



## African Social Protection Schemes: Implications for Achieving and Sustaining the Millennium Development Goals

### The Issue

In the last couple of decades social development has not received the attention it deserves. More recently, social development has gained impetus as an important objective of the development agenda as embodied in the Millennium Declaration, which was a combination of previous international agreements on social development. This has further been strengthened through the global financial and economic crisis that has exposed the vulnerability of the gains, albeit small, achieved in social development.

In Africa, social protection as an instrument of social development in tackling vulnerable groups' marginalization has taken on a renewed focus at all levels. At the international level, recognizing the strategic importance and necessity of ensuring universal social protection, the United Nations System Chief Executives Board adopted in April 2009 a Universal Social Protection Floor (SPF-I) as one of nine initiatives in response to the recent food, fuel, economic and financial crises\*. At the regional level, the African Union endorsed at Ministerial level in Windhoek, Namibia in 2008 a clear definition of social protection that *"encompasses a range of public actions carried out by the state and others that address risk, vulnerability, discrimination and chronic poverty. The right to social security in childhood, old age and at times of disability is expressed in a range of international Human Rights Declarations and treaties. Social security transfers in the form of, for example, pensions, child benefit and disability allowances are considered to be core elements of a comprehensive*

*social protection system"*. The meeting emphasized the need for African countries to put in place and implement inclusive social policy frameworks, within their respective development agendas.

Social protection programmes, have a direct impact on poverty alleviation through promoting equitable access to employment opportunities, health services, and education, and are thus key to achieving the Millennium Development Goals (MDGs). Social protection schemes are increasingly at the forefront of discourse on National Development Plans (NDPs) and Poverty Reduction Strategies (PRSs) as means for a more inclusive strategy to accelerate progress towards the MDGs. Evidence suggests that these schemes are playing a positive role in reducing poverty. However, empirically evidence on the experience of African countries that have, to varying degrees, introduced formal social safety nets and social protection schemes remains scarce. To better inform member States on the scope, efficiency and effectiveness of social protection as an anti-poverty instrument, the United Nations Economic Commission for Africa (ECA) conducted nine country-studies† on *"The scope for social safety nets and social protection schemes to advance progress on the MDGs in Africa"*. These studies examined the various social protection instruments in use, explored the extent of their entrenchment in NDPs, especially within the countries' medium-term expenditure frameworks and their financing mechanisms, analyzed the outcomes of the social protection schemes on poverty and inequality and proposed policy options for deploying social safety nets as an additional instrument for accelerating progress in Africa towards the targets of the

\* Several international organizations subsequently endorsed the SPF-I, among them the G20 Labor and Employment Ministers, the United Nations International Labor Office's (ILO) Global Jobs Pact, OECD-Povnet, the Forum of Ministers for Ministries responsible for Social Development, and the International Council on Social Welfare (ILO 2010).

† The countries studied are Algeria, Ethiopia, Kenya, Malawi, Mauritius, Namibia, Nigeria, South Africa and Tunisia

MDGs. This policy brief draws on these nine country-studies to identify commonalities in the development of formal social protection policies in Africa, and inform policymakers in articulating and implementing national social protection schemes as part of an overall strategy to protect the poor and advance progress towards the targets of the MDGs.

## The Study

The ECA studies described the salient features of the social protection instruments and their magnitude in the selected country, examining the extent to which social safety nets are embedded in NDPs, especially with the country's medium-term expenditure frameworks and the mechanisms by which they are financed. The studies also analyzed the concrete outcomes of the social protection schemes on poverty and inequality, including possible contribution to the targets of the MDGs.

**Main trends.** The studies find that there are three main features in the successful implementation of social protection schemes: legitimacy, institutionalization and typology.

*Legitimacy: Legal and constitutional foundation of social protection measures in Africa* --- The countries analyzed portray both the rights-based approach to ensure a legally established system for the provision and financing of transfers to individuals in case of specific needs. This is discernible with comprehensive social protection regimes in Algeria, Namibia, Mauritius and South Africa, to name a few. In the South African Constitution there is a specific mention that all citizens in need have a right to social security, while the Namibian Constitution also provides for social protection as part of its citizen's fundamental human rights and freedom. Other African countries investigated have introduced more specific legislation on vulnerable groups, for example Ethiopia established the rights to social protection of disadvantaged groups, such as people living with disabilities, older persons and vulnerable children and also identifies social protection as a government instrument to curb unemployment.

*Institutional and regulatory frameworks* --- The African countries studied have shown differentiated institutional arrangements with line Ministries of welfare and labor, women, youth and children designing and implementing social protection programmes. Some countries have identified social protection as a key strategy for addressing poverty, vulnerability and inequality in its long-term poverty reduction plan. For example, Malawi is currently reviewing a draft Social Support Policy aimed at enhancing and coordinating social protection programmes. Algeria, Ethiopia, Malawi, Namibia, Nigeria, South Africa and Tunisia have all enacted provisions institutionalizing national social protection framework, targeted towards vulnerable groups, such as the Children's Act, the Aged persons

Act and the Social Assistance Act in South Africa; the Developmental Social Welfare Policy, the Social Security Policy, the HIV/AIDS Policy and Strategy in Ethiopia.

