REPORT

Scoping Conference

The Links between Social Inclusion and Sustainable Growth in Africa

Knowledge Platform Development Policies[1]

30 -31 October 2013

Conference Centre 7AM

The Hague

[1] Report by Ellen Lammers and Roeland Muskens, WiW-Global Research & Reporting.

INTRODUCTION

During the past decade, optimism about the future of sub-Saharan Africa has gained ground. Many African countries have shown high and sustained economic growth. The sobering reality, however, is that in spite of this progress, large groups of poor and vulnerable people have remained excluded from increased welfare. Social indicators have picked up only modestly, unemployment has remained high, and income inequalities within countries have widened. The failure to structurally tackle inequalities and realise a more inclusive development poses a risk for the long-term sustainability of economic growth and moreover undermines social cohesion.

The Knowledge Platform Development Policies organised the scoping conference *The Links between Social Inclusion and Sustainable Growth* (The Hague, 30-31 October 2013) in the framework of its activities on the theme of Promoting Inclusive Development in Sub-Saharan Africa. About 70 experts from academic and NGO communities from Africa, Europe and international organisations explored the central questions:

- Can Social Protection (SP) contribute to growth, productivity and employment for vulnerable groups in SSA?
- Through which channels? Which functions and forms of SP?
- Is SP the most effective instrument for Social Inclusion or are there better policy alternatives?
- How about protecting the chronically and ultra vulnerable?

The objective of the conference was to identify focal areas for future research and knowledge work by the Platform. The theme of Social Inclusion and Sustainable Growth is connected to the two themes on which the Platform already formulated a research agenda and for which calls for proposals were issued in September 2013: *Productive Employment* and *Strategic Actors for Inclusive Development*.

The Knowledge Platform Development Policies was established by the Dutch Ministry of Foreign Affairs in June 2012, as one of five Knowledge Platforms. The objective of these multi-stakeholder Knowledge Platforms is to identify a joint research agenda, commission the tendering of research projects and ensure the feedback of knowledge results into policy and practice. Four Knowledge Platforms are linked to the thematic spearheads in Dutch development cooperation (food security; water; sexual and reproductive health and rights; and security & rule of law). The fifth Platform focuses on Inclusive Development in Sub-Saharan Africa. The platform consists of 12 African and 12 Dutch members. The Platform's Steering Group includes *Prof. Isa Baud (Amsterdam University), Prof. Paschal Mihyo (Executive Director of the Organisation for Social Science Research in Eastern and Southern Africa), Dr. Rob Bijl (Dept Director of the Netherlands Institute for Social Research) and Mr. Michael Stibbe, Director Africa Department of the Ministry of Foreign Affairs.*

REPORT

Scoping Conference

The Links between Social Inclusion and Sustainable Growth in Africa
Knowledge Platform Development Policies[2]
30 -31 October 2013
Conference Centre 7AM
The Hague

SESSION 1: CAN SOCIAL PROTECTION CONTRIBUTE TO GROWTH IN SSA?

In his keynote address **David Hulme** of Manchester University, UK, discussed the question '*Can social protection contribute to growth in Sub-Saharan Africa*?' He stressed that social protection (SP) schemes come in a great variety. Some programmes are remnants of the colonial past, others are embedded in local culture; some take the shape of cash transfers, others contribute in kind; there are income transfers with access to basic services or with work, transfer programmes for the elderly; and some SP-schemes are part of an integrated poverty reduction strategy. SP-schemes are expanding in SSA, partly due to donors' recognition of the lack of impact of emergency relief programmes, but not nearly on the same scale as in Latin America or Asia. Policy-makers are interested in the links between SP and growth, because evidence shows that cash transfers can reduce poverty and, through sustained income, can promote social mobility and contribute to a permanent exit from poverty. Historic examples have also shown that SP-schemes do not stand in the way of a dynamic economy and can even pave the way for national economic take off.

Referring to a paper by Barrientos (2012), Hulme explained that social transfers ease growth mediating processes (credit constraints, insurance failures and household resources). There is a limited evidence base, especially for Sub-Saharan Africa. Outcome evaluations across the globe indicate strong effects on human capital investments and on asset accumulation and positive (but weak) effects on the local economy. Effects on (reduced) local labour supply are less evident. Effects on national economies are likely to be minor. According to Hulme, SP-schemes should be part of poverty reduction strategies. The question is not whether, but *how* SP-schemes should be implemented. Transfers should be regular, reliable, and long term, but with planned exit/graduation. Levels of transfers are to be debated on a case-to-case basis, as are conditionalities, urban/rural provisions, role of basic services, employment and skills, and the linking with macro-economic concerns. Local ownership is important.

Giorgia Giovannetti (University of Florence and European University Institute, Italy) agreed with the summary of the effects of SP-schemes as presented by David Hulme. In her comments, she added that SP programmes promote growth not only by injecting capital,

[2] Report by Ellen Lammers and Roeland Muskens, WiW-Global Research & Reporting.

but also by empowerment and entrepreneurship: poor people can rarely access credits and loans and therefore are limited in making productive investments. Through the link SP-empowerment-entrepreneurship households can 'graduate', but attention is needed for exit-strategies. Giovannetti suggests that entrepreneurship can be promoted by enhancing people's willingness to bear risks (as opposed to just relaxing liquidity constraints). The role of inter-household solidarity and the functioning of an informal local economy must be taken into account.

