DEVELOPMENTS & TRENDS

Africa

Strategic approaches to improve social security

2014

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Africa: Strategic approaches to improve social security

Developments and Trends 2014

Contents

Preface

This *Developments and Trends* report has been prepared to mark the occasion of the third Regional Social Security Forum for Africa, organized by the International Social Security Association (ISSA), hosted by the National Social Security Fund of Morocco and held in Casablanca, Morocco from 3 to 5 December 2014. This regional report for Africa supports continuing endeavours to better understand and address the key challenges facing ISSA member organizations in the different regions of the world.

The report identifies three main issues for discussion: continuing progress on the extension of social security coverage; the embracing of administrative improvements for social security programmes and systems; and the value-added of social security interventions for national social and economic development agendas.

The purpose of this report is twofold: first, to synthesize and interpret the most important recent developments and trends in the region and, second, to provide the key background document for the *Developments and Trends* Session of the Regional Social Security Forum for Africa. The discussions during the Regional Forum will provide an opportunity for all of us to build on the findings of this report and to debate its messages.

I hope that this report will serve as an inspiring stimulus for our discussions and encourage you all to contribute actively, before, during and after the Regional Social Security Forum for Africa in Casablanca. The outcome of these discussions will be carried forward to the World Social Security Forum to be held in 2016 in Natal, Brazil.

Hans-Horst Konkolewsky
Secretary General

Executive summary

This *Developments and Trends* report looks at the advances and the challenges of designing, financing and delivering adequate social security in Africa. In a region with a wide range of economic, social and demographic situations, not all trends are universal; however, an important number of themes emerge that are common to the majority of countries. And the general message is this: a number of advances in both the extension of existing branches and the introduction of new branches have been observed. However, to build comprehensive and coherent social security systems that take full advantage of the diversity of possible social protection mechanisms found in Africa will require greater political support and public trust and, perhaps most importantly, the design, financing and delivery of benefits which take into account a rapidly changing economic, social, demographic and environmental context. Also to be taken into account are the contributory capacities and needs of workers in rural and informal economies and the respective disincentives/incentives associated with mandatory and voluntary coverage. The signs are positive – practical measures taken in the last few years have increasing political support because they can demonstrate that the development of social security contributes strongly to economic development and social cohesion.

The three themes covered in this report – the extension of coverage, excellence in administration and the social and economic impacts of social security – are necessarily interlinked and interdependent. Excellence in administration and management is a prerequisite for the success of coverage extension efforts. Financing extension measures requires political support that, in turn, depends on the clear, demonstrable and quantifiable positive social and economic impacts of social security programmes.

Progress in coverage extension has been observed with the introduction of new branches and programmes and improvements of existing schemes both in their design and their reach. Many recent old-age pension and health care reforms have sought to reach those currently outside coverage. The introduction of unemployment insurance in Morocco reflects and responds to the increasing levels of youth unemployment and underemployment seen in many countries. A major objective is to harness important developments in Africa regarding non-contributory social security coverage extension (which are commonly, but not exclusively, associated with" "horizontal" coverage extension) to advance ambitions for more comprehensive "vertical" coverage extension financed by contributions.

Overall continuing progress in the extension of coverage is receiving political support and, in a period where natural resource prices remain high, such as for minerals and hydrocarbons, the fiscal resources in a number of countries are available to finance efforts appropriately. However, in some cases the level of progress has sometimes fallen short of expectations. This is due to a number of socioeconomic constraints which means that conventional approaches to extend coverage are unlikely to be effective. These constraints, identified in this report, include large informal and rural economies, increasing inequality (particularly in labour markets), demographic shifts, a high level of migration and urbanization as well as logistical challenges.

Indeed, innovative administration and communication solutions are needed to support coverage extension efforts. In addition, it is essential that new schemes are financed as far as possible through contributory income – government finances while healthy in many countries are likely to remain volatile – and the need to widen the financing base as well as involving beneficiaries in financing efforts is essential. Finally, social security organizations should enhance their capacities and increasingly coordinate their actions with other stakeholders not least to better ensure that the design of social security systems should be consistent with the employment and economic policy of the country.

