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Social Protection in Africa: examining the experience so far

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the MDGs: What scope for social protection?*

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SOCIAL PROTECTION IN AFRICA: EXAMINING THE EXPERIENCE

SO FAR

Kasirim Nwuke, Oumar Diallo, Jean-Claude Ndabananiyi
MDGs/Poverty Analysis & Monitoring Section
African Centre for Gender & Social Development
UNECA

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I- Introduction

It will be considerably incorrect to stipulate that social protection, broadly defined, is a relatively new instrument for development in Africa. Most African countries, in the immediate past independence years, instituted a wide range of social protection measures – from free medical service to free education at all levels to non-contributory pension schemes in the government sector. Some like Egypt, guaranteed employment for all university graduates. In still other countries, there were significant subsidies for food, agricultural inputs, and petroleum products. The marketing and commodity boards provided some form of insurance to farmers.

However, during the structural adjustment years of the 1980's, many of these instruments fell into disrepute and were abrogated. Policy emphasis was placed more on “economics”, to eliminate distortions in order to engender growth. Social development was seen as an end in itself and not contributing to productivity growth. In this climate, user fees were introduced in health and education and resulted in erosion of the enormous gains made in these areas in the immediate post-independence years. It also made it difficult for countries to allocate significant resources towards disease prevention and guaranteeing quality in the social sector. In the agricultural sector, the removal of agricultural input subsidies and abolition of marketing boards contributed to a significant decline in agricultural and rural incomes and to rural – urban migration. The adverse social consequences of the structural adjustment programmes (SAP) resulted in vocal calls for “adjustment with a human face”.

Concern about the adverse impact of SAP on the social sector led, during the 1980s and 1990s, to the emergence of an international consensus to bring social development back as a front-burner development issue. This consensus found reflection at a number of international fora, including the Copenhagen World Summit on Social Development, and was the impetus for the adoption of the International Development Goals, including the United Nations Millennium Development Goals (MDGs). The World Bank and International Monetary Fund similarly became a part of the reorientation when, in the late 1990s they agreed to grant debt relief to heavily indebted poor countries (under the Heavily Indebted Poor Countries Initiative) but required that debt relief gains be dedicated to the social sector in their poverty reduction strategy papers (PRSP), the prerequisite for debt relief.

Against the backdrop of Africa's slow progress towards the targets of the MDGs, there is a growing consensus that social protection schemes can be an additional instrument to reduce poverty reduction and achieve the other MDGs in Africa. Reviews of the African PRSP experience had affirmed that growth though necessary, was not sufficient to reduce poverty and achieve the MDGs in Africa, social policies are needed. Consequent upon this, many African countries have begun to implement an array of social protection measures in addition to the traditional ones such as pensions and employment-based health insurance. In some countries, non-governmental actors like Oxfam are introducing social protection schemes. There is like going to be an increase in the introduction of social protection schemes in a large number of African countries as the adverse impact of the current global downturn begins to be felt by large segments of African population.

Against this backdrop, the purpose of this brief note is to identify the experience of African countries so far with social protection. Its aim is to provide context for discussing the African experience and to inform the identification of areas for research.

Section 2

The importance of social protection in Africa's development has been acknowledged at the regional level, and more recently at the first African Union (AU)'s first Session of Ministers in charge of Social Development, held in Windhoek, Namibia, in October 2008. The Session proposed a Social Policy framework for Africa. During the same event, social policy was described as a mechanism that allows for measures to protect vulnerable groups by guaranteeing basic social and economic conditions, and that one of its basic functions is social protection.

