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Prepared by
Marius Olivier
Maria McLaughlin

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1. Final workshop

1.1 Introduction

This report contains a summary of the main outcomes of the final project stakeholder workshop, including the comments made and conclusions reached at the workshop. The workshop, foreseen as Phase V of the project, was held in Addis Ababa, Ethiopia on 25 February 2013.

1.2 Presentations and discussion

The workshop was opened by the Ambassador and Head of the European Union (EU) Delegation to the African Union (AU), His Excellency Mr **Gary Quince**. He underscored the importance of social protection (SP) in the African context, given the fact that it is being considered for inclusion into the post-MDG (Millennium Development Goals) agenda, the role played by the EU in SP in sub-Saharan Africa (SSA) via the Joint Africa-EU Strategy, more particularly the Partnership on "Mobility, Migration and Employment", and the relevance of the EU "Agenda for Change" (providing the policy framework for EU development cooperation), and the first EU policy position in supporting SP in the EU's work, i.e. the European Commission (EC) Communication on Social Protection in the EU Development Cooperation (2012). He stressed that inclusive and sustainable development cannot be achieved if the most vulnerable members of society are left behind in the creation of wealth.

Following the opening remarks by Ambassador Gary Quince, Mr **Nick Taylor**, Head of Sector, Employment Social Inclusion and Social Protection, Development and Cooperation-EuropeAid, DEVCO, Unit B3, European Commission, gave a brief presentation on the *Commission's Communication on Social Protection in EU Development Cooperation,* which constitutes the first EC policy framework in the field of SP and which followed an extensive consultation with Governments and Civil Society, including two major round table meetings in Africa.

The Team Leader/Consultant and Senior Social Protection Specialist, Professor **Marius Olivier**, presented on *'High-level mapping and overall assessment of existing social protection programmes in sub-Saharan Africa'* and *Reflection on EC and EU Member States' involvement in national social protection programmes in sub-Saharan Africa'*. As regards the first theme, he reflected on a context-specific SP definition for SSA, the need for SP in SSA, the policy and regulatory framework for SP in SSA, the need to ratify and implement relevant international, continental and sub-regional SP instruments, factors inhibiting the effectiveness of national contributory schemes, problems experienced with national non-contributory arrangements, and important SP reforms taking place in SSA. In conclusion, he stressed the need to adopt targeted SP policy, SP strategy and legal frameworks; to develop synergies amongst SP interventions; to address deficiencies in the different categories of national schemes; to improve and upscale social transfer schemes, and to ensure government ownership at all stages. In discussing the second theme, he indicated the basis for EU involvement in SP in SSA, and discussed the nature and extent of EC/EU Member States' (MS)/development partner involvement in this regard. While there is ample evidence of alignment with national priorities and harmonised efforts, there are also several contrary indications, including overlapping and un-coordinated mandates and donor-driven programme establishment and support. An integrated focus on SP may be lacking, limited (but increasing) impact assessment is undertaken, and proper links with labour market interventions appear to be absent. The need for government ownership and for harmonisation was emphasised, as well as the need to limit donor involvement primarily to supporting the establishment of SP programmes and structural assistance, and to prioritise national budget support. The EC and EU could also play an important role in helping countries to address affordability.

In the discussion that followed, participants emphasised the creation of fiscal space by removing (regressive) consumer subsidies. The importance of a regime that ensures that cross-border portability of social security entitlements is both financially and physically possible was stressed. Reference was made to experience in this regard in other parts of the developing world (e.g. Latin America) but also recent steps taken in other parts of Africa to establish such a regime – for example in the East African Community (EAC) and in the Economic Community of West African States (ECOWAS). Also, in the Southern African Development Community (SADC) the matter is debated, with reference among others to the Code on Social Security in SADC and the drafting of the envisaged Protocol on Employment and Labour. It was also debated whether it would be possible to set a minimum SP package standard for SSA countries – this, it was suggested, should be treated with caution, given the significant divergence of socio-economic profiles of SSA countries. It was also mentioned that the AU Social Policy Framework already gives some direction in this area. The link between domestic funding and national ownership of SP programmes was also debated; it was emphasised that SP programmes should be nationally owned and executed: development partner support in the form of financial and technical assistance may be required. Delegates also expressed concern that a social assistance/non-contributory response to poverty should not lead to welfare dependency; it was pointed out that the reality is also that some beneficiaries of non-contributory schemes will remain permanently vulnerable. Nevertheless, prudent steps should as far as possible be taken to move welfare beneficiaries into income-generating activities. However, such links are currently weakly developed in SSA. The issue of labour mobility and resultant SP linkages was raised by some participants. This implies among others that attention be paid to the portability of benefits, the flow of remittances, the involvement of the diaspora in SSA country development; and the adoption of unilateral measures by countries whereby they extend social security coverage to their own people who migrant. Finally, it was stressed that there is a need to have a clear understanding of what 'graduation' entails: as indicated above (see also below), there are some beneficiaries who may never be able to move out of poverty and dependency.

