: Conference Report

Potsdam Spring Dialogues 2018

sef:

Strengthening Social Protection in Africa. National, regional and international strategies

Rebekka Hannes

Social protection is a human right. However, this right is not a reality for around 71 percent of the world population that remains unprotected or only partially protected. Africa is the continent with poorest access to social protection. Numerous countries on the continent have adopted measures to improve social protection in recent years. A large number of relevant initiatives have been established at both regional and continental level. How successful are they and what are the associated challenges? How can the necessary resources be mobilised to finance social protection on a broader scale? What kind of support can the international community provide? And is universal social protection by 2030 a realistic goal?

Around 80 policy-makers, advisors as well as stakeholders from academia, civil society and the private sector discussed these questions during the Potsdam Spring Dialogues on 19-20 April 2018. The conference addressed the topic of "Strengthening Social Protection in Africa. National, regional and international strategies". It was organised in cooperation with the Sector Initiative Social Protection of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). The event was officially opened by State Secretary Anne Quart from Land Brandenburg, indicating that also in Europe strengthening social protection remains a crucial issue.

Potsdam Spring Dialogues 2018: Ute Lange (Chair), Raania Rizvi, Keetie Roelen, Bessie Msusa and Regine Kopplow (l.t.r.)

Individual solutions are needed

In the opening keynote, Ebenezer Adjetey-Sorsey, Executive Director of HelpAge Ghana and Chairman of the Board of the Africa Platform for Social Protection, emphasised the significant increase in social protection in Africa and its contribution to social justice. Social protection could reduce risks and vulnerability while also being an investment in the future of people and societies as a whole. Social protection, therefore, "is both a right and a tool for empowerment," he said. Countries like Ghana have already established constitutional provisions on social welfare. In many cases, however, social protection would not reach those in need due to corruption, a lack of capacities or issues around provision. In Ghana, for example, life expectancy is below 65. Pension provision, which starts at 65, may not be an adequate tool.

To Adjetey-Sorsey, the main reason is that social protection in Africa still relies largely on donor funding. "It takes away the commitment of governments and regional initiatives," he criticised. African social protection offices would often know about their donors' strategies – but not about their own national agendas. As a consequence, national social policies from other world regions or countries with completely different contexts would be replicated instead of developing social protection approaches tailored to each African country. To him, "social protection in Africa looks reactive".

Hans-Peter Baur, Head of the Democracy, Human Rights, Social Development, Digital World Directorate at the German Federal Ministry for Economic Cooperation and Development (BMZ), agreed in his opening remarks that ownership by national governments is key. The increase in donor investment in social protection needs to go hand in hand with domestic resource mobilisation for and more efficiency of social protection systems. External actors like BMZ can support their partner countries in strengthening the resilience of their social protection systems, also with a focus on long-term sustainability and adaptation to new risks such as climate-related impacts. In order to make social protection a reality for everyone, he encouraged countries worldwide to join "USP 2030", a global push for universal social protection spearheaded by ILO and World Bank.

In reality, many social protection programmes in Africa, e.g. Ethiopia's flagship National Social Protection Policy (NSPP), are still largely donor-driven. Countries like Ethiopia are aware that their reliance on donor funding has to shrink in the future, as Alexander Pick, Fiscal Economist at the OECD Development Centre, pointed out. For him, donor reliance brings about a structural problem. Economically, it would be wise to start a small pilot and then roll out, as has been done in Zambia. "But of course, it is politically difficult to say 'start small because that's all you can afford' when the challenges in a country are huge," Pick argued.

Mobilising domestic and global resources

"Social protection actually is affordable," Adjetey-Sorsey emphasised. To make it a priority and to generate the necessary resources, it would need to be included in national development plans. "Sometimes we forget that we have the capacities ourselves," he said.

Pick pointed out that Africa will have to increase its social protection spending substantially in the next few years, considering the low average age of African societies. Countries would have to find ways to finance social protection, which means challenging existing path dependencies and competing priorities in national budgets. He warned against an over-reliance on indirect taxation as it could increase inequality.

