

CHAPTER 1

# Introduction

Fleur Wouterse and Alemayehu Seyoum Taffesse



Shocks and vulnerabilities are common in the lives of many Africans. Individuals and communities cope with adversity in diverse ways, but poverty and capacity constraints limit their options (Nikoloski, Christiaensen, and Hill 2018). Social protection should play an expanded role in these countries to increase the resilience of the poor and help pave a path out of poverty. Broadly, social protection comprises public and private initiatives that provide income or consumption transfers to the poor, protect the vulnerable against livelihood risks, and enhance the social status and rights of the marginalized with the overall objective of reducing the economic and social vulnerability of poor, vulnerable, and marginalized groups (Devereux and Sabates-Wheeler 2004). Social protection represents an investment in a country's "human infrastructure" that is no less important than investments in its physical infrastructure (ILO 2015). Only a population that is healthy, well nourished, and well educated can realize its potential for productive employment. Lack of access to social protection constitutes a major obstacle to economic and social development; inadequate or absent social protection coverage is associated with high and persistent levels of poverty and economic insecurity, growing levels of inequality, insufficient investments in human capital and capabilities, and weak aggregate demand in times of recession and slow growth (ILO 2015).

Social safety nets or social assistance programs are ubiquitous in developed countries and there has been a great impetus for revisiting social protection in Africa, demonstrated especially by the African Union's declaration on social protection and the June 2012 adoption of a recommendation for national floors for social protection by the International Labour Organization (Klasen 2012). In the 2014 Malabo Declaration, African leaders committed to end hunger on the continent by 2025, in part by integrating social protection with measures to increase agricultural productivity and committing resources to finance that integration. This commitment highlights the key role of social protection in advancing the Comprehensive Africa Agriculture Development Programme (CAADP) agenda.

Social protection initiatives in Africa increasingly aim to institutionalize systems that guarantee assistance for the poor and protect the vulnerable against livelihood risks (Devereux and White 2012). Social protection policies play a critical role in realizing the human right to social security for all, reducing poverty and inequality, and supporting inclusive growth—achieved by boosting human capital and productivity, supporting domestic demand, and facilitating structural transformation of national economies (ILO 2015). Four channels or pathways have been highlighted through which social protection programs can play an instrumental role in promoting agricultural development and, more broadly, economic growth. First, social protection programs create individual, household, and community assets. Second, programs aid households in protecting their assets in case of shocks. Third, programs help households cope with risk and enable households to use their existing resources more effectively. Fourth, programs reduce inequality and thus raise growth rates directly (Hoddinott 2012). Social protection programs are sometimes criticized, however, for creating disincentive effects and for being overly costly. Disincentive effects may arise, for example, if the receipt of public funds discourages beneficiaries from working in favor of increasing their leisure time.

Two major trends will determine the future demand for social protection in African countries. The first is the long-standing elevated poverty rates that have resulted from the decades of economic decline and stagnation that preceded the recent economic recovery. The second trend is the transition to more democratic, pluralistic political systems combined with faster economic growth and a more vocal urban segment of the poor and vulnerable population. This combination is bound to lead to growing demand for social protection and increasing pressure on governments to respond or face social upheaval. These two trends suggest that African countries will confront a two-fold challenge: finding sufficient resources to invest in accelerating growth and meeting the cost of providing social services to large numbers of poor and vulnerable people. Meeting this challenge is further

complicated because most African countries operate under tight budget constraints and have limited experience with social protection programs (Badiane and Ulimwengu 2009). Unlike their Latin American and Asian counterparts, countries in Africa (excepting South Africa and Ethiopia) largely rely on traditional, family-based safety nets and formal pension schemes. The latter cover only a small fraction of employees in the formal sector, while traditional safety nets have come under pressure due to rapid urbanization and are disintegrating rapidly (Badiane and Wouterse 2012). The extension of social protection in Africa south of the Sahara is highly diverse, its dynamics are complex, the constraints to financing and delivery in low-income countries remain formidable, and there are significant challenges in ensuring political commitment to these programs.

