A transformative agenda for the 21st century

Examining the case for basic social protection in Africa

Background briefing for the Intergovernmental regional workshop, Livingstone, Zambia, 20-23 March 2006

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HelpAge International
Leading global action on ageing

HelpAge International is a global network of not-for-profit organisations with a mission to work with and for disadvantaged older people worldwide to achieve a lasting improvement in the quality of their lives.

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Intergovernmental regional workshop
A transformative agenda for the 21st Century: Examining the case for basic social protection in Africa

20-23 March 2006

Livingstone, Zambia

Background Briefing

Aim of workshop

Global and African reviews of poverty conducted in 2004 and 2005 recognise that large numbers of very poor people, including older people and children, in sub-Saharan Africa are trapped in long-term, intergenerational poverty. The three-day workshop will explore new ways to tackle the poverty and further the human rights of the poorest, as well as reduce inequality and stimulate growth.

Ministers and senior officials from 12 African countries together with donors, UN agencies, civil society representatives and NGOs, will examine the case for scaling up basic social protection in Africa. Participants will discuss policy responses and action on the design and implementation of nationally delivered basic social protection programmes, with a special focus on the viability and impact of regular cash transfers to vulnerable households or individuals.

Working definition of social protection is:

'*a range of protective public actions carried out by the state and others in response to unacceptable levels of vulnerability and poverty, and which seek to guarantee relief from destitution for those sections of the population who for reasons beyond their control are not able to provide for themselves.'* [1]

During the workshop, African government representatives will be invited to comment on how basic social protection is currently delivered to their most vulnerable citizens, and reflect on operational and political opportunities and barriers to scaling up basic social protection in their countries. Studies reveal that there are a number of approaches in place including: the provision of subsidised food, seed, health and education; poverty grant 'certification'; and cash transfers in the form of vulnerability grants and social pensions. A key operational barrier that has been identified is the limited resources available both to the schemes and the ministries charged with implementing them.

To help move this debate forward, the meeting will also benefit from experiences from Namibia, South Africa and Brazil, where national social protection schemes exist.[2] These schemes cover state transfers in the form of old-age pensions, child benefits, foster allowances, disability benefits, household transfers, subsidised services to healthcare and other basic services, as well as transfers which are conditional on behaviour, such as attending schools or a health clinic. The

1. By implementing basic social protection, states and supporting international agencies fulfil international human obligations, as expressed in Article 25 of the Universal Declaration of Human Rights.
2. Non-contributory pensions and poverty prevention: A comparative study of Brazil and South Africa; the UK Department for International Development (DFID) and HelpAge International, September 2003

workshop will also hear about the case of Lesotho, which in 2004 adopted a national social transfer, in the form of a non-contributory pension scheme to all those over 70.

The workshop will also include a field visit to the Kalomo Pilot Social Cash Transfer Scheme (KPSCTS), implemented under the Public Welfare Assistance Scheme (PWAS) of the Zambian Ministry of Community Development and Social Services (MCDSS). The field visit will provide participants with an opportunity to observe how a community-based scheme is organised, how people use and value the transfers received, and how transfers are delivered through institutional arrangements with banks and schools.

Why Africa needs better social protection

'*It is a matter of absolute urgency for Africa to invest in access of disadvantaged groups to social services'* (Strategic Plan of the African Union commission, Volume 1 Vision and Mission of the African Union, May 2004) [3]

It is increasingly recognised that policy responses to poverty in Africa need to include mechanisms to ensure access to the very poor people living in chronic poverty to social services, a right of all citizens. Social protection in the form of regular and predictable cash transfers spreads wealth, improves income equality and enables people living in chronic poverty to access those social services.

Africa is home to some of the world's poorest people. In sub-Saharan Africa the numbers of people living on less than US$1.00 a day is estimated to be 314 million; a number set to rise to 366 million in 2015.

Poor economic growth and high income inequality are interlinked. The higher the poverty rate (scale and depth of poverty) and greater the inequality, the higher the growth rate required to reduce poverty. Sub-Saharan Africa has the one of the highest levels of income inequality in the world, and a growth rate of about half that needed to reduce poverty by 50 per cent in the next ten years.