There are three broad social protection instruments: i) contributory social protection instruments, in which individuals pool their resources to manage shocks to their livelihood), ii) non contributory social protection instruments, which featured by the provision of non-contributory benefits by the public or private agents, iii) the social protection of vulnerable individuals and households through the establishment of minimum standards and regulations reflecting national, regional and international norms. There is a large spectrum of social protection schemes, reflecting country specific conditions. These schemes/typology are summarized in the matrix below

Broad social protection instruments and specific social protection schemes in Africa

Table 1: Broad social protection instruments and specific social protection schemes in Africa

Broad social protection instruments	Specific social protection instruments schemes	Country examples	Remarks
<i>Contributory social protection instruments</i>	Contributory pension schemes	Nigeria, South Africa, Ghana, Egypt, Cameroon	<p><u>Benefits:</u></p> <ul style="list-style-type: none"> -Contributory social protection instruments have direct and indirect effects on poverty, labor supply, health and education. -Contributory social protection instruments can contribute to the development of domestic financial markets, thus promoting saving and investment. <p><u>Constraints:</u></p> <ul style="list-style-type: none"> - The most important failures in contributory social protection instruments are as follows: severe limits to the expansion of coverage, high transaction costs, financial sustainability evasion and non-compliance, and lack of competition. -Just as any other insurance schemes, contributory social protection instruments are confronted with hazard moral and adverse selection problems. -Limited capacity to manage efficiently the schemes on a national scale.
	National Health insurance schemes	Uganda, Nigeria, South Africa, Ghana, Egypt, Gabon, Benin, Namibia	
	Private health Insurance schemes	Zimbabwe, Zambia	

	Community-based insurance schemes	Rwanda, Mali, Guinea	<p>- Lack of skills and technology to improve efficiency with which these schemes operate;</p> <p>-Some, such as the weather or crops insurances weather or crops insurances, require sophisticated domestic financial sector, or at least capacity in trading these instruments, which very few countries have;</p> <p>- Exogenous shocks as HIV/AIDS put additional strains on the financial viability of these insurance-based schemes.</p>
	Weather or crops insurances	Ethiopia, Kenya, Morocco	
<i>Non Contributory social protection instruments</i>	Conditional cash transfers-cash for work	<p>-Cash for Work (CFW) in North and South Gonder Zone; Meket Livelihoods Development Programme (MLDP) and Productive Safety Net Program (PSNP) in Ethiopia;</p> <p>-Improving Livelihood through public work programmes in Malawi;</p> <p>-Zibambele in South Africa</p>	<p>-Most of the schemes are used as safety-net instruments and were introduced at the end of the 1980s and onwards. These schemes have been largely used to mitigate the effects of structural adjustment policies and or to address the needs of those who have not benefited from the recent economic revivals.</p> <p>-The schemes seek to provide income or kind-based transfers to the poor and the most vulnerable groups so as to allow them to meet their basic needs(nutrition, shelter, education, health and warm clothing)</p>
	Conditional cash transfers-fee waivers for health and education	-Public Assistance in Zimbabwe	

	Conditional transfers-food-based	<ul style="list-style-type: none"> -Child Survival Project in Gambia -Non-emergency food aid and food-for-work, Urban Food for Work (UFFW) in Ethiopia; -Internally Displaced People Relief Assistance Project in Liberia; -North-Central Food Response in Malawi. 	<p><u>Problems:</u></p> <ul style="list-style-type: none"> -As most of the schemes are targeted to specific groups, there is a potential for type 1 error (error of excluding those to whom the transfers are intended for: the needy) and type 2 error (error of including those who should not) -Costs of administering and monitoring the schemes might be substantial -There is a risk of further stigmatizing the beneficiaries, are the schemes are targeted. -Some of the unconditional transfers might alter the incentive structure in the economy, thus affecting effort and productivity. -The fiscal sustainability of some the schemes might put into question in the context of the current economic slowdown, with government revenues dwindling and additional demands for increased government spending.
	Unconditional Cash/voucher/in-kind transfers	<ul style="list-style-type: none"> -Dedza Safety Nets Pilot Project (DSNPP) in Malawi -Public Welfare Scheme (PWAS) in Zambia 	
	Unconditional cash transfers-poor household	<ul style="list-style-type: none"> -Minimum Income for School Attendance (MISA) as part of the Action Plan for the Reduction of Absolute Poverty in Mozambique; -Pilot cash transfer scheme Kalomo district in Zambia 	
	Unconditional cash transfers-old age pensions	Old-age pensions in Botswana, Namibia, Mauritius, Lesotho, Liberia and South Africa	