The importance of administration that supports these efforts is essential. But good administration does not occur in a vacuum; it should be part of an overall culture of excellence in the management of an organization. The second chapter of this report considers the concept of administrative excellence. The achievement of excellence can be defined as consisting of three elements:

- A management philosophy that incorporates good governance, appropriate and informed decision making, and peer review.
- A proactive mind-set to ensure that solutions and measures are put in place which are appropriate for the rapidly changing external environment and its future evolution.
- Efficient and effective processes and procedures which contribute to meeting objectives.

The report highlights examples of what excellence means in practice. Examples include the development of total quality management (TQM), innovative ways to reach difficult-to-cover groups, better communication and quality of information, strategic partnerships with other stakeholders (not least to enhance proximity to facilitate contribution collection and the payment of benefits) and management processes to analyse and assess the impact of future changes, or "megatrends", which will change the demand for benefits and services as well as the resources available to organizations.

A key trend identified is the continuing increase in political support for social security. A major factor in this regard has been the adoption of the Recommendation concerning National Floors of Social Protection, 2012 (No. 202), at the 2012 International Labour Conference. Increased political support has manifested itself in three key ways. First, social security is more widely and better understood to be an investment and not a cost. Second, it is accepted that is not necessary, nor advisable, to wait for a certain level of economic development before extending coverage. Third, social security systems have proven to be essential instruments in responding to changes in the external environment and will be no less essential in the face of an increasing number of economic, social and environmental shocks that are likely to lie ahead. The implications of these important realizations are multiple for social security. There is a compelling need to quantify the positive impacts of social security; while examples exist – including in respect of health care, unemployment benefit and family allowances – it is important that the data and analysis of these positive effects are better quantified. Although the important leverage effect of spending on low-income households is well known, it is important that the impacts for middle- and higher-income households are identified, especially so if contributory social security is to develop sustainably. Political support in turn depends on public support for and public trust in social security organizations, but low coverage rates and weaknesses in administration may threaten this. Finally it is important that political support is built upon, for instance by taking advantage of the "window" of a relatively good fiscal situation in a number of countries. Without bedding down new systems now, future shocks may lead to a cut in resources for social security. This is another important argument for promoting contributory systems of social security, wherein the financing base is wider and less vulnerable to such shocks.

Anticipating and then responding to shocks and future challenges is likely to hold the key to the successful development of social security in Africa. The report highlights a number of these – the demographic challenges, pressure on resources, increased migration and urbanization, labour market challenges and a heavy concentration of the economy in a small number of sectors (e.g. natural resources and agriculture). Social security will therefore need to work together with other stakeholders in ensuring that benefit design and delivery is consistent with the likely evolution of these external factors. For example, if informal labour markets remain the norm, then approaches that do not recognize this will not only mean that coverage targets are not met, but that social security systems' positive social and economic impacts are not realized more fully. In practice, this means the danger of an increasingly marginalized and vulnerable labour force working in precarious conditions without even basic social protection, alienated but well educated youth who find that there are no jobs or training relevant to their needs or aspirations, and households suffering from health challenges who, without benefits, are required to cease their economic activity to care for family members.

The report highlights the progress made and the challenges ahead. Future success will require excellence in all aspects of the activities of social security administrations, effective coverage extension efforts and a recognition that positive social and economic impacts can only be achieved if social security systems are there to respond in a timely and appropriate manner.

CHAPTER

1

Continuing extension of African social security coverage

The previous ISSA regional report on developments and trends in Africa (ISSA, 2011) identified and reviewed encouraging developments in coverage extension across the continent. This trend has been visible in relation to access to health care but also for programmes supporting income security more generally. During the recent period this general positive trend has continued in a number of African countries, such as Cabo Verde, Ghana, Mozambique and South Africa. Of importance, many countries in Africa are moving from ad hoc social safety net interventions to more integrated and effective social protection programmes with a strategic role to be played by social security measures in national development strategies. Experience shows that solutions to extend social security coverage in Africa must be "made in Africa". In spite of progress, much remains to be done, with disparities in coverage noticeable between different sub-regions and within sub-regions. To address coverage gaps, policy-maker and administrative efforts are increasingly being coordinated to more effectively respond in a coherent and sustainable manner.