In April 2005 the African Union agreed a draft framework to create integrated social policies across Africa. The objective of this framework is to achieve sustainable social development, by addressing structural causes of poverty and developing a strategy framework to harmonise policies. Key pillars of the framework include social welfare assistance, infrastructure, community participation, health, education, labour markets, gender balance, peace and security, and equitable redistribution of income.

Transfer of poverty from generation to generation

Poverty is being handed down from generation to generation. Mechanisms are urgently needed to support families to break the cycle, especially those affected by HIV/AIDS, such as older and younger age groups. The chronically poor citizens of Africa consist of large numbers of older people, children, women of all ages, unemployed, and disabled people. Estimates of poverty rates by age groups generally conclude that poverty is higher among young and older people, and that economic growth is not 'trickling down' to them.

Targeting the poorest and most vulnerable people

New support mechanisms are urgently needed to support families affected by HIV/AIDS particularly very old and very young people.

3 Draft African Union Framework to create integrated social policies at www.africa-union.org

Households of young and old
An emphasis on social protection responds to the shift in demographics in Africa.
47 million chronically poor people are aged 60 and over, many live in rural areas.[4] The proportion of people over 60 is growing because of increased life expectancy, lower birth rates and the impact of HIV/AIDS. The over-60s – and particularly the over-80s – represent the fastest-growing population group on the continent. Numbers of older people will increase by 50 per cent between 2000 and 2015, and by nearly fivefold by 2050. A HelpAge International desk survey conducted in 2005 of 19 African countries shows that between 1990 and 2050 the proportion of older people will increase by 4 per cent while the proportion of children under 14 will decrease by 15 per cent.[5]

Old age poverty
Discrimination, limited policy and legislation on ageing, combined with the declining economic situation, the impact of HIV/AIDS and ongoing conflicts and emergencies mean that many older people in Africa live in poverty because they are denied access to basic rights and services.

This applies particularly to older women and widows who are often discriminated against in issues of inheritance and land ownership. A HelpAge International desk survey of 19 African countries revealed that older women outnumber older men in every country. In 8 countries there are 25 per cent more older women than men. Households headed by older women are likely to be the most impoverished and are twice as likely as other households to be caring for orphaned and vulnerable children.

Impact of HIV/AIDS
Thirty per cent of households in sub-Saharan Africa are headed by a person aged 55 and over. Of these 68 per cent include at least one child under the age of 15. Households headed by older women are not only likely to be the most impoverished but are also are twice as likely to be caring for orphaned and vulnerable children.

Across Africa there are 12.4 million children orphaned by AIDS; this is expected to rise to more than 18 million by 2010. HelpAge International estimates that in severely affected countries over half of older people care for orphans and/or people living with AIDS.[6] UNICEF data shows that in 19 African countries older people care for on average 38 per cent of all orphans and 49 per cent of double orphans.[7] Despite the global response to HIV/AIDS less than 3 per cent of orphans receive any form of support. No data is available on the number of older people receiving support as they are often not targeted in government response programmes.

Cost and affordability of basic social protection packages

Some policy instruments are more immediately affordable and practical. For example, establishing an old age pension in Tanzania that delivers US$7-10 a month to people over 65 - which would also deliver support to the rising numbers of dependants in older-headed households - would cost under 0.8 per cent of GDP. Establishing household transfers such those in Kalomo, Zambia would come in at less than 3 per cent of GDP across Africa.

A number of fiscal studies demonstrate that national social protection systems which include social transfers can be delivered in the poorest countries at affordable levels, with a combination

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4. MDGs must target poorest say older people, HelpAge International, 2005
5. HelpAge International, 2004, unpublished
6. Executive summary of AIDS: the frontline; Supporting older carers of people living with HIV/AIDS and orphaned children in Mozambique, South Africa and Sudan, HelpAge International, December 2005
7.Making Cash Count; Lessons from cash transfer schemes in east and southern Africa for supporting the most vulnerable children and households, Save the Children, HelpAge International and the Institute of Development Studies, 2005

of overseas development aid and national revenue. A 2005 ILO study in seven African countries demonstrated that national programmes of social transfers – providing the equivalent of half a dollar a day to 10 per cent of families – would cost between 0.1 per cent and 0.7 per cent of GDP. In all but one of the countries, a national programme could be funded by less than 5 per cent of current donor assistance.

