Executive Summary

Social protection initiatives in Africa increasingly aim to institutionalize systems that guarantee assistance for the poor and protect the vulnerable against livelihood risks. Through direct and indirect income effects, social protection programs can also play an instrumental role in promoting agricultural development and, more broadly, economic growth.

Two major trends will determine the future demand for social protection in African countries. One is the persistent high rates of poverty that are the result of decades of economic decline and stagnation that preceded the recent economic recovery. The other is the transition toward 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 certain social upheaval.

These two trends suggest that African countries will confront a two-fold challenge: finding sufficient resources to invest in both 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. Social protection programs in Africa are highly diverse, their dynamics are complex, the challenges to financing and delivery in low-income countries remain large, and there are significant challenges in ensuring political commitment to these programs.

These issues raise important questions for research. One question asks 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 agenda itself 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, which are particularly relevant as Africa embarks on the implementation of the Malabo Declaration commitments and the African Union's Agenda 2063. First, the contributed chapters summarize and synthesize the available evidence on successful implementation of social protection programs in rural Africa. Second, the report fills in knowledge gaps on how to maximize the role of social protection in reducing vulnerability and increasing resilience of rural households. Third, the report highlights policy implications to guide the design and roll-out of national social protection programs for rural Africa.

Major Findings and Policy Recommendations

Social protection can contribute to reducing income inequality and promoting a more equitable, inclusive, and sustainable pathway to

structural transformation. Social protection programs, at a minimum, allow the poorest to access more and better food; to enhance their capacity to manage risk, and then progressively strengthen human capital and relax the economic constraints they face; and to invest in higher-risk economic activities that offer higher returns. While social protection measures are not sufficient to trigger a rapid and substantial change in households' well-being, they can mitigate the most negative effects arising from the widespread out-migration from rural areas that is driven by a lack of employment and income-generating opportunities. Linking a social protection program with agriculture sector programs can help not only to protect poor people from consumption crises but also to minimize productive disincentives by addressing the needs of different households differently.

Cash transfer programs—the most important form of social protection in Africa—can provide more than just social assistance. Cash transfer programs' primary purpose is to help vulnerable households avoid the worst effects of severe deprivation, but they can also contribute to economic and social development. By providing a steady and predictable source of income, cash transfer programs can build human capital, improve food security, and potentially strengthen the ability of households to deal with exogenous shocks by allowing them to diversify and strengthen their livelihoods to prevent fluctuations in consumption. Although the impacts on risk management are less uniform, cash transfer programs appear to strengthen community ties (through increased giving and receiving of transfers), allow households to save and to pay off debts, and decrease reliance on adverse risk coping mechanisms. Cash transfers also have potential to help poor households manage climate risk. And these transfers can play a positive role in the development of agricultural entrepreneurship in rural areas when households' level of dependency on social grants is low.

In settings characterized by chronic food insecurity and conflict, food transfers may have a protective effect on food security and nutrition of vulnerable populations. Combining specialized and general food assistance is more effective than using a single form of transfer. In general, different payment modalities for transfers (cash, in-kind, voucher) are largely equivalent in their impact on the amount that beneficiaries spend on food; the advantage of cash transfers lies in the additional improvements they can support.

Although cash transfers have perhaps the most potential to reduce poverty, cash+ (cash plus) programs have the largest and most consistent body of evidence supporting their impact on extreme poverty. Cash+ programs are social protection interventions that provide regular cash transfers in combination with additional components or interventions designed to augment income effects. These include measures to induce behavioral changes or to address supply-side constraints that limit access to, for example, credit markets. In fact, graduation programs—one form of cash+ program—were most consistently found to have significant positive impacts across sites and in the longer-term. Programmatic interventions, such as those included in cash+ approaches, stimulate development of a more skilled workforce capable of responding to changing demand and joining the transition to higher levels of productivity. The cash+ approach also has potential as a powerful tool to improve the well-being and care of Africa's children. However, the productive impact of cash transfers is sensitive to implementation problems; delays and irregularities in payments can reduce their effectiveness in helping households invest and manage risk.

Articulation of cash transfer programs with other sectoral development programs in a coordinated rural development strategy could lead to synergies and greater overall impact. Linking social protection with agriculture interventions further improves technical skills and access to new technologies. Complementary measures to maximize the positive spillover effects of the income multiplier effect generated by the cash transfer program should be targeted not only to cash transfer beneficiary households but also to the ineligible households that provide many of the goods and services in the local economy.

Including environmental risks and vulnerabilities as targeting criteria could help improve the effectiveness of safety nets as risk-coping instruments. While direct income support for households in the short term is important to address hunger and extreme poverty, poor households should also be afforded opportunities to work themselves out of poverty. The role of social grants in addressing short-term poverty is appreciated, but social grants must also foster sustainable economic activities by building entrepreneurship and capacity among the beneficiary households. Public works programs, including productive safety nets, can be designed in ways that contribute simultaneously to increasing household incomes, engaging communities in climate-smart agriculture, and generating "green jobs" in areas such as waste management, reforestation, and soil conservation.

Accurate targeting as a form of rationing is a critical element of both food security and livelihood support for the poorest. Due to imperfect information, identifying the poorest is not straightforward. Targeting may also have political costs. For example, the relatively less poor may feel excluded and decide to vote against the government that initiated the program. Whatever the targeting method, implementation efficiency and overall implementation capacity cannot be overlooked.