Following the example of the Asian Development Bank, Giovannetti propagates the computation of a Social Protection Index (SPI) for African countries (and others). As the level of SP in a country does not necessarily correlate with its GDP per capita, such an index would facilitate international comparison.

Plenary discussion

Many discussants agreed that empowerment and entrepreneurship are essential to make SP-schemes 'work'. Both Hulme and Giovannetti painted a rather optimistic picture of the possible growth enhancing effects of SP-schemes. One participant stressed that on the 'tax paying end' of the line, some of the positive effects of social transfers are cancelled out. The cost-benefit analysis of SP-schemes must take all factors into account (as one would do when planning a business investment) and include all long-term costs and benefits! More attention for the cost-side of SP-schemes may help to explain why very few African governments are keen on investing in SP-schemes.

The perception prevails among African policy circles, but also elsewhere, that cash transfers are used for consumption, rather than for productive investments. A much-needed correction of this perception may contribute to boosting the currently low SP-levels in Africa. The African middle classes must be convinced of the need for SP-schemes, and be prepared to pay for such schemes through taxation. The example in Brazil shows that, if the political will is there, SP-schemes can be put in place and have returns within a relatively short timeframe. Another argument for the political elite is that SP-schemes can mitigate political and social unrest. The elite's concern about welfare-dependency is ill-founded. However, on a cautionary note: there are many examples where social transfers do no reach the poorest people. Aggregate data can be misleading: research and evaluation need to prove what works, why *and* where.

It is important that SP-schemes are made to fit local tradition and take existing solidarity networks and systems into account. Sub-Sahara Africa knows many different realities: one size does not fit all! The point is raised that the level of social protection in a country is not only related to its level of development, but also to specific political histories and traditions (e.g., compare the levels of social protection in the US and Sweden).

SESSION 2: EXPERIENCES WITH SP PROGRAMMES AND THEIR GROWTH IMPACTS

Cash transfer (CT) schemes in Africa are on the rise, said **Benjamin Davis** (From Protection to Production, UN Food and Agriculture Organization) in his presentation *Evaluating cash transfer programs in Africa.* There is no lack of information on CT schemes in Africa. A most rigorous impact evaluation on CT schemes is currently done in 13 African countries, coordinated by the Transfer Project. Most schemes target the rural poor and focus on social goals (health, education, nutrition, poverty). Economic growth is usually not a goal, but nevertheless an important factor: production and consumption are closely linked as most rural poor are subsistence farmers and market imperfections and failures prevail.

Evaluations of existing social cash transfer schemes show a number of impacts. First of all, a large increase of human capital (dietary diversity, food security, education, health care). Most programmes also show a large increase in (rural) productive investments. In addition, beneficiaries tend to dedicate more time to the family farm. On child labour results are mixed; in some cases child wage labour is reduced, but in other countries no impact was found. Finally, CT schemes improved abilities to cope with risks (increase in savings, access to credits, paying off debts, less begging, re-engagement with social networks, etc).

Through multiplier effects, cash transfers can positively stimulate the local economy. A multiplier effect of 2.5 (one euro transferred will lead to a aggregated income increase of 2.50 euro) has been calculated. The size of the multiplier depends on local context (local market constraints, demand for outside goods, openness of local economy etc). Noteworthy is that non-beneficiaries (e.g. shop owners) gain the most from these multiplier effects.

Impacts of social transfers vary across countries and beneficiary groups. Differences can be explained by demographic profile, access to productive assets, shape of the local economy, and conditions of the transfer. The size, reliability and regularity of the transfers also affect their impact.

According to Davis a better understanding of CT impacts on productivity and growth is important as it can help strengthening the design and implementation and contributes to the policy debate on cash transfers. Social transfers can contribute through health and education and can be combined with complementary programs. Cash transfer programs cannot replace sector economic development strategies.

Chris Elbers of the Free University of Amsterdam discussed the topic of *Insurance Instruments and Growth in Sub-Saharan Africa.* In theory insurance is welfare enhancing. People are averse to risks: most people prefer a certain income of 100 over an uncertain income that *may* be higher than 100 but risks falling below 100. From a psychological point of view: people try to avoid outcome below reference levels.

Perceived risks lead to less growth: households under stress are less likely to do productive investments (ex ante effect) and negative shocks will destroy (productive) resources (ex post effect). There is a trade-off between risk and return on investment. This implies that poor households cannot engage in profitable high-risk activities: they are locked in low-productivity activities. Insurance (= risk pooling) may offer an escape from this poverty trap. However, insurance is not a panacea. In practice, the uptake of insurance products, even when heavily subsidized, is low (usually below 30%). The reason for this is not clear, although research shows that several factors determine uptake, including the public understanding of the product; affordability; trust of insurance provider; perceived likeliness of shocks; fairness of the product. Elbers stressed the fact that, contrary to most other SP-schemes, insurance-schemes can be done at zero costs.