As data from the International Labour Office's latest global report on social security underlines, Africa as a whole still lags behind other regions in terms of effective access to coverage for cash benefits, medical care and social services (ILO, 2014).

- In sub-Saharan Africa only 16.9 per cent of older persons receive an old-age pension; 36.7 per cent in North Africa. Looking to other regions, the respective figure is 47 per cent in Asia and the Pacific, 56.1 per cent in Latin America and the Caribbean, and over 90 per cent in North America and Europe.
- Effective old-age pension coverage of the working-age population is also low in Africa: 5.9 per cent of the working-age population in sub-Saharan Africa and 23.9 per cent in North Africa, compared to 66.7 per cent in Western Europe and 77.5 per cent in North America.
- The effective coverage rate under unemployment protection schemes (both contributory and non-contributory) is less than 3 per cent in Africa, compared to 5 per cent in Latin America, 7 per cent in Asia and the Pacific and 64 per cent in Western Europe.
- Legal coverage under mandatory work injury programmes is available to less than 20 per cent of the total labour force in Africa, compared to nearly 30 per cent in Asia and the

Pacific, over 50 per cent in Latin America, and between 70 and 80 per cent in Europe and North America.

- In sub-Saharan Africa, some 80 per cent of the population have no access to legal health coverage, a coverage gap that is twice as high as the global figure (38.9 per cent).
- At the sub-regional level, and even within sub-regions, sharp differences in social security coverage rates can also be observed. With regard to health insurance coverage, for instance, Rwanda tops the Eastern African Community, estimated at about 95 per cent and followed by Burundi (65 per cent), Kenya (32 per cent) and the United Republic of Tanzania (19 per cent), while coverage in Uganda stands at less than 1 per cent (Ngoboka, 2014). Even in some countries which report a relatively high coverage rate for certain social insurance schemes (such as over 70 per cent of the labour force for work injury insurance in the United Republic of Tanzania), the effective coverage rate might be less than 10 per cent (ILO, 2014).

Low coverage rates in Africa can be attributed to a combination of factors. These include, but are not confined to, issues such as the relatively less developed status of many African economies, political instability, high levels of poverty, a relatively recent history in the development of national social security systems, large rural populations, high levels of employment in rural and informal economies, a weak tax base and limited fiscal space as well as the negative institutional, social and economic impacts of natural disasters, conflicts and infectious diseases or epidemics such as HIV/AIDS, malaria and, most recently in West Africa, Ebola. The inappropriate adoption of social security programmes designed originally for developed-country contexts and governance deficits are also relevant factors. Addressing these issues strategically should help to improve the capacities of social security administrations not only to improve administrative performance but to extend coverage.

It is increasingly accepted that positive change is possible. Such change, however, depends on states actively investing in social development as a necessary precondition for sustainable and more equitable and inclusive economic development. Discarded now is the belief that higher levels of social spending are only possible as a dividend of economic development: rather, sustainable development cannot be achieved without social cohesion.

A number of resource-rich African countries rank among those with the world's highest inequality rates, as defined by the Gini coefficient, suggesting that for these countries especially the promotion of social security coverage extension efforts is "morally and economically necessary and fiscally affordable" (Melber, 2013).

A global comparative look at public expenditure figures for social security underlines why greater investment in African social security is necessary. The average percentage figure of GDP allocated to public social protection expenditure to support income security for the African working-age population is 0.5 per cent; compared to 2.3 per cent worldwide and 5.9 per cent for Western Europe. On average, governments in Africa allocate only 0.2 per cent of GDP to child and family benefits, compared to a global average of 0.4 per cent and 2.2 per cent in Western Europe. Total public non-health social security expenditure accounts for only 1.3 per cent of GDP in Africa, compared to a global average of 3.3 per cent and 11.3 per cent in Western Europe (ILO, 2014).

The World Health Organization (WHO) states that the average total health expenditure in African countries stood at USD 135 per capita in 2010, compared to USD 3,150 per capita in an average high-income country. Moreover, in about half of African countries, 40 per cent or more of the total health expenditure is constituted of household out-of-pocket payments, which is the most regressive way of funding health care (Musango et al., 2013). Adding to the challenge to extend effective access to health care, the African continent bears the bulk of the global morbidity and mortality burden for maternal and infant mortality and HIV/AIDS.

