

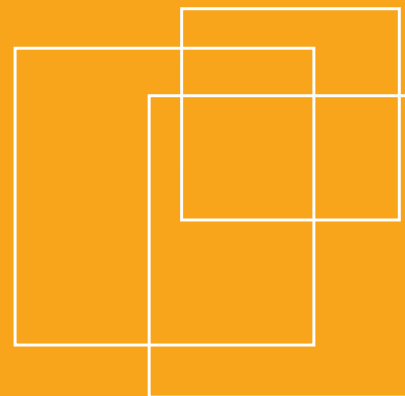


2nd African Decent Work Symposium 2010

**“Building a Social Protection Floor
with the Global Jobs Pact”**

06 - 08 October 2010

***Palais des Congrès,
Yaounde - Cameroon***



***Information Note - Panel 3: The social security extension challenge in Africa:
Income security and health benefits***

Context

In Africa, poverty remains a difficult problem to resolve affecting millions of people, despite the progress made in some African countries through steady, albeit slow, rates of economic growth, reflecting stable macroeconomic policy environments. An overview of relevant trends in the region indicates both the scale and depth of poverty and the extent of unemployment, resulting in devastating impacts on the most vulnerable and at-risk sectors of the population.

Although income poverty is only one dimension of multiple deprivations, it is still a significant measure because income is instrumental in accessing a range of services including health, education, water, transport and social and economic opportunities. A quick look at where Africa is situated when it comes to headcount poverty using the international poverty lines of US\$1.00 and US\$1.25 a day from 1981 to 2005 highlights that despite slow and steady economic growth in many countries at an aggregate level the region has the highest percentage of people living below these poverty lines. Africa's demographic and socio-economic context is best understood when viewed against the poverty gap: sub-Saharan Africa's poverty gap index shows almost no change in the period 1981–2005 with a distance below the poverty line of 36.6 in 1981 and 36.4 in 2005.

While there is a consensus that in addition to decent employment opportunities, access to health care and education, together with a system of social security cash benefits is a necessary condition to successfully reduce poverty, in Africa all these policies are in deep deficit. That is why putting gradually in place a social protection floor guaranteeing to all in need access to at least basic social services and basic income security becomes a priority issue on the agenda of the African policy debates both at the national and regional levels.

Key issues/messages and challenges to be addressed

Health care:

- While **equity in access** to health care is the most important objective in many countries, it is often far from being achieved. Particularly affected are the poor, and among them women. Further, important inequalities exist among rural/urban areas and formal and informal economies.
- The close **relationship between health and poverty is often not sufficiently addressed** in social policies e.g. wide spread financial mechanisms such as out-of-pocket payments (OOP) are not adjusted to the ability to pay and health protection policies are not embedded into broader pro-poor policies.
- It has been widely observed that social health protection schemes in Africa often unevenly **favour the formal sector**. Most government offices and large private firms and enterprises are located in urban centres where more and better equipped health facilities exist and facilitate access to health services.
- Shortfalls are often linked to financing mechanisms that are not generating sufficient funds nor based on risk and burden sharing e.g. private **out-of-pocket payments and leading to catastrophic health spending**.

- Further, the situation is often characterized by **administrative challenges** that result in inefficiencies due to **capacity gaps** and **lack of monitoring and data**.

Income security:

- Coverage by social security benefits expected to provide income security in case of old-age, sickness, disability and loss of breadwinner (including implications of employment injury), maternity or unemployment is limited in many countries to the minority of workers, those in the formal economy
- However, even in the formal economy there are significant coverage gaps: employees in smaller establishments are usually not covered at all, coverage is often limited to just few contingencies (like old-age pensions), coverage for some other contingencies (employment injury, maternity) in terms of benefits available is often much narrower than required by the ILO Convention no 102, in case of some other contingencies (in particular unemployment) there is no coverage at all.
- Existing social security institutions on the one hand are often the only existing centres of expertise on social security policies, on the other hand however many of them still cope with severe governance problems
- Although there is already number of countries which successfully introduced larger scale non-contributory cash social security benefits aimed either at all men and women in a given target group (like universal pensions to elderly) or at poorer households (targeted social assistance), in many other countries programmes providing some forms of assistance to the poor are fragmented, under-funded and uncoordinated which leads to inefficient use of resources, both domestic and those coming from the donors.
- In general, although there is growing body of evidence that investments in providing people with income security not only directly reduce poverty but bring many economic returns, in the majority of countries actual resources allocated to those investments are far from sufficient.

ILO policy response

The ILO's Global Campaign to Extend Social Security to All, which was launched in 2003, following a landmark discussion of social security in the International Labour Conference in 2001 is promoting a two-dimensional approach to extend social security coverage. The first dimension (horizontal) comprises the extension of income security and access to health care, even if at a modest basic level, to the entire population through establishing a social protection floor. In the second dimension (vertical), the objective is to provide higher levels of income security and access to better-quality health care as countries achieve higher levels of economic development – and gain fiscal space. Successful policy strategies have the following characteristics:

- Reforms are preceded by democratic **and inclusive social dialogue** process encompassing all stakeholders.
- Benefit programmes are introduced in a coordinated manner through **coherent and**

inclusive legislation which clearly defines entitlements and that is then efficiently and effectively enforced

- Reforms are anchored in shared **national and international frameworks** such as the national development plans, poverty reduction strategies, MDGs and the Global Social Floor Initiative
- There exists **coordination of a mix of different benefit entitlement and financing mechanisms** of contributory and non-contributory social security schemes such as social insurance schemes, non-contributory tax funded schemes, micro insurance and community based schemes with a view to accelerating the achievement of universal access to health care and at least basic level of income security to all in need.
- Such coordinated and pluralistic approach facilitates improvement of funding and is one of the dimensions of creating the necessary **fiscal space**
- Social protection strategies are prioritizing and sequencing the process of building elements of the social protection floor and of the comprehensive social security system and include provisions for **essential health benefit packages** that are **geographically accessible and financially affordable** both at the national and household level as well as for desired types of cash benefits.
- Implementation progress is **monitored** using high quality reliable statistical data (coming both from the social security schemes as well as from the up to date representative household surveys), indicators, social budgeting and other analytical tools and **evaluated** against clearly formulated policy objectives agreed in the process of wide social dialogue.

Possible questions for the debate

- How can a **realistic national strategy** to bridge the coverage gap between the formal and informal economy and build social protection floor, including achieving universal coverage and access to health care, be defined?
- How can fiscal space be preserved, freed, and/or extended to ensure the financing of adequate benefit levels?
- What is the role of **social dialogue** in addressing issues linked to financing, defining priorities and benefit packages of social security?
- What **reinforcing capacity activities** for policy makers, administration and social partners are needed the most?