Dr Francesca Bastagli, Head of Programme, Social Protection and Social Policy at the Overseas Development Institute (ODI), also stressed the importance of the source of funding. Her research shows a positive correlation between domestic resource mobilisation and the development outcome achieved by social protection: "It matters hugely where the money comes from," she said. Taxes are one instrument to finance social protection, with potential to break a vicious cycle: increasing government accountability for improved services, as tax payers demand higher quality provision for their contributions. However, indirect or consumption taxes tend to be regressive, meaning that the poorer social groups pay a higher share. This would cancel out the redistributive effect of social protection schemes. According to Bastagli, direct taxes would be much more efficient. Employer contributions could be another important financing tool.

The international community and researchers also have a responsibility to question current set-ups and establish stronger state-citizen relations that allow for new models of social protection financing. Markus Kaltenborn, Professor of International Law at Ruhr University Bochum, pointed to the idea of establishing a Global Fund for Social Protection. It might assist low-income countries that have to allocate a substantial proportion of their GDP for the

Francesca Bastagli

financing of a social protection floor. In his view, the international community is in fact legally obliged to provide budgetary support to the least developed countries.

Markus Kaltenborn and Ute Lange (Chair)

Extractives for a Basic Income Grant?

Nkateko Chauke from the Open Society Foundation for South Africa gave an insight into the plans for a Southern African Development Community (SADC) Basic Income Grant. Plans for this region-wide Basic Income Grant have been promoted since 1996. The grant should be available to all citizens in Southern Africa. It should be integrated into existing national social protection programmes instead of creating a new structure. Plans for its delivery range from ID cards with microchips to post offices in rural communities. Most importantly, the grant would be financed through a direct tax on extractives from the region. "It is time that the revenues from the extractive industries in the region filter back to the affected communities," Chauke insisted.

Namibia has already piloted a Basic Income Grant in the village of Otjivero in 2008/2009. The initiative was spearheaded by Dr Zephania Kameeta, Bishop and Minister for Poverty Eradication and Social Welfare. It was the first pilot of an unconditional universal income grant in a developing country. Simeon Uulenga, Counsellor at the Embassy of the Republic of Namibia in Berlin, reported that the pilot has shown that a Basic Income Grant would reduce the prevailing high level of income inequality. It would also shift capital to rural areas. The Basic Income Grant Coalition in Namibia plans for the grant to be financed through taxes and a reprioritisation in the budget. The pilot was financially backed by NGOs and German Political Foundations.

Graduating out of poverty

A relatively new concept linking basic social protection with vocational training and other – such as financial – services is the so-called graduation approach. The approach was used, amongst others, by BRAC International early on in Bangladesh. Raania Rizvi, Head of BRAC's Ultra Poor Programme, explained that participants are supported through technical and life skill coaching tailored to the business they want to establish. They also gain access to health and education services, are introduced to a savings mechanism and are integrated into local community groups. In Bangladesh, BRAC has reached 1.6 million households, each supported over a period of 24 months. In Africa, BRAC is currently implementing a pilot with 1,650 households in Uganda with a focus on refugees.

Concern Worldwide has adapted the BRAC approach: They combine skills training with a single cash transfer to start a business identified during the training. They have also added an element of consumption support for the duration of one year. "Extremely poor people can only participate in the programme if they do not need to worry about what to eat today or tomorrow," Regine Kopplow, Senior Advisor, Food and Nutrition Security for Concern Worldwide

Nkateko Chauke

pointed out. At present, graduation programmes are mainly implemented by NGOs. Malawi is one of the first countries to adopt the approach. The National Social Support Programme that had been implemented since 2006 did not adequately reach vulnerable groups. In response, the Government of Malawi started graduation pilots combining cash transfers and training. To Bessie Msusa, Chief Economist in the Poverty Reduction and Social Protection Division of the Ministry of Finance, Economic Planning and

Development in Malawi, community engagement is key for the acceptance of the programme. Although people reached by the programme remained vulnerable, nutrition, education and health outcomes had improved. However, labour-constrained, ultra-poor households would pose a challenge to such a graduation approach.

