

The (business) case for social protection

Comprehensive social protection systems, underpinned by state coordination and sustainable funding, are instrumental to promote inclusive development, and in the [past two decades](#) many African governments and international partners have come to recognise this. Inclusive development aims to [reduce inequality and poverty](#) and thus must explicitly include the poor and vulnerable, the excluded and marginalised. This document summarises the work INCLUDE has done on the [link](#) between social protection (SP) and inclusive development. Additionally, it sets the agenda for topics that merit more attention and discussion among researchers and policy makers in the near future.

Overview of social protection and INCLUDE

The synthesis paper '[The Business case for social protection in Africa](#)' (2018) based on [7 of the RIDSSA projects](#), shows that the question is not 'if' SP programs work, but rather 'how' to improve them to make them work better. Persistent [myths around cash transfers](#) have been debunked by several long-running research projects: [SP does not impede development](#), promote laziness, increase dependency and the uptake of temptation goods, nor does it increase birth rate or inflation.

Generally, in the short term (the first 15 months) the costs of SP outweigh the benefits, but over time this ratio becomes more positive. Interventions that integrate various SP instruments have higher value-for-money than single interventions. That being said, it is important to know when to use which instrument and make those instruments fit the context and reach the intended population. [Social protection programs](#) can be divided into social assistance (non-contributory), social insurance (contributory) programs, and labour market interventions (such as unemployment benefits). In African countries, the most common type of SP is social assistance, also known as [social safety nets](#), built around social transfers, either cash or in-kind, or subsidies for specific services.

Impact and cost-effectiveness of SP are highly influenced by programme [design, coordination and implementation](#). Social assistance transfers are found to be most impactful when they are sizeable, regular and predictable. Cash transfers, in particular, can generate multiplier effects and spill-over effects through increased [consumption and production](#) and enhanced [food security, \(child\) health, land tenure and overall human capital](#). Pro-poor design and implementation balances the inherent trade-off between cost-effectiveness, extensive coverage and targeting vulnerable groups. To tackle this trilemma and other challenges to SP for inclusive development and growth, alignment between new and existing policies, increased ownership by national governments, and clear and effective vertical governance are necessary. This implies the need for coordination between all actors that engage in SP - [different layers of governments](#), NGOs and Civil Society - as well as [recognition of the context](#) and of [existing informal structures](#). Involving local stakeholders in design, implementation and feedback mechanisms can [increase the sense of ownership](#), reduce costs and make the programme more adaptive and context-appropriate. Ultimately this can increase [legitimacy for SP systems](#) on one hand and for [the social contract](#) between state and citizens on the other.

Moving forward, INCLUDE identifies three important aspects for future research and policy (overleaf): Sustainable financing, incorporating perspectives on SP from African researchers, policymakers and civil society, and the different purposes of SP programs in emergency compared to 'normal' times.

Financing Social Protection

Comprehensive SP systems need sustainable funding, and shock-responsive SP is ideally prepared for a rapid increase in coverage in case of large covariate shocks, such as droughts and the pandemic. This is a challenge in most low- to middle- income countries, as domestic funding by national governments depends on [tax systems and political interests](#), determining the [political will and fiscal space](#). Most national programmes are (co)funded by international partners and supranational organisations, while small-scale programmes are often funded and implemented by NGOs. Budgets for SP programmes are usually fixed in value and duration, or work with a [cap on the number of beneficiaries](#).

COVID-19 has opened up this discussion and put social protection firmly in the centre of the policy stage - as researchers, CSOs, NGOs and other actors seize the crisis as an opportunity to propose and develop SP policy, including sustainable funding strategies. Proposals include [debt write-offs](#) for a [Universal Basic Income](#); [debt standstill](#) for developing countries; a dedicated [global fund for social protection](#); and various [taxation strategies](#), from [corporate taxing](#) and rerouting of (energy) subsidies to [curbing illicit money flows](#). Funding solutions on different levels are needed, from international to sub-national, as the economic fall-out of COVID-19 deepens and continues to creep on.

African Perspectives on Social Protection

While many national governments of African countries have supported a social protection floor, there has been only [limited expansion of coverage](#), often ascribed to absence of political will and fiscal space. Most pre-COVID-19 social protection programmes had scarcely moved beyond pilot stages, with some exceptions in the [Ethiopian PSNP](#), [Ghana's LEAP](#), [Kenya's CT-OVC](#) and [Child Grants in South Africa](#).

COVID-19 forced governments to [respond](#) to economic fall-out with [large scale roll-outs](#) of SP programmes - mostly [social assistance](#) such as subsidies and [cash transfers](#), often adding to [existing SP systems](#). In some cases, [partnerships](#) were established between governments or governmental departments, [humanitarian sector](#), [telecom companies](#), [financial institutions](#), [Non-Governmental Organisations](#) and Civil Society actors, to speed up implementation and expand coverage.

Following the surge in SP programmes in response to COVID-19, experts, international organisations and government officials call for [immediate short-term action with a long-term mindset](#). As political will and fiscal space are crucial in the long term, the question is how do policy makers and national governments view SP, (how) have these views changed recently, and how do they include the ['missing middle' of \(urban\) informal workers](#) and other groups that are often left behind in social policies?

Different purposes of SP in emergency and 'normal' times

[Shock-responsiveness of social protection systems](#) is instrumental for the speed and adequacy of policy responses. SP measures are designed for [different purposes](#): to prevent those hit by an emergency or shock from falling into poverty (prevention), to offer a path out of poverty and vulnerability (promotion), or to structurally protect vulnerable people from falling into destitution (protection).

Protective measures for vulnerable groups in society, such as children, elderly and people with illnesses or disabilities, should align with promotive measures that bridge inequality and alleviate poverty, and preventive measures such as insurance in case of idiosyncratic shocks. Ideally, comprehensive shock-responsive SP systems connect different instruments and purposes with the financial and organisational [readiness to scale up](#) in times of emergency.

If there is anything that COVID-19 has shown, it is that social protection is not a choice, it is not charity, it is a social and economic necessity and a basic [human right](#). The question is how to expand coverage and sustainably offer social protection to all, and whether the response to this pandemic has indeed opened a window for sustainable, shock-responsive, and comprehensive SP systems.