'*Linkages between social protection and the labour market and (self) sustainable livelihoods*' was presented by Ms **Maria McLaughlin**, Decent Work Specialist, Consultant Team. Labour market in this context refers to all formal, non-formal and income-generating activity. Non-formal, low-productivity and smallholder agriculture is dominant in SSA. Self-employment or unpaid family labour, inadequate social protection, low average earnings, unsafe working conditions is the reality of the working poor. EU labour market intervention focuses on addressing the poverty and vulnerability of low-income earners especially in the informal economy. Sustainable livelihoods intervention addresses the safety nets and productivity relationship for income and consumption smoothing and outcomes are varied, including self-sufficiency, improved productivity, affordability of food supplies, consumption smoothing, income stabilised, minimised dependency.

SSA labour market intervention options include public works, micro enterprise, technical skills training, employment services, and wage subsidies. Combination interventions are more effective in promoting graduation to self-sufficiency or improved human capital. Sustainable livelihoods intervention options involve a convergence of welfare and market-oriented supports, and include asset, cash, and food transfers, price controls; public food stocks, input subsidies; as well as labour market interventions for rural poor without land or who have surplus labour. In designing labour market and sustainable livelihoods interventions it should be noted that though some beneficiaries will graduate out of vulnerable status, some will never graduate, and others will return to vulnerability according to seasonal, climatic or economic patterns. Support to set up and maintenance of systems (e.g. management information) is crucial. And finally, time-restricted donor inputs have to contribute to a long-term social protection framework as much as to mitigating crises.

The question and answer period that followed discussed the principle of 'graduation' and that although the overall objective for any SP system is movement upwards, the reality of social protection is that assistance and a safety net for a nation's people will always be necessary. As well, the need for increased linkages between the labour market and job seekers (specifically for youth) through vocational trainings, targeted interventions based on need, and the cost-benefit analysis for national governments in deciding how much to invest (and through what medium) were shared. Increased attention is required to the link between basic education systems and employability of the labour force. It was also pointed out that graduation can refer to the move from social protection to contributory social security options, though it was recognised that this only applies where formal social security systems are available and accessible to currently informal economy actors.

In his presentation on *'Current Trends on Social Protection in Africa and the Role of Civil Society Organisations (CSOs)*, the Executive Director of the Africa Platform for Social Protection (APSP), Dr **Tavengwa Nhongo**, highlighted recent SP developments, including the institutionalisation of SP in government programmes, the signing of the SP Floor Recommendation of the International Labour Organization (ILO), the prominence of SP in the post-2015 Millennium Development Goals (MDGs) discussion, the key stabilising role that SP safety net programmes play as an alternative to emergency support, in engaging the youth and the development of fragile states, and clear evidence of political commitment to SP. There are also indications of an enhanced relationship between government and CSOs, as is evident from the advice and support sought from CSOs and the fact that many senior government officials and office-bearers come from the ranks of CSOs. The CSOs are themselves quite active in this area, among others via comprehensive campaigns. He finally mentioned a number of current gaps, such as the more limited SP role that Regional Economic Communities (RECs) fulfil, in comparison with what the AU does in this area; the failure to see/develop linkages between the SP Floor concept and the AU SP Framework; underreporting by the media; a non-engaged private sector; and insufficient support given to CSOs by development partners.

In the ensuing discussion participants raised the important role that civil society, trade unions and local authorities could play and the need to ensure the EC's continued support for this role through EuropeAid grant programmes such as Investing in People; whether synergies/conflict exist between the AU SP Framework and the ILO Recommendation on National Floors of Social Protection; weighing up the benefit of SP against the costs of not having SP in place for SSA; the varying levels of involvement and the relevant challenges CSOs face in legitimising their role (as they have little legal basis), and pushing the SP agenda in African policy discussion at the ministerial level in times of economic strife.

'Fiscal space in the context of domestic resource mobilisation' was presented by Mr **Nick Taylor**, Head of Sector, Employment Social Inclusion and Social Protection, Development and Cooperation-EuropeAid, DEVCO B3, European Commission. EC

policy on fiscal space for social protection in SSA is guided by the Communication on Social Protection in EU Development Cooperation, the Communication on Taxation and Development and the Communication on the 'Future Approach to EU Budget Support to Third Countries'.