*Typology of social protection schemes* --- The country studies have revealed a wide variety of social protection programs and social safety net. Conditional cash transfers in general are not a regular feature for the majority of African countries analyzed. Most social protection transfers however do fit into the characterization of social protection typologies, namely (i) *protecting incomes and consumption*, largely through cash or in-kind transfers, cash or food for work programmes, and food subsidies; (ii) *enhancing human development*, mainly via measures to ensure access to basic services (e.g. fee waivers and exemptions and subsidized health insurance), and nutritional supplements and fortification; and (iii) *promoting productive livelihoods*, through direct support to agriculture, such as starter packs or crop insurance, asset transfers (e.g. restocking of livestock), or microfinance. For example, in Algeria, social protection interventions include subsistence grants for the unemployed, people living with disabilities and older persons; community development projects; social inclusion activities and micro-credit programmes. The government of Malawi, with assistance from development partners has four types of social protection measure, including direct welfare programmes (conditional and unconditional cash transfers, school feeding programmes), productivity enhancing programs (work programs, subsidies), market intervention (price control) and policy changes. South Africa has by far the most elaborate and comprehensive social protection system in Africa. Social protection measures in South Africa include cash transfers and grants (targeting all vulnerable groups), public works programmes, subsidies, etc... Similarly, in Namibia, social protection schemes provide allowances, grants, subventions. Ethiopia is most notable, amongst a large range of programmes, for its Productive Safety Net Program (PSNP). The PSNP, a component of the Government's Food Security Program, targets residents of chronically food insecure areas and provides incentives to the most vulnerable households to engage in productive behavior.

## Outcomes of social protection strategies.

The impact of social protection schemes on the MDGs is generally expected to be positive and is critical for meaningful progress on the MDGs<sup>‡</sup>. For example, *Table 1* shows that in Malawi, social protection programmes have had positive effects on Goal 1 (Poverty

<sup>‡</sup> World Bank. (2003). "The Contribution of Social Protection to the Millennium Development Goals" Social Protection Advisory Service MSN G7-703. Washington DC; and Balamoune-Lutz, Mina (2010), *Social Protection and Africa's Progress Towards Achieving MDGs Social Safety*, Background paper to the European Report on Development 2010, European University Institute, Florence.

**Table 1: Social protection outcomes and the MDGs in Malawi**

	MDG 1	MDG 2	MDG 3	MDG 4	MDG 5	MDG 6	MDG 7
Cash transfers	High	High	Medium	Medium	Low	Medium	Medium
School feeding	High	High	High	High	Low	High	Low
Public works	High	Low	Low	Medium	Low	Low	High
Farm input subsidy	High	Low	Low	High	Low	Medium	Low

**Source:** Chirwa, E. (2010). "The scope for social safety nets and social protection schemes to advance progress on the MDGs in Malawi". ECA Publication.

Reduction) and Goal 4 (Child Health). The information in Table 1 whilst specific to the Malawi case is applicable to all the countries involved in the study. Indeed, the social protection schemes have contributed to poverty reduction, through improving food security and access to education and health services, however the magnitude of impact is not quantifiable due to the lack of coordination between social protection programmes and MDGs-related activities, and weak data collection systems. South Africa's social protection schemes have been particularly effective, mostly due to the fact that South Africa's social protection framework is comprehensive, it is not conditional, it has a legal foundation, has regulatory frameworks, and is funded by the government, thus ensuring continuity.

**Challenges.** The studies identify three major types of challenges faced by African countries in the successful implementation of social protection measures and achieving the MDGs by 2015: institutional, data and financial challenges.

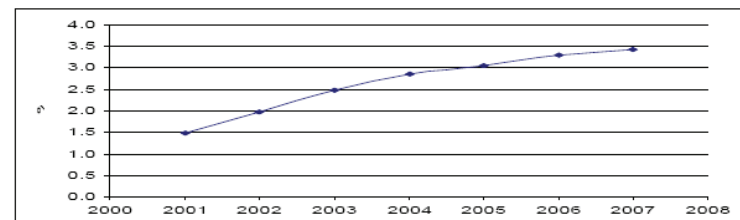
**Institutional challenges** --- Institutional obstacles, such as the problem of ownership of programmes between ministries and various tiers of government, including lack of coordination and duplication of efforts, lack of institutional guidelines, ineffective targeting of beneficiaries, financial unsustainability, and disruption of programmes implemented by development partners.