Commenting on both introductions, **Karlijn Morsink** (Centre for the Study of African Economies, Oxford, and Twente University, the Netherlands) raised four discussion points: 1. What should we conclude from low demand for insurance? 2. How can we achieve social protection through insurance? 3. Cash transfers, collective action and public goods 4. How do we investigate impact and how does this influence our conclusions about SP programmes?

Morsink referred to the discussion between the pros and cons of (private) health insurance versus universal health coverage (UHC). Oxfam concluded that private health insurance hinders the introduction of UHC. Low uptake of insurance can be explained by bad insurance products that contain high basic risks and also by low quality health care facilities (why pay for insurance that covers bad quality service?) Building trust for an insurance system takes time. Informal insurance and group-based risk sharing may overcome these challenges. Does this mean that we should have patience or should we abandon private health insurance? Formal insurance can be an effective SP instrument; examples in India, Brazil and China show that government interventions can increase inclusion of the poor in insurance (premium subsidies and legal and regulatory frameworks). Formal insurance may be important for the short term as the necessary broad tax base to finance universal systems cannot be expected to be established within a few years.

Evaluations of cash transfers are consistently positive. This is in line with the assumption that households know best what their priorities are. In theory this calls for unconditional cash transfers. However, cost-benefit analysis should also examine the opportunity costs, given the fact that money can only be spent once. Successful cash transfer programs should also be assessed on their long-term effects.

Regarding research into complex SP schemes, random controlled trials (RCTs) do not automatically generate the highest wisdom: such schemes are highly context-related. Concluding her comments, Morsink warned that decision on SP funding should not be dependent on the ease by which the effects of programmes can be measured.

Plenary discussion

The presentations scarcely pay attention to the political dimensions of SP schemes, one discussant commented. In other words: why would the elite (and the middle classes) engage in SP schemes? Public acceptance of such programs is probably a long-term process: in Asian countries it took at least two decades to build up SP schemes and insurance systems. The current attention among policy makes and academia for social transfers and insurance must not lead to marginalization of other instruments for social protection like early childhood education, second chance education or 'soft' aspects like the role of social workers.

Regarding the role of impact assessments (RCT or not), it is pointed out that policy decisions are often not evidence based, but based on political will. The goal of evaluations is not to promote SP schemes among policy makers. Others stressed the relevance of linking insurance systems and social transfer programs to existing solidarity networks, like community health schemes and savings & loans systems. Crowding out effects are not unlikely. On the question whether insurance uptake is low because of low quality of the product, it was pointed out that low uptake is not a quality nor a cost issue, rather an issue of building trust in a new product. So there is no reason for pessimism about insurance schemes.

One expert pointed out that cash transfers and insurance systems will not have positive impacts if other constraints such as roads and functioning markets are not dealt with first. It was contested that risk is an overarching constraint.

Again, the issue of the costs of SP schemes was raised: (opportunity) costs must be taken into account in order to conduct a fair cost-benefit analysis. In addition: the instrument of social transfers must be compared to other instruments of poverty reduction. However, as it is very complex to make realistic cost-benefit analyses of different types of poverty reduction measures, the priority should be with comparing different SP interventions.

SESSION 3: ISSUES IN POLICY-MAKING

The presentation *Informal and formal Social Protection Systems in Sub-Saharan Africa* by **Melese Getu** (Organization for Social Science Research in Eastern and Southern Africa, OSSREA) drew on the book with the same title edited by the presenter and Stephen Devereux. The research conducted for this publication shows that informal SP systems and institutions are generally undervalued or even neglected in the discourse of 'formal' SP policy-making. There is a general perception that informal SP is declining throughout Africa, whether due to shifting values (a perceived decline in solidarity and social cohesion) or persistent chronic poverty. Some argue that the current formal SP agenda accelerates this decline by 'crowding out' informal mechanisms. These perceptions however are challenged by detailed ethnographic research, which shows that informal SP practices remain the primary lines of protection for the majority in developing countries (e.g. burial funds, saving clubs, cooperatives, labour parties etc).

Formal and informal systems play complementary roles. Formal programmes are often evaluated as effective and successful, however, they can be strengthened if they build on local experiences and cultural norms around reciprocity and mutual support. That informal systems remain of utmost importance is for instance illustrated by the fact that people working in the informal sector (their numbers increasing due to large-scale urban migration) lack access to formal SP systems. Another example is Zimbabwe: what role can formal SP play if the state is one of the major threats that citizens need to be protected against? Over the last decade, the economy of Zimbabwe increasingly informalized, and so did social protection. A cross-cutting theme is gender: research shows that in many places poverty is feminised while at the same time women are underrepresented among the insured and those receiving formal SP.

Most international research focuses on formal, state and donor-provided SP, which reaches 10% of the SSA population at most, said **Nicholas Awortwi** (Partnership for African Social and Governance Research (PASGR), Nairobi) in his presentation *Role of Non-State Actors in Implementing Social Protection Programmes.* PASGR therefore decided to conduct research in 6 countries to gain insight into who the non-state actors in SP provision are, and what funding sources and governance mechanisms they use.