Three main opportunities for increasing fiscal space in SSA were presented. The first opportunity is the development of innovative financing through tax earmarking which could play a significant role in the medium term. VAT and taxation of natural resource extraction are particularly suitable. Challenges to tax earmarking include effective redistribution of funds, promotion of MDGs, the extent of poverty to be reduced, overall levels of economic growth, and transparency. Economic growth is the second opportunity for increased fiscal space, since it is observed that as countries mature economically, higher levels of protection can gradually be achieved. The short-term outlook for economic growth in SSA countries is broadly positive and average SSA annual growth of about 5.25% was recorded in 2012-2013. The third opportunity is found in reallocating expenditures in the search for efficiency. This is the main potential opportunity gains in most SSA countries. Waste of resources on consumer subsidies is an on-going issue and transfers to finance the structural deficits of public pension funds are also being tackled to improve efficiency (e.g. Indonesia). To that end, participants were quick to point out costs associated with not offering SP; the challenges, as practitioners, in ensuring that money earmarked in the national budget for SP programmes is actually used for the intended purpose and the challenges they face in convincing their superiors on the value in investing in national SP schemes when the focus of most African governments is squarely on economic growth.

Professor **Marius Olivier**, Team Leader/Consultant and Senior Social Protection Specialist, then dealt with *'Extension of social protection to the informal work context'*. After reflecting on the reality and description of informal work as well as the reasons for and impact of (current) limited protection, he indicated that comprehensive developments are taking place in this area in the developing world, along five main lines: (i) Widening of the coverage base and innovative conceptual developments; (ii) Complementary institutional mechanisms; (iii) Specialised contribution and benefit frameworks, targeted on the context of informal workers; (iv) Other preconditions for the successful extension of coverage (e.g. high-level political commitment; stakeholder consultation; a supportive framework; and appropriate communication); and (iv) Application of the human rights framework to this area. In the discussion that followed, other examples of successful coverage extension, such as coverage via the National Pension Scheme in India, and innovative developments in Ghana (e.g. universal health insurance) were mentioned. It was stressed that incentives to persuade informal workers to participate in contributory social security schemes should be in place. This could be achieved via (a) specially designed contribution and benefit modalities, (b) granting informal workers who participate in social security schemes access to other related services, and (c) sharing with formal economy workers (and their employers) the administrative platform, which amounts to a cost saving for participating informal workers.

'Achievement and challenges on implemented programmes in Ghana' was presented by Honourable **Nana Oye Lithur**, Minister for Gender, Children and Social Protection, Republic of Ghana, and Ms **Maria McLaughlin**, Decent Work Specialist, Consultant Team. The Honourable Minister informed that she came into the post only two weeks previously and is engaged in setting up the new Ministry of Gender, Children and Social Protection. The Government is reviewing all the existing social protection programmes with a view to restructuring social protection expenditure. This may require a reduction of the general subsidies programming and an increase in the cash transfer Livelihoods Empowerment Against Poverty (LEAP) flagship programme.

Maria McLaughlin described Ghana as having a population of 25 million and it was designated a middle income economy in 2011. The country has had over 20 years of sustained economic. Despite a significant drop in the national poverty rate, 11.4% of the population still live in severe poverty. A new Social Protection Policy is expected in 2013 and a Ministry of Gender, Children, Social Protection was created in 2013. Social protection is also reflected in the Ghana Shared Growth and Development Agenda (2010-2013) and various sector policies. Up to 60 basic social protection programmes and an on-going rationalisation study will contribute to the development of a more coordinated social protection framework. The largest programmes are the Livelihoods Empowerment Against Poverty (LEAP) and the Social Investment Fund cash transfer programmes and the National Youth Employment Programme.

Formal social security provisions cover less than 10% of the population. The 2008 National Pensions Act created a new contributory three tier pension. The Informal Sector Fund has a membership of 90,000. Half of the voluntary contribution goes to Occupational Scheme Account (can be withdrawn after six months), and half goes to the Retirement Account. The National Health Insurance Scheme covers 67% of the population, though only 33.4% are active members. Labour Market Integration interventions include the National Youth Employment Programme, rehabilitation of twenty five community development training institutes, labour intensive public works and a small loans scheme. Sustainable livelihoods interventions focus on income-generating capacity of smallholder cocoa or semi-subsistence crop farmers. Interventions include the 2004 Integrated Agriculture Input Support Programme, and the Savannah Accelerated Development Authority launched in 2011.