It is increasingly accepted that the sustainable financing of social programmes requires domestic financing. However, external financing still represents the major source of total social safety net funding in many low-income African countries such as Liberia (94 per cent), Sierra Leone (85 per cent) and Burkina Faso (62 per cent). The celebrated Productivity Safety Net Program (PNSP) in Ethiopia, which has been implemented successfully in recent years, is almost completely externally financed (Gentilini, Honorati and Yemtsov, 2014). Finding the necessary fiscal space to support higher public social expenditures and shouldering efforts to strengthen the formal labour market thus remain paramount. The necessary role of the State in identifying exit strategies from external financing cannot be neglected.

Coverage extension campaigns are gaining momentum throughout Africa

The past decade has witnessed increasingly strong and sustained political will in support of coverage extension in Africa, demonstrated by the adoption of a number of regional and pan-African agreements, including the 2004 Pretoria Declaration on Economic, Social and Cultural Rights in Africa, the 2008 African Union's Social Policy Framework for Africa, and the 2010 Yaounde Tripartite Declaration on the Implementation of the Social Protection Floor.

The adoption of the ILO Recommendation concerning National Floors of Social Protection, 2012 (No. 202), has given further impetus to coverage extension in Africa, where it is widely recognized that social protection floors can make an important contribution to effectively reducing poverty and inequality and promoting decent employment and inclusive growth. Essential for the effective implementation of Recommendation No. 202 are progressive country-level efforts to promote the coherent development of national protection floors which lead to more comprehensive levels of social security coverage and socioeconomic advancement. Positively, "African Union (AU) members states have all made political commitments to social protection … Almost every country in Eastern and Southern Africa has developed a social protection policy, and an increasing number of countries in West, Central and North Africa are also embarking on similar exercises" (*SAnews*, 2014).

While many countries have effectively extended social security coverage through non-contributory schemes (see Table 1), either conditional or non-conditional, many others have sought to extend coverage of contributory schemes to low-income and marginalized groups.

A recent World Bank report has noted that more than 1,200 cash transfer programmes have been implemented in sub-Saharan Africa (Melber, 2013). In Lesotho, for instance, the old-age pension scheme launched in 2004 now provides a pension to all people over age 70, a benefit available to only 8.4 per cent of older persons in 2000; in Swaziland, the coverage rate of people aged 60 or older under the Old Age Grant increased from 1.8 per cent in 2000 to 96.3 in 2010. Tunisia has significantly improved pension coverage for the self-employed, domestic workers, farmers, fishers and other low-income groups since 2002, and the overall social security coverage rate remains one of the highest in Africa, especially for contributory programmes. For example, 68.8 per cent of the population of pensionable age in Tunisia receive a pension from the contributory system (ILO, 2014, Table B.9). In Uganda where pension schemes cover about 5 per cent of the labour force, the government has put forward a series of pension reforms which aim to broaden coverage for all in the formal economy by removing the current threshold which limits coverage to companies employing five persons or more. The intention is also to extend coverage to self-employed and informal economy workers. In the Democratic Republic of Congo, the government has implemented health insurance for children younger than age 5 and for pregnant women through the financial support from the African Public Health Emergency Fund. In South Africa, where the government is building a comprehensive social security programme consisting of both contributory and non-contributory schemes, a private and affordable health care option called "DomestiCare" was launched in early 2013. This has been orchestrated by two of the largest health care companies in the country in an effort to provide domestic employees with occupational and private primary health care (Litvak et al., 2013).

Table 1. Selected recent examples of the extension of social protection in Africa

Type of programme	Countries in which programmes/schemes have recently been introduced or significantly expanded
Child and family benefits	Senegal, South Africa
Cash transfers	Ghana, Kenya, Malawi, Mozambique, United Republic of Tanzania
Household minimum income support	Ghana, Zambia
Public employment programmes	Ethiopia, Ghana, Malawi, Niger, South Africa
Unemployment protection	Morocco, South Africa, Tunisia
Social pensions	Cabo Verde, Lesotho, Mauritius, Namibia, South Africa

Source: Derived from ILO (2014, pp. 141-145).