	Unconditional cash transfers-child and family allowances	<ul style="list-style-type: none"> -Orphan care benefit system in Botswana; -Minimum Income for School Attendance in Mozambique; -Child Support Grant and Care Dependency grant in South Africa; 	
	Unconditional cash transfers for households.	<ul style="list-style-type: none"> -The Hunger Safety Net Pilot Programme and the Pilot Cash Transfers for Orphans and Vulnerable Children in Kenya; -Mchinji Social Cash Transfer Pilot Scheme in Malawi; -Pilot cash transfer scheme in Kolomo district in Zambia. 	
	Unconditional cash transfers-disability pensions	<ul style="list-style-type: none"> -Disability Assistance in Liberia -Basic disability pension in Mauritius -Disability grant in South Africa 	
	Unemployment benefits	Unemployment hardship relief benefit (income-tested) in Mauritius	

	Family allowances	Transfers to needy families (income-tested) in Mauritius	
	Targeted input grants	-Starter Pack Program, targeting smallholder farmers, in Malawi -Protracted Relief Programme in Zimbabwe	
<i>Minimum standards and regulations</i>	Minimum wages and labour laws	Minimum wages are guaranteed in vast majority of African countries but effectively implemented in few countries only	<p><u>Advantages</u></p> <ul style="list-style-type: none"> -Increase the welfare of the low-skilled workers and the most vulnerable groups in the society; -Stimulate effort and productivity among low-skilled workers; -Boost consumption and aggregate demand, as the marginal propensity to consume tends to be the highest among the poorest households. <p>-Have low enforcement costs</p> <p>-Impose little impact of government budget, at best reduce the needs for government welfare programmes and impact positively government public finances.</p> <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> -Do not allow market forces to fully operate because providing little flexibility to firms to adjust wage costs in a context of economic downturn; -Reduce competitiveness , because disconnecting productivity to real wages; -Reduce potential demand for labour;

			<ul style="list-style-type: none">-Push up prices of goods and services, thus disproportionately affecting the poor.-Discouraging investment in human capital by private agents because providing incentive to earlier enter the job market instead of pursuing further education
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Source: Barrientos et al. (2008), HelpAge International and the African Union Commission (2008); Holmes and Jackson, (2008); United States Social Security Administration (2007)

Section 3: Conclusion

It is clear from the brief discussion above that there is a wide array of social protection measures being implemented across a large number of African countries. There is evidence that they are providing some security and insurance to the most vulnerable in African societies. There is also evidence that they are, by changing the set of incentives that people face, changing behaviour.

The current global downturn which has depressed commodity prices and negatively affected exports receipts, fiscal revenues and corporate and household incomes in much of Africa is likely to reduce the capacity of African countries to provide essential social services. The tightening of both domestic and global credit conditions further exacerbates these effects. According to the latest World Bank estimates, the current global crisis is likely to push an additional 50 million people into poverty (below the 1\$ a day poverty line) in 2009.

This rapid deterioration of the domestic and international environments poses additional policy challenges, as the continent strives to sustain the economic achievements of the recent years and make headway in achieving the Millennium Development Goals (MDGs). In particular, attempts to cushion the impact of the economic slowdown on the hardest-hit segments of the population requires a multi-pronged approach, including the development or the refinement of transfer mechanisms such as social protection schemes.

But these times also call for measures to protect the poor and most vulnerable in African societies. A vast array of social protection scheme is already in place in a wide number of African countries. The experience, although rich, is very little understood. There is a need for research to understand these schemes and to share the knowledge emerging from them.

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