The research found that 80% of the NSAs are CBOs, the majority of which are not registered and work independently from the state or (I)NGOs. They include occupational welfare associations, burial societies, neighbourhood and ethnic associations, income pooling groups, etc. The remaining 20% are faith-based organizations (FBOs) and NGOs. Refuting the notion that informal SP is disappearing, the research found that 65% of the NSAs got involved in SP since 2000.

The CBOs and FBOs focus on preventive and protective activities; the NGOs work more in the area of promotive SP, including support to livelihoods, entrepreneurship and skills development. Transformative services, focused on empowerment or legal support, are the minority. Trust seems to be a key ingredient for governance. The NSAs are adaptable to changing circumstances in a way that formal programmes are not. Many of the poor hedge against vulnerability by using multiple informal SP associations. This helps them to survive, but rarely improves their monetary gains: few NSAs succeed to really pull their beneficiaries out of poverty.

70% of the beneficiaries of NSAs rate the services received as highly satisfactory. In that sense, there are lessons to be learned for state-provided services, which often suffer from inefficiency, corruption and sustainability challenges. Awortwi concluded that governments should go beyond recognition and occasional patronage to enabling NSAs to play a more substantive role in SP in Africa. He added that this does not mean that the informal SP services need scaling up: small is beautiful!

Plenary discussion

Do cash transfer programmes have the effect of crowding out traditional SP mechanisms? Research by PASGR did not find this effect. Nor does economic growth in Africa mean that traditional systems will disappear, not least because inequality is increasing. Awortwi also stressed that as long as people feel that the state does not come to their aid, the dichotomy between NSAs and state-led programmes will remain. A promising development is the pension reforms in Kenya. The state provides universal pensions, which costs only 0.4% of GDP. However, informal workers are not included.

Does high population growth and HIV have the effect of eroding informal SP? The impact of the HIV pandemic has been massive, said Getu, but research showed that for instance burial associations didn't collapse but instead became more resilient. They responded to the situation by mobilizing resources no longer only to support people with burial expenses, but to have access to health care at an earlier stage.

Trust and accountability are the strengths of informal SP mechanisms, and it remains a question whether African governments are willing to learn from this. As one person commented, several African governments appear to be curbing the role of NGOs rather than allowing them to play their important role as watchdogs of transparency.

LEARNING FROM COUNTRY EXAMPLES: MOZAMBIQUE, ETHIOPIA, GHANA AND UGANDA

1. **The breakout group Mozambique** was moderated by **Fabio Soares Veras** (International Policy Centre for Inclusive Growth (IPC-IG), Brazil). Presentations were given by **António Francisco** (Institute of Social and Economic Studies, Mozambique) and **Eleásara Antunes** (Embassy of The Netherlands, Maputo).

SP activities in Mozambique target mainly the elderly, however, the effect of the cash transfers is wider. Children's nutrition levels appear to rise in households with a beneficiary elderly person, while fertility levels in these households are reduced, indicating that large families are no longer deemed necessary as risk insurance. More research is needed into these effects and to establish how policy and financial support for SP can be raised. The support of the middle classes is essential, however, corruption within the government limits their willingness to pay taxes for SP.

There are other potential sources of finance, such as revenues from corporate activities (e.g. mining). Many foreign companies, however, have negotiated questionable tax exemption deals with the Mozambican government. Both Ghana and Uganda have experience with setting up regulatory frameworks regarding foreign operations. Their best practices can offer lessons for how to (re)negotiate the tax payments of foreign companies in Mozambique.

Other funding possibilities are transferring current funds for food en fuel subsidies towards a social transfer program. Experiences from (for example) Nigeria however show that the public may not respond positively to cutting down on existing subsidies.

A public works programme was set up in Mozambique recently. Data and results are not yet available. It is suggested that public work programmes could be integrated into climate adaptation programmes. Financing of such programmes could come from existing multilateral climate adaptation funds.

2. **Breakout group Ethiopia** was moderated by **Assefa Admassie** (Ethiopian Economics Association). The presentations by **Amdissa Teshome** (independent consultant, Addis Ababa) and **Gerrit-Jan van Uffelen** (Wageningen University, the Netherlands) discussed how the Productive Safetynet Programme (PSNP) contributes to food security, productivity and growth and what lessons the PSNP provides for the current debate on the new SP strategy in Ethiopia.

The PSNP, introduced in 2005, meant a paradigm shift from relief cycles to predictable and productive transfers, multi-year programming, combining public work with direct support. It now supports 9 million people. The programme has made an impact on food security (in terms of sustaining consumption and asset levels) and productivity (health, education, increasing productive assets at community level), but not enough. In spite of ambitious graduation targets, households struggle to become food sufficient. Graduation from the programme is limited, which implies a limited contribution to growth.

One reason for limited impact may be insufficient resources. The PSNP is not a substitution but an element in a pro-poor and inclusive growth strategy that lifts people out of poverty. There is a need to analyse the root causes why people are in need of SP and what are the reasons for Ethiopia's protracted food crisis. Yet, a comprehensive SP policy is needed for poor and vulnerable people living in high-risk areas.

