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Social Policy Highlight 21

Africa: Rapid coverage extension is possible

It is sometimes believed that the large-scale and rapid extension of social security coverage in low-income Africa is impossible. The evidence over the last years has turned this idea on its head: in Rwanda, for instance, universal health insurance coverage is becoming a reality. The Rwandan case, amongst others, draws attention to wider positive developments observed in African social security, country developments that are focused firmly on addressing the needs of vulnerable populations, investing in forward-looking and earlier interventions, and enhancing all aspects of the performance of social security administrations and programmes. As this *Highlight* concludes, while the challenges for social security remain great, the positive impacts of recent developments and trends in Africa give ground for optimism.

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Taking stock of social security in Africa

In Africa, social security coverage ranges from 5 to 10 per cent of the population in sub-Saharan Africa and from 20 to over 70 per cent in the continent's middle-income countries. High levels of informal employment translate into large coverage gaps in many countries, where only small minorities, usually formal-sector employees, have access to comprehensive social security protection. Typically, the rural population, self-employed workers and those marginal to formal labour markets are left vulnerable, being largely excluded from adequate or, indeed, any social protection.

Taking Africa as a whole, most countries have work injury insurance programmes and provide coverage also for old age, disability and survivorship. However, the provision of programmes for cash sickness and maternity benefits as well as health care benefits, family allowances and unemployment

This issue

- Summarizes recent developments and trends in African social security
- Demonstrates that rapid extension of contributory coverage is achievable
- Explores African evidence in support of the emerging global trend toward forward-looking and earlier interventions in social security
- Discusses the policy priorities and challenges for African social security

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benefits is less developed. For example, family allowances are provided in just over half of the countries, while unemployment programmes exist in five only.

In spite of this, a 2011 report by the ISSA – *Africa: A new balance for social security* – shows that progress continues to be made in Africa in extending social security coverage. In particular, many countries have adopted innovative approaches to, and made breakthroughs in, improving the social protection of vulnerable population groups.

Key statistics

- There are 55 countries in Africa with a combined population of over 1 billion people, with over 850 million living in sub-Saharan Africa.
- In 2011, the global population reached 7 billion and will reach 10 billion by 2083. Much of this future increase will occur in 58 high-fertility countries, 39 of which are in Africa.
- Africa's population represents 15 per cent of the world's current population; by 2050, it will represent 24 per cent.
- In 2011, 40 per cent of Africa's population lives in urban areas, an increase of over 110 per cent since 1990.
- The number of Africans aged 60 or older is estimated to be around 56 million, which equates to around 6 per cent of the total population.
- Approximately 50 per cent of Africa's population is younger than age 20.
- In low-income African countries, social security coverage ranges from 5 to 10 per cent of the population.
- In middle-income African countries, social security coverage generally ranges from 20 to over 70 per cent of the population.
- African GDP growth in 2010 was 5.2 per cent.

Extending coverage to vulnerable populations

Often, the extension of coverage entails a step by step approach and the use of multiple financing mechanisms. Commonly, this commences with small-scale pilot programmes focused on the needs of vulnerable population groups and/or populations in limited geographic areas. Thereafter, these programmes may be rolled out gradually to cover an ever greater share of the population. In this process an important challenge for national authorities is to build institutional capacity and develop a coherent social protection strategy that avoids unnecessary coverage overlaps and minimizes coverage gaps.

Depending on nationally-defined priorities and needs, vulnerable populations may include the elderly, or women and children or, indeed, the working-age population. A common objective of these programmes, which often rely on tax/donor financing, is poverty alleviation among vulnerable families and preventing the transfer of poverty across generations. In practice, programmes usually provide cash benefits or access to health care. For others, in-kind benefits or subsidized employment or food may be provided.