A recent important development in the Africa region has been the adoption of a new unemployment insurance law in Morocco (in June 2014). Subject to eligibility criteria (780 days of contributions to the National Social Security Fund (CNSS – *Caisse nationale de sécurité sociale*), including 260 days during the year prior to unemployment) and involuntary loss of job, the beneficiary can receive for up to 6 months a benefit equal to 70 per cent of his or her average monthly salary (based on the previous 36 months, and up to a maximum of 100 per cent of the minimum salary). Eligible beneficiaries can continue to receive family allowances and receive coverage under mandatory health insurance during the period of the unemployment benefit claim. The expectation is that in 2014, nearly 27,000 salaried employees would benefit from this new programme (Boufous, 2014).

Marked progress in moving towards universal coverage in health care

In Senegal, the government has announced its Plan of Action 2013–17, which aims to extend basic health coverage to all the rural population as well as people engaged in the informal economy through community-based health insurance schemes. Under the universal health care scheme, children have benefited from free consultation within designated health care facilities since October 2013. There are plans to accelerate the extension of coverage towards universal health care so as to bring at least 75 per cent of the population under coverage by 2017. The social security schemes in Morocco are working on making health care insurance obligatory for around 10 million self-employed workers (nearly one third of the population) and to incorporate them into the universal health care coverage scheme before the end of 2014. In Nigeria, the Federal Government commenced plans in 2014, “through cross sensitization from federal government and private sector funds and support from some states”, to enrol 24 million primary school pupils nationwide to join the National

Health Insurance Scheme as part of the efforts to increase health coverage to 70 per cent by 2015. The government of Côte d'Ivoire has announced plans to implement a Universal Health Coverage programme as of 2015. A law on universal health coverage was adopted in February 2014. In Zambia, more than 30 district hospitals have been under construction since 2011, and the government is considering a universal health insurance. By leveraging the country's social health insurance scheme with the social cash transfer programme the objective is to be able to cover the poor and vulnerable (Kasonde and Nyirenda, 2013). In Burkina Faso, a law on universal health coverage is under discussion by the parliament. The aim is to introduce by 2015 a universal health care coverage plan which will facilitate access to care and extend social protection.

Towards integrated and coordinated coverage

Following the examples of countries such as Namibia, Rwanda, South Africa and Tunisia, many countries in the Africa region are moving from ad hoc social safety net interventions that operate alongside existing and expanding social security schemes to a more integrated and effective social protection system. A number of countries (such as Ghana and Mozambique) have either replaced fuel subsidies (which are deemed as ineffective and regressive redistributive measures) with more effective social protection measures or plan to do so soon. In this regard, it is essential to have social protection mechanisms institutionalized in national legislation to ensure their sustainability. The Health and Social Welfare Ministry of Gambia has outlined its first National Social Protection Policy (2015–2025), which defines a comprehensive and cross-cutting social protection agenda and proposes a set of priority actions to guide the gradual establishment of an integrated and inclusive social protection system in the country (*StarAfrica News*, 2014).

Regional coordination is also on the African agenda. In December 2012, the Economic Community of West African States (ECOWAS) adopted the General Convention on Social Security during the Conference for Ministers of Labour and Social Welfare in Dakar, Senegal, which is conducive to enhancing the effective implementation of protocols on the free movement of persons within ECOWAS and the coordination of social security systems among the regional organization's Member States. In a recent meeting held by regional health care players from the East African Community, the main topic focused on the creation of a uniform social health protection system as part of the East African Community integration agenda.

Conclusions

The last few years have witnessed some progress in coverage extension in a number of countries, especially in terms of universal health coverage schemes, and many countries in Africa are moving from ad hoc social safety net interventions to more integrated and efficient social protection programmes. Much is to be done, however, to close the social security coverage gaps in Africa as a whole and the key to this remains political will, planning and vision coupled with financial commitments to support effective policy design and programme administration. While some countries still rely mainly on external funding to finance social expenditure, many low-income countries are increasingly incorporating such expenditure into their budgets, and social security schemes in most middle-income countries are largely financed from domestic resources. Social investment scenarios must be defined for the mid and long term.