The PSNP has stimulated the policy debate on social protection, which resulted in the establishment of a National Social Protection System in 2012. A new National Social Protection strategy was formulated in early 2013 through a participatory process. The draft was developed in consultation with a multi-stakeholder platform and evidence-based. The new strategy focuses on 5 areas: social safety nets; livelihood and employment promotion; inequalities in social services; social insurance; and addressing violence and abuse.

In this new strategy, various lessons from the PSNP are taken into account: livelihood and employment promotion, addressing all forms of vulnerability/shocks (not only drought), timeliness and adequacy of transfers, cash as the primary instrument, regular evaluation and an integrated research component. The link to traditional systems will be mandatory.

During the discussion comments were made about the politics of these programmes, which are supported by donors who at the same time have concerns over human rights issues. In reaction to this it was noted that support for the PSNP also has geopolitical aspects and trust and space at local level have increased now that there is a stable government. At the same time, someone questioned what the real impact has been of the paradigm shift if so far only the protection objective has been met? Is more time required for the productive impact to materialise? According to Van Uffelen the PSNP can be improved, but one cannot expect big growth impacts from the PSNP as that would be too costly. For the success of SP programmes political will and leadership are not sufficient, there is a need to increase trust and ownership at the local level. This ownership is being promoted by the government in an open process with stakeholders. Complaints commissions at local level can ensure transparent and fair implementation.

3. **The breakout group Ghana** was moderated by **Yaw Ansu** (African Center for Economic Transformation, Ghana). The presentation by **Robert Osei** (Institute of Statistical, Social and Economic Research (ISSER), University of Ghana) described how Ghana's agricultural sector is characterized by low investments and low yields. The binding constraints on investments are risk (or lack of access to insurance) and a lack of access to capital. Research was conducted to find out what the impact would be on household investments when relaxing these constraints by providing access to credit and insurance. The research found that the weather index insurance led to increased investment and increased harvest value. These positive effects were even higher for households that in addition to insurance also received capital (cash drop). A second important finding was that very poor households were willing to pay for insurance: as much as 40% uptake at the fair price. The discussion focused on this last finding. What does the surprisingly high demand for insurance by Ghanaian farmers mean from a policy point of view: e.g. does this show a need for selling insurance or for investing in irrigation?

The presentation by **Benjamin Davis** (FAO) discussed the findings of an impact evaluation of the LEAP programme in Ghana. LEAP is a non-conditional cash transfer programme, linked to the country's national health insurance, which targets the poorest households. Among the main findings of the evaluation were:

- LEAP has had a positive impact on human capital, especially in the area of education (increased enrolment, reduced absenteeism).
- LEAP transfers have had very little impact on food and non-food consumption.
- Instead the transfers were used to invest in non-consumption items with the goal of managing risk: increasing savings, paying down debts and re-engaging with social networks.

Several issues were raised in response to the unexpected research findings. Firstly, to what extent is the finding that cash transfers were not spent on consumption influenced by an implementation issue, that is, irregularity of the payouts? Or could it be that this finding indicates that the beneficiaries were not the poorest of the poor, in other words, does it point at errors or inefficiencies in community-based targeting? Secondly, the evaluation found that beneficiaries used transfers to pay off debts. Could it be that people had borrowed money for consumption in anticipation of receiving the cash transfers and that indirectly the transfers *were* used on consumption?

4. **The breakout group Uganda** was moderated by **Sara Ssewanayana** (Economic Policy Research Centre, Uganda). The presentations by **Aggrey Niringiye** (School of Economics, Makarere University, Uganda) and **Lilian Keene-Mugerwa** (Platform for Labour Action Uganda and Africa Platform for Social Protection) focused on a pilot programme for unconditional cash transfers, the Social Assistance Grants for Empowerment (SAGE) programme (funded by DFID, Irish Aid, UNICEF and the Government of Uganda), to old age households and vulnerable households. The 5-year pilot was carried out in 14 districts. It led to a national rollout of this approach as part of the Expanded Social Protection (ESP) programme. Important elements of the presentations and discussion were:

- How was the political buy-in for this programme achieved? The Africa-wide Livingstone Conference (2006) was a starting point, CSOs and donors engaged in a positive way with the government, and the results of pilot were positive: increased food production, increased productive investment in livestock and micro-enterprises. Additional employment for youth was found, as older people are now more able to employ them to work on their land. Process consultations involving all actors across government departments, donors and CSOs, academics and media, also played an important role.
- Buy-in of legislative and executives led to the commitment of resources to the ESP.
- Sustainability and affordability: studies show that a national rollout of a Senior Citizen Grant would cost approximately 2% of government expenditures (2018/2019) or 4% of recurrent expenditures. This is considered affordable.
- Synergy between a rights-based approach and the growth impact: the pilot was started as a rights-based approach, but results also show positive economic impacts (see above). These programmes have the potential to combine both purposes.
- Another impact is the building of institutional capacities through training of local government staff and establishing a dedicated secretariat for SP within the Ministry.
- The presenter recommended to include the gender dimension (women should be registered as recipients) and to test different approaches (transfers to women and men, cash versus asset transfers etc).
- Research suggestions: the links with informal SP systems, the role of the private sector, the sharing of experiences with other African countries.