Given the fact that poor people – particularly older people and children – are getting poorer, the real debate may be around how long governments can afford to hesitate about scaling up social protection. Scaled up social protection with social transfers at its heart may be the essential and as yet missing ingredient to effective development assistance.

The case for social protection in fighting poverty and social exclusion

The benefits of social protection can be categorised as:

- Improved health, nutrition and social status
- Strengthening the 'social contract' between state and citizen
- Reduction of income inequality among the chronically poor people, resulting in reduction of risk and economic growth
- Progress towards the achievement of the 2015 Millennium Development Goals
- Reducing the impact of HIV/AIDS, particularly among carers and children

Improved health, nutrition and social status
Social protection measures and cash transfers deliver a range of benefits to the recipients and well as their dependents, especially within the context of the HIV/AIDS pandemic. Evaluations of a number of programmes within and outside Africa demonstrate that enhanced income security has multiplier effects, including uptake of basic services, improved health and nutrition, and enhanced social status. Clear and accepted targeting mechanisms are both desirable and achievable. Social pensions, child grants and disability benefits are examples of this.

The old age pension in Lesotho launched in 2004, has already improved household food security in three ways:

- Increased food consumption: the pension has allowed older people to increase the amount of food they and other member of their households eat, and any children living with them are no longer sent to school hungry.
- Stabilised access to food: The relative regularity and predictability of pension income has stabilised food consumption and provided a safety net that was not there previously.
- Improved nutrition: Pensioners are purchasing more expensive and nutritious food (such as meat) for themselves and their dependants than before.

Strengthening the 'social contract' between state and citizen
Social protection is defined by international instruments as a fundamental human right. Some national policies are now associating the delivery of social protection to that of furthering citizen rights and entitlements. In this way social protection is a means of supporting and strengthening the 'social contract' between the state and its citizens. This is especially important in many African countries where people are living with the results of policies that have reduced state delivery of basic services, including health and education. There is acceptance that a more inclusive system of entitlements is needed and the exclusion of citizens is not acceptable.

Evidence from a number of countries confirms the importance within policy circles and at community level of the registration of citizens as a basis for social benefits, including social protection in the form of transfers and subsidies, and for legislation to support such programmes. Qualitative evidence from social protection interventions which include, for example, identity card registration for benefits, confirms the importance of these approaches for the individuals involved.

Fifteen-year-old Evaristo lives in Tete, Mozambique and is in Grade 7 at school. HelpAge International's Living Together programme helped Evaristo get an ID card, necessary for school registration. 'I got the ID card this year so now attend school. Going to school marks the new era of my life. I will have knowledge and will be able to get a good job. I want to be the Director of Health when I'm older because I see a lot of people in my country suffering from diseases and I want to be able to help them.'

Reduction of income inequality among the chronically poor, resulting in reduction of risk and economic growth

Evidence shows that social protection in the form of social cash transfers directly benefits those considered chronically income-poor, who otherwise would not receive a regular income. For example, data from Kalomo shows that older people, children, and those who are sick and disabled, benefit more than others. A breakdown of households receiving the transfer reveals the following:

- 84 per cent of recipient households are headed by older persons or women
- 50 per cent of recipient households are affected by HIV/AIDS
- 60 per cent of recipients in households are children
- 71 per cent of the children being orphans

There is a growing body of evidence to show that poor recipients of regular cash spend it wisely on their families immediate needs, to generate livelihoods, and on investments which support national economic growth. Evidence from the Kalomo pilot Cash Transfer Scheme[8] in Zambia indicates that 30% of the monthly transfer is spent on livestock, with other spending priorities identified as food (maize); soap, blankets, clothing, school items; transport to health facilities; and support to others – '*chilimba'*, thus helping to stimulate the national economy.