Keetie Roelen

Dr Keetie Roelen, Co-Director of the Centre for Social Protection at the Institute of Development Studies (IDS), named the relatively limited timeframe and the focus on the household level as the most valid concerns against the graduation approach. In the long term, people participating in graduation programmes are often unable to maintain the level they have reached through the programme – but gain resilience. To improve outcomes, graduation should be based on actual changes in livelihoods or a 'revolving door' policy, allowing for renewed support in case of drop-outs. What happens when people do not graduate out of poverty? For BRAC, the answer is clear: beneficiaries can enter other programmes. Rizvi argued that graduation gives extremely poor people a chance to get into social protection schemes in the first place rather than to graduate out of social protection.

Frontrunners in social insurance

Ensuring the coverage of as many risks as possible is the goal of contributory social insurance schemes. Mauritius has established the most comprehensive social protection system in Africa, financed through tax as well as contributions by employees and employers. For example, everyone at the age of 60 qualifies for a pension of about USD 180 per month and a contributory health insurance. The budget of the Ministry of Social Security, National Solidarity and Environment and Sustainable Development accounts for about 12% of national GDP; in total, Mauritius spends 33% of GDP on social programmes, including health and education. To Fatadin Fatadin, Commissioner for Social Security in Mauritius, good communication between the government and its citizens is key to building an effective social protection system based on solidarity. In Mauritius, this was achieved in the 1970s through a sensitising joined campaign with the trade unions and the opposition leader, who later became President of Mauritius.

The East and Central African Social Security Association (ECASSA) has set itself the goal of strengthening social insurance in the entire region based on local solutions. There is a huge difference between the situations at the time of its founding in 2007 and today, Frédéric Ntimarubusa, Secretary-General of ECASSA, pointed out: service delivery has improved and countries are exchanging their experiences. One example is Rwanda: "Before joining ECASSA, they had a fragmented social security scheme: one for health, one for pensions, one for worker compensation," Ntimarubusa explained. Since 2010, the government has extended health insurance coverage to the entire population. Now, 90% of Rwanda's population is covered. "That is a big achievement for a country in sub-Saharan Africa," he said.

Frédéric Ntimarubusa

How to better protect women and informal workers

A major challenge for many countries is the integration of women and informal workers into social insurance schemes. Raquel Tebaldi, Researcher at the International Policy Centre for Inclusive Growth (IPC-IG) in Brasília, pointed out that women are usually underrepresented in social insurance. There is a “lack of suitable solutions addressing their needs,” she criticised. At the same time, they tend to be overrepresented in social assistance programmes. “Contributory schemes look at who can contribute regularly. With this mindset, they usually end up being male-dominated systems,” she explained. In order to open schemes up, women should be involved more on the demand side. Local women’s organisations might e.g. be included in the development and administration of social insurance schemes. At the same time, negative side effects, such as time-consuming conditional cash-transfers that aggravate women’s lack of time should be avoided.

With regard to social assistance, Adjetey-Sorsey pointed out that targeted cash transfers alone do not change established gender structures: “Of course many programmes are targeted at women. But as long as men can tell their wives how to spend their money or take it from them, these programmes will not change anything.”

The inclusion of informal workers, who are mostly women, is a great challenge as well – not only for African countries. Brazil and South Africa have in the past few years made great strides towards the inclusion of informal workers in their social insurance schemes. Tanzania has also established a pension scheme for the informal sector. “Whenever you work and have an income, you pay 20 shillings a day. You do not need to register or have a regular income,” Ntimarubusa explained.

What future for social insurance?

“But do contributory social insurance schemes really have a future when contributions are irregular and solidarity aspects come in through tax financing?” Alexander Pick asked. He warned that achieving universal social protection would not be possible without contributory schemes. However, he sees a crisis of old age pensions in many countries: “Governments will encourage you to continue payment but results will be very low,” he stated. As one of the few African countries with such scheme, Mauritius is already seeing these effects. “With life expectancy improving, we have to ask ourselves how long we can sustain the system of universal coverage,” Fatadin said.