Non-contributory schemes have contributed to closing coverage gaps, and especially for the female population. Nevertheless, further innovative policy measures are needed to make social protection more gender sensitive as women and girls still represent an unevenly large share in the excluded population.

Recent assessments tell us that, on average, more than 70 per cent of the African labour force is engaged in the informal economy and rural activities.

Significant extension of coverage can be achieved by targeting informal workers. For example, the last national survey of the informal economy in Senegal showed 2.2 million workers in the informal (non-agricultural) economy in 2012 (82 per cent of whom are entrepreneurs). Formal contributory social security schemes, which do not cover independent workers, have around 25,000 employers affiliated. The implementation of a scheme adapted to the needs of the informal (non-agricultural) economy, combined with other policies, can dramatically increase levels of social security coverage. As a measure of its potential to extend coverage, the affiliation of only 1 per cent of this very large group of excluded informal workers in Senegal would double the national social security coverage rate.

Knowledge sharing regarding good practice is being strengthened by an expanded set of tools provided by the ISSA, be these a growing number of ISSA Guidelines on social security administration or practical handbooks, for instance on extending coverage to self-employed workers (ISSA, 2012). Experience also tells us that the proper solutions to extending social security coverage in Africa must be “made in Africa” and owned by the national authorities concerned, duly taking into account various international experiences, national circumstances, fiscal space and administrative capacities. As children younger than age 15 make up over 40 per cent of the population in Africa, and in view of the extremely high unemployment rate (especially for young people) in a number of countries, there is a major need for middle-income African countries in particular to take inspiration from and adapt to their national context examples such as Morocco which has improved family allowances and established unemployment protection. Last but not least, coverage policies must be supported by complementary policies which actively promote employment, facilitate transition to the formal economy, guarantee a minimum standard of protection, strengthen the tax base and constantly enhance contribution compliance and enforcement.

CHAPTER

2

Excellence in administration: A key condition for the social security of Africa's populations

Developments in social security systems in all countries and regions, including across Africa, are presently marked by a strong belief and commitment to enhance the management dimension of benefit and service delivery mechanisms. On the one hand, this is due to greater demands being made of available resources, with identifiable constraints in all areas of public administration. On the other hand, it due to the recognition that robust, well-governed social security systems are essential if the trust and compliance of all stakeholders is to be ensured. Generally, the efficient use of resources and the anchoring of robust organizations on the principles of "good governance" are seen to be crucial elements for the successful delivery of policy, not only in countries with more comprehensive social security systems, but for those seeking to further develop and strengthen national provisions. The capacity to deliver social security benefits and services, irrespective of political will, is increasingly viewed as being linked strongly to the capacity of management and the quality of administration. This is why the aim of "excellence in administration" is no longer viewed as an option but as an obligation. Meeting this obligation is thus even more important for African social security systems where contribution compliance and trust in public social security agencies may be incomplete or requiring reinforcement. In this vein, the evidence of recent developments and trends shows that many African countries, that have made a commitment to extend and improve social security coverage, are investing heavily in human resources, in ICT solutions, in communication efforts and, above all, in building solid management solutions based on transparency and participation, underlying principles for sustainable social security systems.

The ISSA defines excellence in social security administration in relation to the achievement of good governance, high performance and improved service quality. Put alternatively, the pursuit of excellence in administration is thought to be compromised in contexts of weak governance, inefficient and ineffective organizational performance and poor service quality delivered to stakeholders. In Africa, as elsewhere, two key sets of factors influence the framing of endeavours to improve the administration of social security programmes and systems:

- National and regional context.
- The operational mandate and capacities of the social security administration.

In turn, there is a widening trend for all social security administrations to adopt a similar value orientation, wherein:

- “Excellence” is increasingly seen as a guiding mind-set, and not as a constraining framework to be complied with.
- “Excellence” is understood as an administrative “end” in the management of resources, and also as a “means” to engender citizen-centred service delivery and to achieve societal-level policy goals.