SESSION 4: THE GLOBAL DEBATE: SOUTH-SOUTH COOPERATION AND OECD EXPERIENCES

In his presentation *Lessons from South-South cooperation* **Fabio Soares Veras** (IPC-IG, Brazil) showed how conditional cash transfer (CCT) programmes have spread in Latin America and now exist in 19 countries. On average, the cost is between 0.2 and 0.4% of GDP. On the African continent, South Africa has the most advanced programmes, while Zambia, Kenya and Ethiopia also have a variety of SP and public works schemes. The development of SP programmes in Africa was given a boost by the Livingstone 1 and 2 conferences (2006, 2008) and is helped by the African Union leadership on the issue.

Brazil's social insurance and social assistance policies have received much praise from the international development community. Experiences with CCTs started in the mid 1990s; the famous *Bolsa Família* started in 2003. The Fome Zero (Zero Hunger) Strategy, a key theme in Lula's presidential manifesto at the time, was initiated in 2003 to integrate programmes that aim to tackle food insecurity and extreme poverty.

There is a fast growing demand from countries, especially in Africa, to learn about the Brazilian programmes. The demand is concentrated on understanding *Bolsa Família* components, especially the single registry. Sensitization of ministries of finance is another key demand from African countries that wish insight into the link between SP and growth and evidence on the extent of the negative impacts on labour market participation.

Challenges of the South-South learning processes include:

- Demand and supply mismatch: countries want Brazilian officials to stay and help them in the design and implementation of the programmes
- A lack of 'Brazilian consultants' with experience with the programmes
- Too many requests for missions (80 in 2011!) and limited capacity to receive them
- Lack of knowledge of the SP/CCT 'international market' and how international agencies and NGO's fight over 'models', 'resources' and 'political visibility' worldwide.

In his presentation *Social protection, poverty and social exclusion: OECD experiences*, **Cok Vrooman** (The Netherlands Institute for Social Research, SCP) discussed the evolution of social protection in OECD countries (1800-1950) and introduced the measuring instruments for monitoring social exclusion and poverty developed in the Netherlands. OECD countries know different SP regimes based on a different allocation of welfare production between the state, the market and the family:

- Social-democratic regime (Scandinavia): extensive, universalistic, high taxes, gender equality, inclusive labour market
- Corporatist regime (Western Europe): extensive, particularistic (bread winners, status groups), insurance-based
- Liberal regime (Anglo-Saxon nations): limited coverage and benefits, targeted at the poor, means tested, low taxes
- Mediterranean regime (Greece, Italy, Spain, Portugal): extensive old age pensions and health insurance, otherwise limited and family-based

Some convergence is taking place between these regimes, which face similar challenges such as economic crisis, population ageing, the policy wish for a more inclusive labour market, etc. Lessons from OECD countries show that there is no single way to build social protection because a lot depends on historical circumstances and topical policy aims. Comparative research shows that more elaborate SP systems tend to produce better results in terms of addressing poverty and social exclusion and that elaborate SP and a high degree of social trust may be mutually reinforcing.

Plenary discussion

A question was raised about the relationship between SP and economic growth in OECD countries. Research doesn't show a clear-cut relationship, but it does show that an elaborate SP system does not need to hamper growth. A lot depends on the design and implementation. There is no 'natural life cycle' for welfare states. The Dutch government envisages a 'participation society', which implies that informal mechanism of protection will once again become more important. Perhaps the Netherlands can learn from Africa and Asia in this respect.

The question was raised whether there is scope for trilateral cooperation, i.e. between OECD countries, BRIC countries (e.g. Brazil) and African countries. According to Soares Veras there is scope, given that the resistance against such cooperation is declining within the Brazilian government. Partly it is a matter of wording: Brazil doesn't want to be called a 'donor'. Brazil moreover insists that cooperation must be demand-driven, and in principle only provides technical assistance; it doesn't have the legal framework for funding SP programmes in Africa. An exception is that Brazil is funding five pilots with school feeding programmes (public procurement of food produced by small farmers), but this is funded from its humanitarian aid budget.

The question was raised what has been the contribution by SP schemes to the decreasing inequality in Latin America. According to Soares Veras, there is a correlation between SP and inequality decrease, but SP explains 15-20% of the impact at most. A more important factor has been the expansion of education. The *Bolsa Família* did have an impact on decreasing regional inequalities: 50% of the beneficiaries of the programme live in the poor northeast of the country. A paper will be published on this issue before the end of the year.

Finally, it is noted that in Africa most impact evaluations of SP programmes are conducted by donors and donor-funded. In Brazil, most research is done by local experts, however, their work only became widely known once the findings were published in English-language journals.

CONCLUDING SESSION: RESEARCH GAPS AND NEEDS

Based on the concluding session the following potential research areas were identified (in random order):

The relationship between formal and informal social protection mechanisms in Africa.

- What are the links between the two types of mechanisms and how can SP-schemes build on informal, local SP-traditions? How real is the threat of crowding out effects?

SP and growth

- Research is needed that explicitly links SP to growth. How can people participate in creating growth and how can specific SP instruments contribute to this? Research also needs to address the impact on macro-economic indicators including growth, unemployment rates and inequality.
- How do SP schemes influence empowerment and entrepreneurship?