Senegal launched a new programme in 2010 – National Initiative for the Social Protection of Vulnerable Groups – in an effort to help alleviate poverty, vulnerability and social exclusion among the target population through capacity building and enabling wider access to cash transfers and direct financial products. In 2010, Zambia announced plans to scale up a social pension pilot, the Katete Programme, to the national level after its initial implementation from 2004 to 2007, with donor funding support. Again with donor support, the Government of Uganda launched a five-year cash transfer pilot in 2011 – Social Assistance Grants for Empowerment (SAGE) – which will provide an Old-Age Grant and a Vulnerable Families Support Grant in three districts initially, before being rolled out to other parts of the country.

The expectation is that these developments will also engender broader positive externalities for national development strategies, for instance, progress in advancing gender equality, family cohesion, poverty alleviation and even local entrepreneurial activity.

Strengthening the role of contributory programmes

Recent years have borne witness also to the introduction of new contributory benefits programmes. This is seen, for instance, in Mauritius (unemployment benefit), Kenya, (contributory pension scheme for the informal sector), and Ethiopia (mandatory pension for private-sector employees). And Malawi aims to establish a system of mandatory individual accounts for most workers under a new national pension fund. Until now, Malawi has had no mandatory pension system for private-sector workers.

New health care programmes have been introduced too. Including:
- Ethiopia: social health insurance, which covers all taxpayers and offers voluntary coverage to non-taxpayers including farmers and unemployed persons under community-based health insurance;
- Gabon: mandatory health insurance for low-income individuals, civil servants and workers in the private sector;
- Mali: mandatory health insurance for current and retired civil servants and their beneficiaries as well as workers covered by the labour code and their beneficiaries;
- Togo: mandatory contributory health insurance for civil servants;
- Uganda: mandatory national health insurance, which aims to target public-sector employees before coverage is extended to private-sector and informal-sector workers.

Of greatest note, the case of health care coverage extension in Rwanda stands out as an important and inspirational African success story. By innovatively using mixed financing sources (i.e. a combination of international aid, community-based health insurance schemes, government subsidies for marginalized groups and social insurance for the formal sector), nearly the entire population of low-income Rwanda now has health insurance coverage. Rwanda's example shows that coverage extension under contributory programmes can be achieved and done so relatively rapidly.

A global trend with African dimensions

The story of recent developments and trends in African social security is more than just the issue of coverage extension alone. Global analysis presented by the ISSA at the World

Social Security Forum in Cape Town (2010), which has been reinforced by analysis of recent African evidence, reveals an emerging movement toward what the ISSA calls "a new balance for social security". This means that greater importance is being accorded by a growing number of social security systems to forward-looking and earlier interventions. In particular, the focus of many of these interventions is to bolster proactive and preventive measures that enhance health and support employment.

Although this shift toward a new balance in social security in Africa is relatively new, in some of the continent's countries it is well underway. For instance, a number of programmes include explicit prevention measures in health care provisions: Mauritania and Mali. Elsewhere, in the United Republic of Tanzania, the National Health Insurance Fund sponsors preventive sports activities for insured members identified as being at higher risk of developing chronic medical conditions. Morocco's National Sickness Insurance Agency has partnered with the Ministry of Health and medical agencies to implement a comprehensive prevention programme for long-term illnesses. Gabon's National Social Security Fund has created a structure for the prevention of occupational diseases that focuses on the prevention and early diagnosis of certain illnesses, including both communicable and certain chronic diseases such as diabetes.

Forward-looking proactive measures are most evident in the form of conditional or unconditional cash transfer programmes. Often, these programmes target families with children and/or families with insufficient work. Some programmes offer benefits that are conditioned on children's school enrolment and attendance or meeting certain health objectives (e.g. through vaccination and check-up requirements). Modelled largely on earlier experiences in Latin America, African versions exist in Burkina Faso, Egypt, Ethiopia, Ghana, Kenya, Liberia, Mali, Malawi, Uganda and the United Republic of Tanzania, and are tailored to local conditions and needs.

Other programmes seek to promote employment and re-integration, including through public works and, exceptionally, employment guarantee programmes. While the impact of these schemes may vary, important examples are found in Ethiopia, Malawi, Rwanda and South Africa, where they offer some degree of guaranteed employment or longer-term income support. Proactive measures are also found in social insurance programmes, such as Mauritius' Transition Unemployment Benefit.