Irrespective of these commonalities, caution is necessary regarding any attempts to compare the relative achievement of excellence across organizations and national jurisdictions. Above all, the achievement of excellence in administration, in spite of being a goal common to all social security organizations, is dependent on national and regional contexts, which in Africa can vary significantly. Moreover, the respective operational mandate of each and every social security organization should be, in all circumstances, the main point of reference for assessing administrative excellence. A clear and strongly focused operational mandate is therefore the departure point for improvement, which permits all operations to develop in a coherent manner with respect to a common set of principles and objectives.

In turn, within social security administrations, the pursuit of administrative excellence has to be seen as a global mind-set and a permanent driver to enable action, rather than a constraining framework with rules and procedures to enforce compliance. The fostering of a culture of excellence within organizations is a keystone for improvement and success. This demands the involvement of all actors in the organization, as it does all other legitimate stakeholders, but above all it means that all processes should undergo a quality assessment process with regard to the appropriate and efficient and effective use of methods and tools. The National Sickness Insurance Fund (*Caisse Nationale d’Assurance Maladie* – CNAM) of Mauritania, for example, has recently received the certification ISO 9001:2008 with regard to its quality management system.

Ultimately, excellence in administration has to remain permanently focused not only on resource management but on defending and promoting the general interests of citizens and the broader policy goals of society in terms of social security provisions.

Core issues for African social security administrations

From the design of social security programmes to the final delivery of benefits and services, there are a number of objectives that have to be addressed on the "journey to excellence". To name but a few, these include:

- Safeguarding the quality of information.
- Ensuring contribution collection systems focused on the interests of beneficiaries and contributors.
- Fostering education in support of compliance.
- Delivering accessible services and information.

Such objectives give concrete form to the concept and principles of "good governance". Good governance is essential for the effective development of public administration, and assumes a particular importance when addressing social security administration, a major point of interaction between States and their citizens. As defined by the *ISSA Guidelines on good governance*, principles such as transparency, accountability, participation, predictability, and dynamism should lie at the core of social security administration, being essential drivers for realizing the respect and trust of stakeholders and, more generally, the social, political and financial sustainability of social security systems.

These principles have increasingly been adopted by, and now underpin the strategic choices being made by, decision-makers and senior managers of a growing number of social security administrations in Africa.

Significantly, these objectives and principles are increasingly being placed to the fore in a systematic manner by social security policy planners and administrators. The official launch in 2014 in Algeria of a tertiary-level Social Security School (*Ecole supérieure de la sécurité sociale* – ESSS) is indicative in this regard. At the national level, mounting evidence can be presented of an important trend in Africa to improve administrative performance.

Working to achieve administrative excellence in Africa

In spite of very diverse national contexts and with different policy approaches and levels of action, work to achieve excellence has become a priority for all social security organizations in the region.

In North Africa, the Collective Scheme for Retirement Allowances (*Régime collectif d'allocation de retraite* – RCAR) in Morocco has launched a programme to improve its management system, choosing the highly demanding "Total Quality Management" model.

In southern Africa, the Swaziland National Provident Fund has developed a model of strategic planning aiming to address a number of identified weaknesses in management structure and methods.

The establishment of the Strategic Management Framework in Uganda by the National Social Security Fund (NSSF), while providing a roadmap to clarify the vision and mission of the Fund, offers an example of the need to develop a robust administrative framework as a condition for improving the social security of the population. This should be the starting point for all organizations to effectively and efficiently manage resources and meet citizen's expectations.

The risk management approach used also by Uganda's NSSF is an additional illustration of the importance of using precise assessments to address inefficiencies and monitor the way different risks at different levels of administration are being managed.

Staying with the theme of managing resources, a programme introduced by the National Social Insurance Fund (*Caisse nationale de prévoyance sociale* – CNPS) in Cameroon, "Setting the Rates Right", shows how giving specific attention to establishing the prices of services has led to a measurable decrease in the costs of many of those services, and consequently the release of funds for other strategic activities.