Research on the social pension in Lesotho found that pensioners bought animals such as chickens and pigs, to generate income and provide food. The animals serve as a form of security and saving to be sold in times of need. The research states 'Cash allows households to save either financial or other assets. Both donors and government officials were adamant that no conditionality should be placed on transfers.'[9]

Progress towards the achievement of the Millennium Development Goals

Social pensions can reduce the number of people living below a dollar a day. In South Africa, the pension reduces the number of people living below the poverty line by 5 per cent (2.24 million). Social pensions also reduce the poverty gap ratio. The pension reduces the ratio by more than 13 per cent in South Africa and nearly 8 per cent in Brazil. Social pensions increase the income of the poorest 5 per cent of the population by 100 per cent in Brazil and by 50 per cent in South Africa.[10]

The MDGs also prioritise access to health and education. Spending on health and education is likely to be more effective if additional mechanisms are available to assist the poorest people access these services. For example, cash transfers can enable people to pay transport to go to clinics and schools, and to buy the food needed to make anti retroviral therapy effective.

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9. B. Schubert, presentation to DFID 3 June 2005

10.UNICEF review of social protection programmes in Eastern and Southern Africa: cash transfer component, Lesotho old age pension. July 2005.

11. Non-contributory pensions and poverty prevention: a comparative study of Brazil and South Africa, the UK Department for International Development (DFID) and HelpAge International, September 2003

Social protection experiences from Africa (from *Making Cash Count*)

Unconditional cash transfers are a relatively new instrument in the range of interventions that governments, donors and NGOs have supported in Africa. UNICEF commissioned a review of social protection measures in 15 countries in East and Southern Africa in 2005 – *Making Cash Count*. The research examined four programmes in Ethiopia, Mozambique, Lesotho and Zambia, in depth. The study revealed a wide variety and increasing number of schemes with several governments and donors shifting in favour of meeting 'predictable hunger' with predictable cash transfers.

Social impacts of social transfers
An argument often made against social transfers is that they create resentment and dependency. In most cash transfer programmes reviewed for *Making Cash Count*, the eligibility criteria are transparent and accepted as fair by community members. Support for targeted cash transfers is further enhanced where unconditional transfers for people unable to work are complemented by other social programmes, such as public works opportunities for those who can work. Also, since the people who support vulnerable children and community members are often poor themselves, social transfers can help to reduce this burden of care.

Rather than creating dependency, cash transfer programmes are a crucial response to rising dependency ratios in contexts of high HIV-prevalence.

The value of the transfers
Concerns that cash transfers might be inflationary are not supported by the UNICEF study, probably because most programmes transfer small amounts of cash to reasonably limited numbers of people.

Existing programmes in Africa

Meket Livelihoods Development Project in Ethiopia
The Meket Livelihoods Development Project is a cash-for-work and cash-for-relief project implemented by Save the Children UK in Ethiopia since 2003. It transfers 30 Birr (about US$3.50) per person per month to about 5,000 people as unconditional cash and to another 41,000 people as cash for work. It targets food-insecure households in Meket *woreda* (district). Those who cannot or should not work – including pregnant and lactating mothers – receive the unconditional transfer.

The project now runs alongside the Government of Ethiopia's Productive Safety Nets Programme (PSNP) but operates under different criteria. Lessons are drawn to engage with the PSNP, the planning of safety nets to reach the most vulnerable people and the phasing out of emergency food aid.

Old Age Pension in Lesotho
The social pension in Lesotho began at the end of 2004. It is the sixth social pension in sub-Saharan Africa, with others in South Africa, Botswana, Namibia, Mauritius and Senegal. The Department of Pensions – with the Ministry of Finance – transfers 150 Maloti (approximately US$25) to all Lesotho citizens who are aged 70 years or older. It is financed from the government budget: the total cost of the pension is currently 1.4 per cent of GDP and about 7 per cent of recurrent expenditure. The government plans to lower the age of eligibility to 65 years.

Although the pension was not introduced as a welfare response to HIV and AIDS, it is having a big impact helping support older people who have become a 'generation of carers'.

Food Subsidy Programme in Mozambique
The Mozambique Government's National Institute of Social Action (INAS) implements a Food Subsidy Programme – this evolved from the GAPVU programme of the 1990s.

The programme transfers 70,000 Mzm (approximately US$3) to citizens unable to work with no income in urban and peri-urban areas and including district towns. The size of the transfer increases with household size up to 140,000 Mzm (US$60) for households with five or more members. The value of the transfer is low, especially given urban costs of living. Eligibility is determined by a range of indicators: means testing, proxy indicators (age, disability) and health status ('chronically sick'). It reaches less than one per cent of the population.