Fiscal space for social protection expenditure usually occurs through economic growth, tax earmarking, and reallocation and reduced wastage. Ghana has demonstrated room for optimism not only in terms of innovative and strategic use of short term donor funds, but also in terms of reform of the legal framework to manage new and existing state revenues, particularly in extraction. The National Health Insurance Scheme is part funded through a levy on VAT payments. Government commitment is apparent but better coordination is required within and between the Ministry of Finance and Economic Planning, Ministry of Gender, Children, Social Protection and sectorial ministries. The EC and other development partners are cooperating with Government efforts on social protection. These include the United Kingdom (DFID), Germany (GIZ), World Bank, Africa Development Bank, and ILO. Despite Ghana's increasingly sophisticated social protection landscape, poverty, unemployment, inequality is pervasive and social protection systems are still fragmented. EC, member states and development partners can lend further technical and operational support to social protection policy development, budgeting and programme planning.

In response to a question from a participant, the Minster confirmed that social workers are being informed on linking clients with social protection instruments as part of their on-going training. Participants were also interested to see the Government’s plans for the next phase of the LEAP programme, though the details are not yet available.

The Team Leader/Consultant and Senior Social Protection Specialist, Professor **Marius Olivier**, then reflected on *'Achievements and challenges on implemented programmes in Lesotho'*, followed by a short intervention by the Principal Secretary of the Ministry of Social Development of the Kingdom of Lesotho, Ms **Limakatso Chisepo**. He indicated that despite prevailing socio-economic conditions, Lesotho has achieved remarkable results in relation to its size and with regards to incrementally building a social assistance and social protection floor (SPF) edifice. It has made substantial progress along the road of developing SP initiatives aimed at providing minimum

levels of protection – even before this has become an official UN initiative, and of introducing (in some respects nationally-funded) social assistance measures targeted at categories of the indigent and vulnerable. Some acceleration has occurred in recent years. Simultaneously Lesotho is contemplating the establishment of a contributory-based comprehensive national social security scheme, to provide coverage for Lesotho workers and their families, prompted partly by insufficient protection available in certain critical social security areas: e.g. retirement, disability, survivorship, sickness, maternity, employment injuries and diseases. These arrangements are to be extended to self-employed and informal workers and their families. And yet, Lesotho is faced with many challenges: poverty is endemic among the 2 million Basotho (56% below the national poverty line (2003)); the third highest HIV/AIDs prevalence in the world (23,6%); food insecurity; and high unemployment (29%) and informal employment (72%). Although there is evident political willingness to create fiscal space for SP, income from particular sources (e.g. the South African customs union revenues) has been unpredictable.
He then also dealt with *'Recommendations for supporting the establishment and strengthening of social protection systems'*. Issues covered during this presentation include the strengthening/utilisation of the international, regional and sub-regional standardised framework; the need to develop and implement a national standardised policy and legal framework; the call for coordinated responses which emphasise prevention, transformation, exit, graduation and sustainability; a focus on the accommodation of vulnerable contexts and groups; increasing national ownership, funding and execution; and the importance of sub-regional support and differentiated approaches. Workshop participants confirmed the relevance of a partnership approach, which should also involve civil society and trade unions; and emphasised the correlation between government spending on SP and GDP.

2. Concluding remarks

Mr **Nick Taylor**, Head of Sector, Employment Social Inclusion and Social Protection, Development and Cooperation-EuropeAid, DEVCO B3, European Commission presented concluding remarks on behalf of the European Commission to close the workshop. He reminded delegates that informality and labour migration are two of the greatest challenges to progress on social protection. Various donors are defining social protection differently and this fragmented and old fashioned approach is restricting progress. There are a number of positions which can be taken by the EU to support the development of social protection in SSA countries at the national, regulatory and political level. A lot of social protection progress is already government led and the EC can support governments in the development of their operational frameworks. The importance of political leadership cannot be overstated and the EC can support strengthening of social protection ministries to be able to make the case to ministries of finance for necessary expenditure.
The role of regional and sub-regional bodies in the design of social protection infrastructures should not be overlooked. The European Commission is committed to supporting the development of nationally-owned social protection systems (as clearly stated in the Communication for Social Protection) in a spirit of partnership. This will in effect mean a strong focus on providing demand-driven technical assistance to support capacity development for national governments and their administrative bodies, together with the development of legislative and technical instruments. At the same time, budget support will continue to be a key mechanism for supporting the development and implementation of social policy in general, including social protection, as the economies of partner countries continue to grow and our partner governments develop their capacity for domestic resource mobilisation.