Cost elements and financing models

- Research is needed into the costs of SP schemes and not just the benefits. For example the economic costs of raising taxes.
- What are financing options of SP schemes other than donor funds and taxes? E.g. opportunities with contributions from extractive industry revenues, the abolishment of current subsidies on for example food of fuel, or the use of existing climate adaptations funds.

Comparative analysis of the impact of policy alternatives
- Comparative analysis is needed to establish the effectiveness of policy options, including research into the comparative cost of inaction.

Research methodologies
- How do we measure the impacts of SP programmes: at which levels, using which indicators? RCT (randomized control trial) or not? Multimultidisciplinary? Quantitative versus qualitative methodologies.
- Because the effects of SP schemes often only become visible after a considerable time, research must have a long-term perspective.

The role of institutions
- What is the role of institutions for the development of SP (e.g. levels of transparency, rule of law, legal and regulatory frameworks, government capacity)?
- What is the support for SP schemes among Africa's taxpayers (i.e. the middle classes and elites)?
- What is the role of civil society in promoting SP schemes?

SP and social policy
- How can SP schemes be integrated into existing poverty reduction policies? What synergies are possible?
- What potential do SP schemes offer for social transformation?

The political economy of social protection
- Research is needed into national political histories that are an important factor in the attitude towards SP schemes. Under what circumstances will governments have the political will to invest in SP?
- To what extent are short political cycles a constraint for the success of SP schemes?

Capacity
- Research questions and execution must be locally generated. This requires capacity building in the research field, e.g. intensive research methodology courses.

Global challenges
- Research must look into transnational SP elements that address global challenges, including the possibilities for a global social protection fund.
- Inclusive growth requires the integration of poor economies in the world economy. What does this integration entail in terms of the kind of SP systems that countries need?

Other:

- What are the regional spill over effects of social protection schemes?
- What are relevant examples of SP from francophone and Islamic Africa?
- More focus is needed on the targeting of the poorest parts of the population.
- What are motives and incentives of the poor? What do they really need to escape poverty and eventually contribute to economic growth?
- Rural-urban migration: mobility of labour is not always positive, it can mitigate the benefits of SP programmes. Research is needed into SP schemes that target the urban poor.
- Good health contributes to economic growth. What role can SP play in contributing to good health?
- Research is needed into exit strategies and into the question how trust in insurance schemes can be raised.

List of Participants

Name	Organisation
Assefa Admassie	Ethiopian Economics Association
Yaw Ansu	African Center for Economic Transformation
Louise Anten	Ministry of Foreign Affairs
Eleásara Antunes	Embassy of the Netherlands in Mozambique
Dennis Arends	Unicef Netherlands
Nicholas Awortwi	Partnership for African Social and Governance Research
I.S.A. Baud	University of Amsterdam
Frans Bieckmann	The Broker
Rob Bijl	Netherlands Institute for Social Research/SCP
Leen Boer	Ministry of Foreign Affairs
Harry Buikema	Ministry of Foreign Affairs
Cecile Cherrier	AETS / European Commission Advisory Service in Social Transfers
Benjamin Davis	FAO From Protection to Production
Marleen Dekker	African Studies Center, Netherlands
Fatoumata L. Diallo	Consortium pour la Recherche Economique et Sociale Senegal
Ton Dietz	African Studies Center, Netherlands
Anne Pieter van Dijk	Oxfam Novib
Chris Elbers	VU University Amsterdam
Paul Engel	European Centre for Development Policy Management
Stefan van Esch	PBL Netherlands Environmental Assessment Agency
António Francisco	Institute for Social and Economic Research Mozambique
Franziska Gassmann	Maastricht University/UNU MERIT
Melese Getu	Organisation for Social Science Research in East and South Africa
Tagel Gidey	University Twente
Giorgia Giovannetti	European University Institute and University of Florence
Jan Willem Gunning	VU University Amsterdam
Arjan de Haan	International Development Research Centre
Jolijn van Haaren	Unicef Netherlands
Mariana Hoffmann	International Policy Centre for Inclusive Growth
David Hulme	Manchester University, BWPI and ESID
Eseza Kateregga	Makerere University Kampala
Lilian Keene-Mugerwa	Africa Platform for Social Protection
Margriet Kuster	Ministry of Foreign Affairs
Loes Lammerts	Ministry of Foreign Affairs
Sandra Louiszoon	Ministry of Foreign Affairs
Ton Meijers	Oxfam Novib
Francois Xavier Merrien	Institut de Recherches Sociales, Université Lausanne
Henk Molenaar	NWO-WOTRO
Karlijn Morsink	Oxford University/University Twente
Humprey Moshi	University of Dar es Salam
Aggrey Niringiye	Makerere University Kampala
Robert D. Osei	ISSER University of Ghana
Sjoerd Panhuijsen	Hivos