**Data challenges** --- Inadequacy or absence of data thwarts the ability to plan for and meet the needs of beneficiaries, and hindering the assessment of cost-efficiency and cost-effectiveness. The inadequacy or absence of national registry instruments such as birth and death records and of identity cards also constrain targeted service delivery and encourage corruption, patronage and misuse, sidelining the most vulnerable from accessing measures aimed at them. Additionally, weak data, along with financial constraints and poor design makes monitoring, evaluation and long-term impact assessment of programmes difficult.

**Financial challenges** --- Financial sustainability of social protection programmes is a serious challenge that affects the continuity of social protection measures.

Small-scale social protection projects, while generally more successful, remain too small for significant impact at the national level. But their expansion is restricted by budget constraints and limitations of human and technical resources (See Figure 1). Social protection programmes require considerable funding, unaffordable to most governments given the magnitude of vulnerable groups. Even when political commitment is at its highest, African governments are faced with significantly large vulnerable populations exacerbated by the recent crisis and a small operational budget. Most African countries have to depend on development assistance to fund their social protection schemes. However, development partners operate within the limits of their national interests, as well as on project-basis (pilot or not), making funding for interventions intermittent and unreliable.

**Figure 1: Social grants as a percentage of GDP in South Africa**



**Source:** South African Social Security Agency (SASSA) Annual Report 2007/08 and National Treasury (2007) from Gwatidzo, Tendai. (2011). "The scope for social safety nets and social protection schemes to advance progress on the MDGs in South Africa". ECA Publication.

## Policy Options

To successfully address the challenges posed by poverty and socio-economic exclusion, the nine country studies on "The Scope for Social Safety Nets and Social Protection Schemes to Advance Progress on the MDGs in Africa," outline several policy options, which African policy-makers need to consider.

**Legitimacy** --- The codification of social protection as a fundamental right of citizenship in legal apparatus will ensure the establishment of institutional frameworks, national guidelines and budget provisions.

**Fiscal sustainability** --- As countries move toward social protection policies, they must secure innovative financing schemes that lead to sustainable implementation. The development of partnerships with the private sector is one mechanism of reducing the financial roller-coaster of aid dependent funding. Under the rubric of corporate responsibility, for instance, new financial sources can be established.

**Coordination, Monitoring and Evaluation** --- The establishment of national guidelines along with effective monitoring and evaluation mechanisms is a necessary step in order to coordinate programs, to determine successful intervention approaches, to assess impact and to conduct cost/benefit analysis of programs.

ECA provides support to African countries in the area of development finance through its analytical work, advocacy, knowledge sharing and technical support. In addition to building consensus and developing common positions regarding financing for development, through its Conference of Ministers, ECA has also built strong partnerships in support of Africa's development by supporting the AU in its engagement in the G8 and G20 processes and in the C10 processes. ECA has also provided technical assistance and direct support to the NEPAD Planning and Coordinating Agency (NPCA), the African Peer Review Mechanism (APRM), and the Regional Economic Communities (RECs).

## Implications

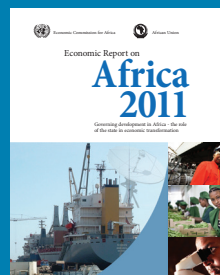
Without equitable access to employment opportunities, health services and education, African populations will not be lifted-out of chronic poverty and African countries will not achieve the MDGs, or sustain gains already made. Further aggravating the situation, though the proportion of people living in extreme poverty (Goal 1) is decreasing, the absolute number of people living in extreme poverty in Africa will continue to rise due to high population growth levels<sup>§</sup>. Political commitment for cross-sectoral policies addressing the underlying causes of poverty and inequality is of paramount importance. To this end, clearly articulated and implemented social protection schemes that are comprehensive, not conditional, and based on a strong legal foundation with regulatory frameworks should be an integral component of African development endeavors.

Inevitably, questions regarding the financial and technical resources needed to implement large-scale and sustainable programmes arise. Countries will have to find innovative ways to fund interventions, including domestic resource mobilization and targeted development assistance. This is of utmost urgency, in light of slow recovery from the global financial and economic crises and escalating food prices. To this end, ECA is leading the political discourse in promoting social protection schemes in Africa through further studies on funding mechanisms and innovative resource mobilization.

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<sup>§</sup> ECA, AUC, AfDB, UNDP. (2010). "Assessing Progress Towards the Millennium Development Goals in Africa 2010"

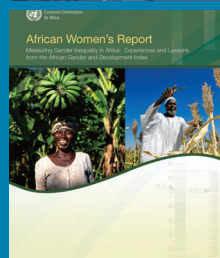
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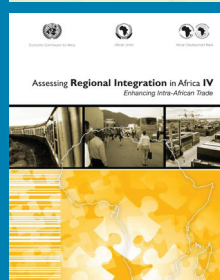
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