In situations where the income or asset distribution is flat, meaning it is difficult to identify the poorest, a combination of targeting methods may work best, such as an objective proxy means test (PMT) together with a community-based method. While household-level verification is costly, it makes a significant difference in terms of preventing leakage. Combining use of exclusion factors with PMT may make the process easier for beneficiaries to grasp and contribute to an understanding that a program is attempting to be fair.

Where poverty and location are highly correlated, universal coverage may be a more effective way to support the poor than targeted programs. Universal targeting substantially reduces the cost of deciding which combination of targeting mechanisms will work best, if at all, minimize exclusion errors, and reduce the social tensions created when the poorest of the poor are suddenly catapulted to income levels above the moderately poor. Such coverage may also provide a more ethical solution in the context of local development.

Heterogeneity in household type, in location, or in population group means that a one-size-fits-all social protection program is unlikely to work, especially in terms of targeting households for program eligibility. Assumptions about similarities within a target group can be misplaced, leading to inappropriate benefit provision for some households. Assuming homogeneity also ignores the diverse needs of households for different types of support and for different lengths of time. A "leave-no-one-behind" agenda requires that a social protection policy coordinate and deliver the appropriate combination of interventions to different population groups in different contexts.

For targeting to be effective—in the sense that it supports and facilitates program objectives—attention to context, culture, and population characteristics is critical. Likewise support delivered through the program must be appropriate and sensitive to different contexts and livelihoods, and delivery should be fitting to the context. For example, for cultures where sharing is the norm, benefits may need to be delivered to clans or communities rather than individual households. Or, where people are on the move, registration of target populations and payment points will need to adapt to mobility patterns and changing locations.

The choice of the targeting method needs to be grounded in the local context. It is advisable to pilot and evaluate different targeting methods before a full scale-up, bearing in mind that a combination of different targeting methods may lead to greater targeting accuracy than use of a single method.

Clear communication is needed about the targeting approach. Confusion about acceptance criteria has potential to fuel suspicion of local government officials and increase social tension.

Graduation—or the potential to reduce vulnerability so that people can move away from social protection support—is closely linked with overall budget considerations. Increasing the number of households that sustainably graduate from social protection programs reduces the number of beneficiaries and therefore reduces costs. Investments in successful graduation programs could thus serve to reduce the fiscal burden of social protection.

To graduate, households often need additional support that is not part of the basic safety net package. Graduation may still be slow even when a program combines cash transfers with additional support such as public works. Graduation is a function of many factors, including production disincentives, the ability or inability to create capacity, and the effectiveness of the implementers to help clients graduate.

Differences in household type, in location, or in population group mean that a one-size-fits-all social protection program is also unlikely to work when it comes to identifying households to graduate from a program. The possibility of wrong assumptions about similarities within a target group may lead, for example, to premature graduation.

Monitoring and evaluation (M&E) systems should be developed early on as a core component of program design. Well-functioning M&E systems can document progress in implementation and generate information that can be used to improve overall program design.

Continuous empirical assessment is essential to generate evidence for learning and for improving the design of succeeding phases of social protection programs. Systematic qualitative assessments can generate insights to complement quantitative M&E results and to draw practical lessons. Assessing graduation rates and the cost effectiveness of programs requires a mix of quantitative and qualitative analyses. Exploring the perceptions of beneficiaries and local experts regarding transfers and the sustainability of other measures, such as public work schemes, requires in-depth qualitative analysis. Impact studies on community-level asset-building should also be conducted. Investments in policy-relevant research and communication about interventions that have a broad impact on important aspects of well-being are essential to trigger other policy actions with positive consequences, such as strengthening education and health or actions that effectively promote productivity.

A sustainable multi-objective social protection program requires an effective institutional architecture that can mobilize expertise, assign clear responsibilities to stakeholders, and design an equitable and efficient targeting system. The institutional architecture should articulate the different objectives, instruments, beneficiaries, and oversight institutions.

To ensure the long-term sustainability of these programs, it is important to move toward domestic financing models. Currently, most low-income countries do not have the capacity to fund their own social protection programs through tax income alone, making it imperative to establish effective domestic resource mobilization systems and strengthen national tax collection systems. The Malabo Declaration represents a step in this direction as it commits African governments to integrate measures for increased agricultural productivity with social protection initiatives for vulnerable social groups through targeted lines within national budgets.

Policy and program synergies can maximize the impact of social sector expenditures on agricultural productivity—a key driver of long-term poverty reduction. To address high poverty rates and vulnerability, governments increasingly allocate resources to social sectors such as social protection, health, and education. In fact, spending on social protection has increased sharply. However, despite showing strong growth during the first decade of CAADP, agricultural spending has declined. For Africa as a whole, the share of government spending on social protection in total expenditures rose from an average of 5.2 percent in 1995–2003 to 12.5 percent in 2008–2012 while the share of agriculture expenditure fell from an average of 3.3 percent in 1995–2008 to 3.0 percent in 2008–2017. It is therefore important to improve allocation of social sector expenditures, especially those that protect or build human capital and productive assets, to maximize their contribution to increasing agricultural productivity.