As one consequence, international cooperation will have to manage the tension between pushing for expanding social protection in low- and middle-income countries, while some welfare systems in the Global North are deteriorating. Keetie Roelen exemplified this for the United Kingdom: “The Department for International Development struggles a lot. They try to establish social protection systems overseas, while the government can hardly convince the people at home of their own programmes.”

Advocating for Universal Social Protection

Irrespectively, the international community has set itself the goal of achieving Universal Social Protection (USP) by 2030. In 2016, the World Bank and the International Labour Organization (ILO) launched a Global Partnership for Universal Social Protection (in the future called “USP2030”) with a wide variety of partners, including the African Union as well as

Fatadin Fatadin

German Development Cooperation. It mainly aims to increase the number of countries that offer universal social protection systems. USP should become central to public discussion in as many countries as possible, said Valérie Schmitt from ILO. “It is essential that we break our information down to the broad public,” she argued. ILO invites all countries to join the Partnership and the Social Protection Week (incl. a conference on USP) from 25-29 November 2019 as part of ILO’s Centennial Celebrations. So far, 26 case studies on universal social protection have been conducted by ILO and many more are planned, Schmitt. She offered countries to contribute and map their experience to make it available to others.

Furthermore, ILO has established a Global Business Network for Social Protection floors. It already includes 50 enterprises and looks at their motivation for and their promotion of different endeavours in social protection.

Heiko Warnken and Ebenezer Adjetey-Sorsey (l.t.r.)

Participants agreed that it is important to make good examples public. One initiative doing exactly that is the Southern African Social Protection Experts Network (SASPEN). As an information-sharing network, SASPEN works towards capacity-building and knowledge-sharing in the region of the Southern African Development Community (SADC). "Social protection in Africa is mostly supply-driven. We need to bring issues of participation, accountability and demand-driven social protection into the discussion," Vince Chipatuka, SASPEN Programme Manager, explained.

German Development Cooperation is making the case for universal social protection, both through its bilateral engagement and at international level as part of "USP2030". To Heiko Warnken, Head of BMZ's Division for Health, Population Policy and Social Protection, this is not always an easy task: "Social protection is not a clear-cut sector of its own, in which achievements can be monitored easily," he argued. However, social protection "is a critical link to reduce inequality and injustice." It would therefore be all the more important to advocate its benefits broadly: "Philanthropists like Bill Gates spend billions on health but not on social protection." International actors, national governments, business and civil society would also need to make a clear case for social protection. One option to increase awareness could be an international day, a world conference on social protection or a UN Resolution on USP.

To Adjetey-Sorsey, the way we communicate social protection is key. "We often say social protection is for a particular group of people below the poverty line. But that is not true. Social protection is for everyone," he said.

The elephant in the room: inequality

As laudable as all these initiatives may be – are they realistic or mere wishful thinking? To Professor Henning Melber, President of the European Association of Development Research and Training Institutes (EADI), the problem lies with the elephant in the room: inequality. "As long as inequality grows, we can come up with the nicest programmes and plans," he said. But it would not be enough to generate money and finance social protection. It would be just as important to invest money in human dignity. Melber therefore called for social protection to be recognised as a tool to fight inequality: "Solidarity should be the guiding principle. Social protection should be about investing in the creativity and dignity of people," Melber concluded.

Imprint

The Development and Peace Foundation (sef:) was founded in 1986 on the initiative of Willy Brandt. As a cross-party and non-profit-making organisation, the sef: provides an international high-level forum for shared thinking on urgent peace and development issues.

The reports to the conferences and events of the Development and Peace Foundation (sef:) provide information about the discussions and results in a compact form.

Published by
Development and Peace Foundation (sef:)/
Stiftung Entwicklung und Frieden (sef:)
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Design Basic Concept
Pitch Black Graphic Design
Berlin/Rotterdam

Layout
Gerhard Süß-Jung