Expansion to rural areas has recently been approved and significant improvements have been made in the management system.

Kalomo District Pilot Social Cash Transfer Scheme in Zambia
Zambia's Kalomo pilot scheme is implemented by the Department of Social Welfare in the Ministry or Community Development and Social Services. It is supported by the German Technical Cooperation (GTZ).

The scheme reaches 1,027 households in rural Kalomo district, targeting the poorest 10 per cent of households with no able-bodied labour and high dependency ratios. The monthly payment of 30,000 Kwacha (US$6) is raised to 40,000 Kwacha (US$8) for households with children.

The cost of a national version of the scheme is roughly estimated to 0.5 per cent of GDP. The scheme is being scaled up by replication of the pilot model in other areas and is attracting a lot of interest from donors and others in Africa and beyond.

Scaling up social protection in Africa

Integrated framework
Taking social protection to scale requires much 'joined up' thinking across a range of issues and policy interventions. Social protection programmes in many African countries are currently administered and funded across different sectors. They have been described as fragmented, as well as poorly funded. There is a realisation that fragmentation is not cost-effective, and does not deliver the desired impact. The predominance of sectoral approaches to social programming (i.e. different and not necessarily joined up programmes of health, education, social cash and other transfers and subsidies) does not encourage synergy.

Social investments have also prioritised infrastructure rather than the building of capacity and effective institutions to deliver social programmes. There is a need to place social investment, including infrastructure, institution and capacity building, and interventions under one integrated social protection framework that allows the state to administer and monitor effectively. It is important that evidence, rather than attitudes, drives policy responses on social protection.

Improving access to government services
A 2005 survey among African governments and regional institutions revealed that social transfers in the form of child and foster care grants, school support programs and social pensions for older carers, were already recognised as effective mechanisms to support households dealing with increasing poverty and the impact of HIV/AIDS. Regional institutions and national governments also described enhanced social protection and cash transfers as components of a strategy to combat social exclusion, deliver rights, and reduce poverty. Cash transfers were recognised as a mechanism to boost demand for essential services and reduce some of the demand-side barriers (particularly costs) to access, as well as to address some of the underlying causes of inequalities in health and education. A number of African countries are introducing and developing social protection strategies.

Stronger institutions
But the responses revealed widespread concern that social protection and cash transfers lack donor profile and funding. Increased and predictable support, financing, capacity building and recognition is needed for the building of national institutional capacity, including that of social welfare ministries – or those government institutions charged with supporting vulnerable groups. With some exceptions the picture painted is of chronic under-funding, shortages of trained professional staff, poor training, poor career development and high turnover. There is a perceived unwillingness of donors to invest in the social protection programmes of these ministries.

'An acknowledged major weakness is that social welfare ministries in Africa are not usually linked to or integrated into poverty reduction processes. Low levels of financing for such programmes together with poor targeting may have compromised both belief in government commitment to such work, and also the effectiveness of many existing programmes. The existence of many fragmented programmes offering support to different categories of vulnerable groups in the absence of coherent national programmes is recognised as a key impediment to sustainable social protection programmes.'[11]

Citizen involvement
There is an emerging demand from poor people for improved social services and social protection, and that social protection is therefore very much part of a 'good governance' agenda. To avoid existing patterns of social exclusion being reinforced by social protection and targeted transfers, scaled up social protection should be linked to community based 'sensitisation' on rights and entitlements, to enable monitoring of delivery by the local recipients.

Support from donor countries
Apart from the growing recognition that a social protection package that includes social transfers reduces poverty and promotes growth, there is an acknowledgement that the funding gap for social protection is unacceptably wide. Comparisons between social protection spending in OECD countries shows a marked difference between the spend and reach of social protection in the developed world (2.8 per cent of GDP,) and the poorest countries of the developing world (below 0.4 per cent).

'We now see social protection as a basic human right, a helping hand in times of need, something we fought for very long and hard in British history' (Hilary Benn 15th September 2005, Millennium Summit Review side event).