Hans Pelgröm	Ministry of Foreign Affairs
Eva Rijkers	NWO-WOTRO
Aaltje de Roos	Ministry of Foreign Affairs
Ruerd Ruben	Ministry of Foreign Affairs
José Ruijter	Cordaid
Ebrima Sall	Council for the Development of Social Science Research in Africa
Robert-Jan Scheer	Ministry of Foreign Affairs
Arjan Schuthof	Ministry of Foreign Affairs
Sjoerd Smit	Ministry of Foreign Affairs
Fabio Soares Veras	International Policy Centre for Inclusive Growth, Brasilia
Sarah Ssewanyana	Economic Policy Research Centre, Uganda
Yvonne Stassen	Ministry of Foreign Affairs
Michael Stibbe	Ministry of Foreign Affairs
Josine Stremmelaar	Hivos
Doortje t Hart	Stop Aids Now
Kees Terwan	Ministry of Social Affairs and Employment
Amdissa Teshome	Independent Consultant, Addis Ababa
Peter Ton	Cordaid
Gerrit Jan van Uffelen	Wageningen University
Rolph van der Hoeven	Institute of Social Studies, Netherlands
Roel van der Veen	Ministry of Foreign Affairs
Frans Verberne	Food & Business Knowledge Platform
Cok Vrooman	Netherlands Institute for Social Research/SCP
Martine Weve	Stop Aids Now
Wijnand van IJssel	Ministry of Foreign Affairs

Scoping Conference

The Links between Social Inclusion and Sustainable Growth in Africa

Knowledge Platform Development Policies

30 -31 October 2013, Conference Centre 7AM The Hague

Programme

Wednesday 30 October

12.00 – 13.00	Registration, lunch
13.00	**Welcome** by **Yvonne Stassen**, Deputy Director Social Development of the Ministry of Foreign Affairs of The Netherlands **Opening** by **Rob Bijl**, Chairperson of the Platform Development Policies
13.15 - 15.00	**Session 1: Can Social Protection contribute to growth in SSA?**
13.15	Keynote address **David Hulme**, Professor of Development Studies at the University of Manchester Comments by **Giorgia Giovannetti**, Professor at the University of Florence and European University Institute
14.00 - 15.00	Plenary Discussion
15.00 - 15.30	*Coffee/Tea break*
15.30 – 17.30	**Session 2: Experiences with Social Protection programmes and their growth impacts** *Evaluating cash transfer programs in Africa,* **Benjamin Davis**, Team Leader From Protection to Production Project, FAO *Insurance instruments and growth in Sub-Saharan Africa,* **Chris Elbers,** Professor at Free University Amsterdam Comments by **Karlijn Morsink,** Postdoctoral Fellow Centre for the Study of African Economies (CSAE, Oxford) and Twente University
18.00	*Drinks and Dinner in UNAMI restaurant*

Thursday 31 October

09.00 – 10.00	**Session 3: Issues in policy-making** *Informal and formal social protection Systems*, **Melese Getu**, Programme Specialist at the Organisation for Social Science Research in Eastern and Southern Africa (OSSREA)

	Features, governance characteristics and policy implications of non-state social protection in Africa. **Nicholas Awortwi,** Director Research Partnership for African Social and Governance Research (PASGR)
10.00 –10.30	*Coffee Tea Break*
10.30-12.30	**Learning from country examples: SP programmes and debates in Ethiopia, Mozambique, Ghana, Uganda,** *Parallel sessions*
	Mozambique: **António Francisco** Research Director at Institute of Social and Economic Studies, Mozambique (IESE), **Eleásara Antunes** Embassy of The Netherlands in Maputo Moderator: **Fabio Soares Veras**, International Policy Centre for Inclusive Growth, Brazil (IPC-IC)
	Ghana: **Robert D. Osei** Lecturer Institute of Statistical, Social and Economic Research University of Ghana (ISSER), **Benjamin Davis**, Team Leader From Protection to Production, FAO Moderator: **Yaw Ansu,** Chief Economist African Center for Economic Transformation, Ghana
	Uganda: **Niringiye Aggrey** Lecturer at Makerere University, Uganda, **Lilian-Keene Mugerwa**, Director of the Platform for Labour Action Uganda and President of the African Platform for Social Protection Moderator: **Sara Ssewanyana** Executive Director Economic Policy Research Centre, Uganda
	Ethiopia: **Amdissa Teshome** Independent Consultant based in Addis Ababa, **Gerrit-Jan van Uffelen**, Food Security Research Coordinator at Wageningen University Moderator: **Assefa Admassie** Principal Researcher Ethiopian Economics Association
12.30 – 13.30	*Lunch*
13.30 – 15.00	**Brief report** parallel sessions on country examples
	Session 4: The Global debate: South-South cooperation and OECD experiences
	Lessons from South-South cooperation, Introduction by **Fabio Soares Veras**, Research Coordinator International Policy Centre for Inclusive Growth, Brazil (IPC-IC)
	OECD experiences, Introduction by **J. Cok Vrooman** Head of Sector Labour and Public Services at The Netherlands Institute for Social Research|SCP
15.00 – 15.30	*Coffee Tea Break*
15.30 – 16.30	*Break-out groups:* **research gaps and needs**
16.30 – 17.30	*Concluding debate* **on research gaps and needs** **Concluding remarks** by **Michael Stibbe,** Director Africa Ministry of Foreign Affairs of The Netherlands