Climate-smart agriculture (CSA) is an approach that helps guide actions needed to transform and reorient agricultural systems to effectively support development and ensure food security in a changing climate. A successful example of CSA implementation in the NENA region comes from the Kodroka Forest Reserve in Northern State, Sudan. Much of the forest was severely degraded due to a combination of factors, including desert expansion, climate change and water management practices. Many of the farmers in the area were already noting the impact of climate change: they had had to adapt their planting and harvest times because of longer summers and unpredictable rainfall. FAO worked with the communities around the forest to establish an intercropped system on the degraded land where rows of crops were intercropped with trees, including acacia and eucalyptus. Within only a few harvest cycles, the area has become verdant and productive. The trees act as a buffer against the expanding desert, the crops enable the farmers to have a livelihood, and the careful cutting of the trees at specified intervals allow them to be harvested.

Institutional innovation: rethinking advisory services, producer organizations and rural institutions

22. Strong rural organizations are fundamental to rural development. Through their organizations, SSFFs can comply with environmental sustainability principles and can reach the economies of scale needed to adopt farm mechanization. Farmer organizations facilitate knowledge diffusion on best available practices and innovations and their adoption by SSFFs, focusing on practices that are economically viable and adapted to the local conditions and that boost environmental sustainability by producing more output with fewer resources. Rural Advisory Services (RAS) play a critical role in this process when they bridge the knowledge gap, making the sophisticated science-based information accessible to the wider audience of farmers. Such services can be offered by numerous stakeholders, including governments, cooperatives, NGOs and agribusinesses. However, traditional extension services offered through government agencies are often poorly funded and administered, leaving SSFFs to rely on other forms of technical advice, or none at all. In this context, the emergence of RAS delivered by the private sector can provide farmers with the essential agronomic and business knowledge needed to be more productive and earn higher incomes, while serving the private sector's business interests⁷. This enables farmers to ensure commercial viability, resulting in long-term mutual benefits for farmers, workers along the value chain, and shareholders.

23. Public-private partnerships and collaboration, investments to improve the delivery of and access to advisory services, decentralization, and autonomous farmer organizations can be crucial to efficient advisory systems that can meet the needs of SSFFs and respond to their socio-economic and local conditions. Moreover, advisory systems can facilitate dialogue within producer organizations to identify needs and influence policies in support of SSFFs. An efficient advisory system is the one that creates bridges across rural organizations, links the keys of knowledge held by different actors, assists with the application and use of such knowledge, and leads to innovations that are inclusive and gender-sensitive.

24. Social innovations, for instance creating short food supply chains between networks and individualities, can also drive growth and make it more inclusive. They can reduce community vulnerability and enhance resilience, and can be a powerful means to address social exclusion, strengthen social capital, and drive place-based territorial development. They can take many forms, from social enterprises, to multi-service centres, to environmental partnerships that aim to enhance water quality or biodiversity, to local development trusts and community-owned bodies that seek to fill gaps left by public or private sector withdrawal or to exploit opportunities.

Social protection as a supportive tool for inclusive rural transformation and improved resilience

25. Social protection is a crucial risk management tool for building resilient rural livelihoods, especially those affected by climate change. It allows poor rural households to invest in riskier but more remunerative livelihood activities, mainly by reducing liquidity constraints and supporting labour mobility. Evidence from many middle-income countries shows that social protection can also help contain income inequality and promote a more equitable pathway of structural transformation and growth.

26. Most NENA countries have used generalized consumer subsidies as the basis of their social protection systems since the 1940s, and are now gradually moving away from them while establishing targeted social protection programmes. This indicates that governments are recognizing the power of targeted support programmes for poverty reduction in the context of increased budgetary pressures. Tools such as unconditional cash transfers to vulnerable households, especially those most affected by the lifting of subsidies, can help SSFFs and other rural poor social segments (such as the landless) manage risks and cope with the consequences of climate and environmental shocks such as drought,

⁷ Rabatsky, R. and Krause, M. 2017. Private Sector Provision of Rural Advisory Services. Note 29. GFRAS Global Good Practice Notes for Extension and Advisory Services. Lindau, Switzerland. GFRAS. Accessed Nov. 2019. <https://www.g-fras.org/en/good-practice-notes/29-private-sector-provision-of-rural-advisory-services.html>

floods, heat waves, as well as market failures and production losses linked to inefficiencies and low productivity. A growing body of evidence shows that cash transfers need to be complemented with other components such as productive inputs, access to assets, and technical training and extension services in order to produce desired results in the long-run and encourage investment and asset accumulation among SSFFs and the rural poor.

