Executive summary

Social protection, broadly defined as a set of public instruments to protect people from an absence or substantial reduction in income, lies at the heart of Africa's development strategy. In the African Union's Agenda 2063 framework document, "The Africa We Want", social protection is recognised as both an economic and a social necessity, capable of promoting inclusive, people-driven and sustainable economic growth, eradicating poverty, reducing inequality and generating resilience to future shocks.

The centrality of social protection in Africa's development agenda is reflected by a rapid proliferation of social protection programmes across the continent since the global financial crisis. Social protection is also integral to a number of the Sustainable Development Goals (SDGs), including SDG #1 – To end poverty in all its forms everywhere.

Yet if social protection in Africa is to fulfil its long-term potential as a tool of poverty eradication, resilience and economic development, it not only needs to scale up but also to adapt to the challenges it faces today and to prepare for those of tomorrow. Identifying possible futures and exploring new paths for action is an essential part of this process. This study provides a long-term perspective on the future of social protection in six countries in East Africa: Ethiopia, Kenya, Mozambique, Tanzania, Uganda and Zambia.

According to the most recent population projections by the United Nations, the population of sub-Saharan Africa will quadruple over the course of the 21st century, increasing from 1 billion in 2016 to almost 4 billion in 2100. How the region manages this population growth will be central to its long-term prospects. If fertility rates decline significantly, dependency ratios across the region will follow suit, offering the potential of a large demographic dividend provided that working-age individuals are productively employed. However, if fertility rates do not decline and if the rapidly-expanding ranks of the working age population cannot find productive work, intense political, economic, social and environmental pressures will arise. The age structure of the population in the six countries will be dominated by a youth bulge for the next 20 or 30 years. However, the proportion of elderly individuals will start to rise rapidly thereafter.

Africa's population boom will be accompanied by rapid urbanisation, a phenomenon which has the capacity to promote economic development but which will also require large-scale improvements to urban infrastructure and services. Urbanisation will also change the dynamics of poverty across the six countries from a predominantly rural problem. Nonetheless, urbanisation in East Africa is starting from a very low base: the rural population in a number of countries will still be larger than the urban population in 2050. These individuals will be at ever-increasing risk from the effects of climate change, which will affect the region dramatically and in different ways.

While Africa's long-term economic prospects are positive, GDP growth alone cannot mitigate the challenges that the region confronts. Although the economies of the six countries have grown rapidly since 2000, population growth has dampened the impact of this growth on per capita incomes. While it is unlikely that recent growth rates will be sustained far into the future, the model presented in this study shows how the growth in the working-age population relative to the number of dependants could support the economies in all six countries, outweighing the impact of continued population growth.

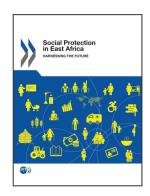
Ensuring new entrants to the labour market are productively employed will be a priority if a demographic dividend is to materialise. An average of 7 million new jobs will be required per year across the six countries if current levels of employment are to be maintained. In the absence of faster structural change, the majority of these jobs will be in agriculture and other informal activities, and agriculture will remain a major component of economic output even in 2065.

The rate of poverty reduction will depend on the interaction between GDP growth, population growth and the level of inequality. According to projections presented in this report, the first Sustainable Development Goal – to eradicate poverty everywhere – will not be achieved in any of the sample countries for a long time after 2030. On a 50-year view, only three of the countries will have poverty headcount ratios of less than 5% against the USD 1.90 benchmark. In absolute terms, the number of individuals in extreme poverty will decline only slightly across the region between now and 2065.

The projections detailed in this report indicate seven major challenges confronting social protection policy makers in East Africa:

- 1. Solving the last mile problem to reach the poorest of the poor. The poverty rate has fallen across Africa in the past 25 years but it is proving difficult to reach the extreme poor. Spending on social assistance will need to increase substantially to reach these groups and targeting policies will need to prioritise minimising errors of exclusion over preventing leakage to the non-poor.
- 2. Promoting social insurance in a context of high informality. Coverage of social insurance across Africa is very low, reflecting the fact that only workers in formal employment usually have access to such arrangements. Social insurance arrangements must adapt to the fact that the majority of the workforce will remain in the informal sector 50 years from now.
- 3. Confronting the employment challenge. Social protection interventions need to address the needs of the working-age population. In East Africa, public works programmes are emerging as an important response to the challenge of providing work but need to operate at a larger scale without doing harm to the broader labour market.
- 4. Harnessing a demographic dividend. For the countries of East Africa to harness a demographic dividend, they will need to ensure fertility rates continue to fall and accelerate improvements in human and physical capital in order to enhance the future productivity of the economy.
- 5. Taking social protection to the cities. As East Africa's urban populations grow, so too will the proportion of poor individuals living in cities, and slums in particular. Social assistance programmes, which until now have focused on rural areas, need to adapt to towns and cities.
- 6. Adapting to climate change. Scalable social protection programmes promote resilience to climate change, allowing individuals not only to respond quickly to climate-related shocks but also to diversify their livelihoods and "climate-proof" their land and homes in preparation for such a shock.
- 7. Increasing financing for social protection. A significant increase in the resources available for social protection is required if the sector is to meet the challenges identified in this report. Raising these revenues on a sustainable basis will require considerable effort and careful consideration of who bears the burden of domestic taxation.

Addressing these challenges will require a systemic approach that promotes coherence between programmes, policies and institutions and which integrates social protection with other sectoral strategies. The challenges will also require greater capacity to design, deliver and monitor social protection programmes, as well as clear communication between governments and social partners, including organised labour, civil society and business. Although these are long-term challenges, the policy response should start today.



From:

Social Protection in East Africa Harnessing the Future

Access the complete publication at:

https://doi.org/10.1787/9789264274228-en

Please cite this chapter as:

OECD (2017), "Executive summary", in *Social Protection in East Africa: Harnessing the Future*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/9789264274228-3-en

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