The issues highlighted above raise important questions for research. One question relates to how social protection programs can be designed and targeted to allow countries to effectively and efficiently meet their growing needs. A second question calls for identification of the factors that determine success, costs, and sustainability of the social safety net programs currently being implemented. Finally, an understanding is needed of how fiscal constraints and the need to provide social protection can be reconciled and of how the social protection agenda can be adapted to diverse country contexts.

The *2017–2018 Annual Trends and Outlook Report (ATOR)* takes an in-depth look at social protection in rural Africa to address these three questions. First, it summarizes the available evidence on successful implementation of social protection programs in rural Africa. Second, the report helps to fill knowledge gaps related to enhancing the role of social protection in reducing vulnerability and increasing resilience of rural households as Africa embarks on the implementation of the Malabo Declaration commitments and the African Union’s Agenda 2063. Third, the report highlights policy implications to guide the design and roll-out of national social protection programs for rural Africa.

Chapter 2 analyzes how the interplay of agriculture and social protection programs and policies and their coordinated implementation can contribute to positive synergies that accelerate progress in reducing rural poverty, eliminating hunger, and building resilience and improved well-being, especially for smallholders. Further exploring the synergies between social protection and agriculture, Chapter 3 provides critical lessons and insights regarding the effects of social protection on agriculture. The author assesses the benefits and challenges of linking social protection with agriculture using the experiences and empirical evaluation of the Ethiopian Productive Safety Net Program (PSNP)—the second largest social protection program in Africa.

The next chapters look at the impact of social protection programs. Chapter 4 provides an empirical analysis, using data from KwaZulu-Natal in South Africa, of the impact of social grants on the development of entrepreneurship in farm households. Using an experimental design impact evaluation for Lesotho, Kenya, Malawi, and Zambia and a quasi-experimental design for Ethiopia and Ghana, the authors of Chapter 5 assess the role of cash transfer programs as a tool to support risk management and build resilience. Chapter 6 zooms in on Mali to evaluate how conflict affects the impact on household food security of two food assistance projects. The authors design a longitudinal, quasi-experimental study based on two survey rounds, five years apart, in the Mopti region in Northern Mali and assess whether access to different forms of food assistance improved household (food) expenditures, food consumption and nutrient availability, and the nutrition status of children. Also looking at the well-being of children, Chapter 7 reflects on coverage and under-coverage of social assistance among certain groups of children and provides an overview of the impact of social protection on children. The author offers reflections on the way forward, particularly in relation to program design and implementation. Finally, Chapter 8 provides a comparative analysis of 48 graduation, livelihood, and cash transfer programs. Using income and

consumption as the primary metrics of impact and focusing on long-term outcomes, the author assesses the sustainability of impact of these programs and compares both costs and impacts across the three types of approaches.

The subsequent chapters reflect on design aspects of social protection programs and provide related lessons for policy makers. The author of Chapter 9 draws on in-depth knowledge of a set of recent and active social protection programs implemented in eastern Africa to discuss three challenges inherent to poverty-targeting that constrain the achievement of program objectives. These challenges are the difficulty of identifying the poorest among the poor, heterogeneity in household characteristics within a target population that is assumed to be relatively homogeneous, and provision of “individual/household” transfers in diverse social and cultural contexts. Chapter 10 uses Egypt as a case study to examine the effectiveness of proxy means test (PMT) targeting. Targeting effectiveness is defined in terms of the ability of the program to enroll beneficiaries from the lowest two quintiles of the expenditure distribution. The authors also consider the social costs of implementing PMT in a context where administrative capacity to explain the targeting mechanism to the public is imperfect. Chapter 11 offers insights for policy makers into how to design cost-effective social protection programs. Focusing on noncontributory transfers to the poor, the authors provide evidence and offer reflections on the key design decisions associated with putting social protection programs in place: targeting, the choice of payment modality, and graduation.

In line with the role of the ATOR as the official monitoring and evaluation report for CAADP, Chapter 12 monitors progress on CAADP indicators outlined in the CAADP Results Framework 2015–2025. The chapter also reviews progress in the CAADP implementation process across the continent, including a look at trends in government social protection expenditures. Finally, Chapter 13 provides an overarching account of findings on social protection as development policy and draws out lessons for policy makers when adopting a systems approach to social protection.