27. Social protection programs go beyond simply enabling. They are also enhancers, especially in the case of contributory programmes such as social, agricultural and health insurance schemes. In this way, social protection protects the poorest and most vulnerable social segments from shocks, prevents them from resorting to negative coping strategies, and facilitates the transition from non-contributory systems (social assistance) to those that do not depend entirely on government funding. The increase of environmental disasters affecting the agricultural sector, for example, has been met with solutions such as weather insurance and other kinds of insurance related to production and inputs. In the NENA region, contributory systems exist, although uptake is often limited as a high proportion of work takes place in the informal economy.

28. Linking public spending on agriculture and social protection programmes can lead to synergy gains, furthering growth linkages and transformation but also enhancing the inclusiveness of both types of support. Targeted programmes have been showing positive outcomes, particularly in health and nutrition, as well as in school attendance. Well-designed programmes can also help prevent exploitative child labour and support education, as families are more likely to keep their children in school. The expansion of social protection to agricultural and informal workers in the region is one of the pressing points identified in multiple rural development strategies. However, to be successful, social protection must be flexible enough to allow geographical and sectoral mobility, which enables households to take advantage of the emerging opportunities across sectors and spaces. Therefore, targeting and portability in the design of social protection programmes are essential to address poverty in all circumstances.

29. During rapid structural and rural transformations, social protection is key to promoting social and economic inclusion. However, the costs of such programmes cannot be sustained in the long run unless they are accompanied by productivity growth across sectors. As such, there is a need to apply the right mix between agro-territorial investments and policies intended to achieve growth and create employment and tax and social protection policies intended to reduce inequality and enhance inclusiveness.

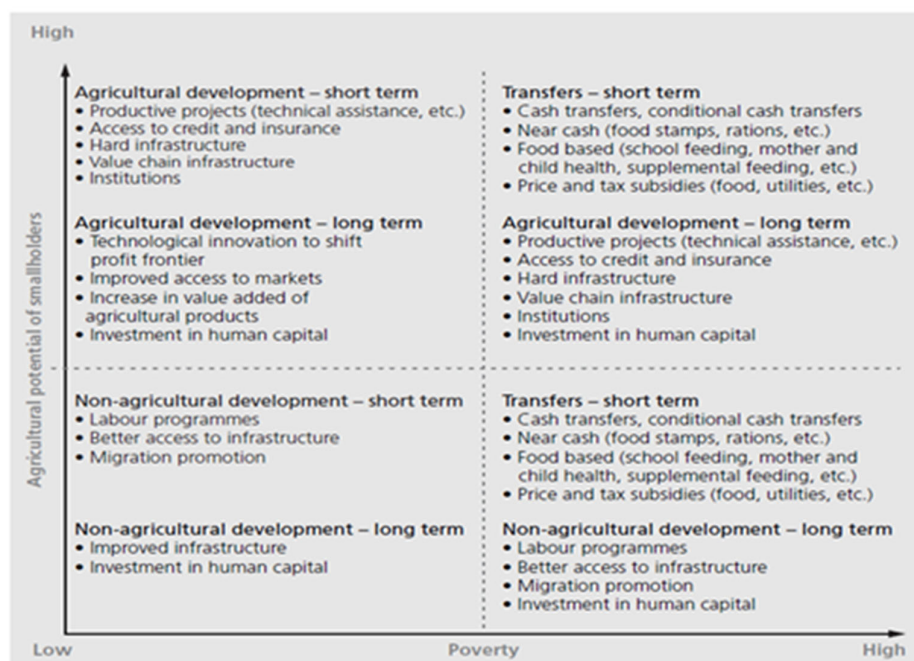


Figure 1. Example of prioritizing interventions based on agricultural potential and the level of rural poverty (Terrero, 2014).

30. As there is hardly a “one size fits all” policy guideline in a highly heterogeneous region such as NENA, a general framework for prioritizing development policies and territorial planning is proposed in Figure 1. The framework is based on country typology and uses two dimensions: potential for agricultural development and relative rate of poverty. For example, in countries and regions with high rates of rural poverty, priorities in the short-run are very similar, regardless of agricultural potentials. In this situation, immediate attention should be given to social protection programmes, including cash and near cash transfers, food aid and subsidies. However, employment-generating investments are needed in the long run. In countries and regions with high agricultural potential, the employment generation should be the core of investment efforts, in soft and hard infrastructure, aiming to improve agricultural productivity and expand value addition along the agro-food value chains. Facilitating access to credit will be essential to increase productivity and boost investments.