Some donor countries are publicly acknowledging that social protection is at the heart of government policy in developed countries. Social security is estimated to reduce poverty by at least 50 per cent in almost all OECD countries; social security reduces income inequality by about 50 pe cent in many European countries. Social protection is a pillar for both social cohesion and economic growth. The same issues equally apply to the developing world.

Other issues around social protection

A key question for Africa's policy makers concerns strategies for food security. Chronic food insecurity is also an important driver for social protection policy and for social assistance related transfers. The advantages, financial and impact related of cash transfers compared with food transfers are being explored. Evidence from a range of countries indicates that people prefer cash to food as it gives flexibility, and that cash transfers are effective when compared with food procurement and distribution costs. But in cases where there is a reduced cash economy, transfers in kind may be more useful. It is clear that policy must rest on evidence, particularly in

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12. S. Beales and T. German, situation analysis of social protection and cash transfers in Africa, HelpAge International/Development Initiatives, 2006.

relation to the potential of cash to supplement other in-kind transfers, such as food or seeds, in a range of situations, including fragile states.

Should cash transfers be conditional?
Debates on conditional versus universal schemes have been stimulated by studies, and the exposure of policy makers in Africa, to the impact and methods of work of state-delivered conditional cash transfers in Latin America, notably Brazil, Mexico and Nicaragua. Replicability in Africa of conditional schemes is not straightforward, due to the fact that there are few schemes in Africa with which to compare, and the existence of essential services to which conditions apply (such as schools and health centres) is weaker in many parts of Africa than in Latin America. Africa on the other hand has adopted a number of universal, rather than conditional schemes. Social protection is also 'a right' and should not therefore by subject to behaviour change.

The vision

National social security systems that entitle all citizens to free healthcare and education and provide regular, predictable cash grants to meet basic needs would contribute to the declared vision of the African Union 'to build an integrated and prosperous and peaceful Africa, driven by its own citizens'.

Ministries of health, education and social welfare would be integrated, making investments in health and education more effective. Social spending is an investment in the economic potential, social well-being and ultimately security of all. It can help deliver dignity and rights to all Africans and unlock the potential of poor people as both producers and consumers.

Government spending and aid play a vital role in directly providing the services, including cash transfers, which poor people need. These are partly invested in farming and small enterprises and generate a range of benefits and multiplier effects including stimulating the local economy. As demand builds it attracts private investment and generates economic growth. '*Social protection is an important part of poverty reduction, it is an investment, it allows people to maximise their productive capacity.'* Anita Schwarz, World Bank.

Predictable cash transfers are 'social contracts' between a government and its citizens that must be institutionalised in permanent government-led structures and supported by adequate allocations of recurrent government funds, and where necessary, long-term commitments of external funds.

In investing in social protection governments would be investing in their citizen's capacity to build decent and transformative lives and a prosperous future for the next generation of Africans.

HelpAge International

HelpAge International is a global network of not-for-profit organisations with a mission to work with and for disadvantaged older people worldwide to achieve a lasting improvement in the quality of their lives.

With over 70 affiliates in more than 50 countries, and a wide range of other partners, from grassroots older people's assiocations to national NGOs, academic institutions, governments and international agencies, the HelpAge International network bring together more than 1,000 organisations worldwide.

The workshop is hosted by the Government of the Republic of Zambia and co-organised with HelpAge International, and supported by the United Kingdom's Department for International Development.

Further information

Background information on these and other schemes will be found in documentation to be provided at the workshop and through HelpAge International's website at www.helpage.org.

Making Cash Count, Lessons from cash transfer schemes and southern Africa for supporting the most vulnerable children and households, Save the Children UK, HelpAge International and the Institute of Development Studies, November 2005

Social transfers and chronic poverty, emerging evidence and the challenge ahead, a DFID practice paper, DFID, UK October 2005

Social Cash Transfers: Reaching the Poorest; a contribution to the international debate based on experience in Zambia, GTZ/Federal Ministry fro Economic Development and Development, July 2005

Age and Security: How social pensions can deliver effective aid to poor older people and their families, Mark Gorman, HelpAge International,2004

Non-contributory pensions and poverty prevention: A comparative study of Brazil and South Africa, HelpAge International, September 2003

Can low income countries afford basic social protection? First results of a modelling exercise, an ILO discussion paper, ILO, Geneva, June 2005