Mauritius' proactive response to unemployment

The Transition Unemployment Benefit (TUB) aims to prevent long-term unemployment by providing temporary assistance to laid-off private-sector workers who join a workfare programme. As a social insurance scheme, the TUB goes beyond income replacement to offer job placement, training and re-skilling services as well as assistance in starting a small business. Financed in part by employee contributions, the benefit is a promising example of how to combine income compensation with innovative re-integration activities.

Administrative and operational efficiency and effectiveness

As shown by evidence from across the continent, improving the social security of African populations starts first with realizing improvements in the governance of African social security administrations and in strengthening the administrative and operational efficiency and effectiveness of social security programmes, as in Cameroon, Gabon and Morocco, for instance. Realizing improvements that lead toward excellence in administration enhances the credibility of social security programmes, strengthens public support for these, and contributes to the realization of national aspirations for social inclusion and social justice. Six important developments in support of the realization of administrative excellence are discernible in Africa.

Six developments for administrative excellence

- The wider use of benchmarks and metrics to direct and measure performance improvements.
- Embedding risk management in all aspects of social security administration.
- Maximizing social security fund investment practices, at acceptable levels of risk.
- Improving social security contribution collection services.
- Improving benefit processes and ICT infrastructure.
- Empowering social security employees as a key driver of performance.

The quality and adequacy of benefits and services

To date, a challenge for many African social security systems has been to offer benefits and services that satisfy evolving public expectations as regards adequacy and quality. Realizing improvements in the adequacy and quality of benefits and services is therefore particularly important, not least to enhance popular support for social security programmes. However, for lower-income countries typified by narrow tax bases, low levels of social security coverage, under-developed public institutions, and low average per capita income especially, the pursuit of greater adequacy and quality may be constrained by what is possible in practice.

Although adequacy is perceived often in monetary terms alone (the value of a cash benefit), adequacy in social security must be understood as more than a measure of income; an adequate programme should be sustainable and robust enough to withstand shocks. Ultimately, it must offer beneficiaries security of adequacy.

Realizing improvements in quality demands a strategic approach to ensuring quality in administration and delivery – as defined by general principles, guidelines and benchmarks when possible. Social security staff must work to instil a culture of quality, as seen in Ghana, South Africa and the United Republic of Tanzania. To support social security staff in ensuring clients' rights to quality benefits and services, clients too can play a role by meeting in full their obligations to social security programmes. In some countries this has been facilitated through the innovative reform of tax collection/contribution payment systems and even the use of cell phone technology to remit contributions.

Current assessment and future objectives

The assessment of recent developments and trends in social security in Africa is, overall, a positive one, giving ground for optimism. Alongside a growing role for proactive and preventive approaches, significant progress has been achieved in many countries in extending coverage, improving the adequacy and quality of benefits and services, and making social security administrations more efficient and effective: the central topics of investigation addressed by the ISSA's report on Africa. Overall, four key message can be presented.

First, extending coverage for essential cash benefits and health care remains the continent's major social security priority and greatest policy challenge. However, progress has been achieved and, in some countries, quite significantly so.

Second, improved access to primary and preventive health care and family benefits are two areas where forward-looking and early intervention (proactive and preventive) strategies are most needed and where their positive impacts are likely to be most pronounced and most immediately felt.

Third, continuing and quantifiable improvements in the adequacy and quality of benefits and services must be more fully incorporated as necessary reform objectives, albeit that these remain resource-dependent.

Fourth, further advances toward good governance and administrative excellence are indispensable to enhance the efficient and effective performance of social security programmes and to strengthen the legitimacy of social security systems.

Looking forward, greater effort is still required to improve the reach and sustainability of social security programmes and systems in Africa. In the coming decades, a difficult challenge will be to balance mounting financial pressures with the need to invest more in the growing populations of African countries and do so in a manner that supports social security's primary values of equity and solidarity. In spite of the progress made recently in many countries, important objectives for Africa remain the realization of socially inclusive societies and productive economies and "social security for all".

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