The number of projects to improve administration that have been or are being implemented in African countries is extensive, and all of these are directed by the same "good governance" mantra: "to do more and better with less". The "Disclosure of Information" developed by the National Pension Fund of Mauritius, has enhanced the transparency of the organization and boosted its public image. Likewise, the establishment of the annual "Clients Day" initiative by the National Health Insurance Fund of the United Republic of Tanzania, involving regional and local leaders invited to engage in dialogue with relevant stakeholders, is a further illustration of this trend towards better and sounder management practices. The information "caravans" organized separately by Algeria's National Social Insurance Fund for Employees (*Caisse Nationale des Assurances Sociales des Travailleurs Salariés* – CASNOS) and National Social Insurance Fund for Employees (*Caisse nationale de sécurité sociale des non-salariés* – CNAS) are yet other recent examples.

These cases exemplify the associated strategic objective of placing services and administrations "closer" to citizens and all relevant stakeholders: to improve accountability and transparency. The "Performance Contract in Management" put in place by the National Social Security Fund of Kenya, aiming at measuring performance against negotiated targets at all management levels, is also indicative of this. The same can be said about the development of the web portal of Morocco's National Social Security Fund (*Caisse nationale de sécurité sociale* – CNSS), which provides a modern interface improving the capacity to pay benefits in a timely manner, as is the "Decentralization" programme, now directed by the Rwanda Social Security Board, to improve service delivery, reduce bureaucracy, increase coverage rates and make the payment of contributions much easier for contributors.

This project goes hand in hand with a parallel development in Rwanda to extend social security coverage to the informal economy. To guide the effective design and management of the system, the Rwanda Social Security Board has prioritized the establishment of partnerships with key institutions dealing with the informal economy, the design of benefits that address the main obstacles faced by informal workers, and efforts to address administrative burdens faced by workers.

In addition to improved accountability and transparency, a further priority is to enhance the strategic link between management skills and service quality. Example of this can be found in almost every country in Africa, regardless of the maturity and level of development of the social security system.

The case of the Cabo Verde project, "New attitudes for new challenges", enacted by the National Social Insurance Institute (INPS), demonstrates the strong belief in the need for change as a vector to achieve better results. In effect, to "achieve operational efficiency, improve response times and provide quality services to citizens and partners" the INPS went through a modernization process for the different levels of administration, organizational structure, ICT infrastructures, and staff training, all aiming at "delivering better social protection in the country".

Generally speaking, therefore, "innovation, change and commitment" now form an important part of the lexicon defining the current trend in Africa towards the achievement of excellence in social security administration. Even in cases where resources to enact reform are not available, the requirement for reform is acknowledged and remains a future objective. This is the case, for example, in Comoros with regards to the reform of actuarial aspects of the Pension Fund of the Comores (*Caisse des retraites des Comores*).

In the recent period, ICT solutions and designing effective contribution collection systems are among the operational areas most commonly prioritized in support of excellence in administration as a condition for successful policy and programme delivery.

Operational improvements seek to enable social security administrations to fully accomplish their mandate and mission, making accessible high-quality services and improving the efficiency of key processes. In response to the evolving challenges confronting social security administrations as well as the changing nature of their responsibilities, greater use is being made of technology-based solutions, which at the same time improve the quality of work undertaken and mitigate the potential negative impacts of change on the stability of the core business processes.

Contribution collection processes represent one core function of social security systems, which are at one and the same time a key factor for sustainability and financial adequacy and a crucial tool for extending coverage to non-covered or insufficiently covered population groups. Addressing compliance gaps and transaction barriers that may represent strong obstacles to reliable, trustworthy and sustainable social security systems is thus an important objective for all social security administrations.

Africa has witnessed some innovative solutions in this respect, wherein compliance and contribution collection and ICT solution represent key elements of success. This is so irrespective of the continent's large coverage gaps, which are discussed in greater detail in Chapter 1.

Specifically, the extensive use of ICT solutions together with clear and strong contribution collection strategies has permitted progress in compliance and coverage extension. Projects such as the "Electronic Declaration" by the National Social Insurance Fund (*Caisse nationale de prévoyance sociale* – CNPS) in Cameroon, the "Electronic Declaration Platform" in Algeria, the "Electronic Service Delivery Channels" in Uganda and the "Electronic Receipt of Contributions" in Zambia provide powerful examples of how accessible information and services to citizens through new and reliable channels may improve the quality of data and, above all, compliance with procedures and trust in the system. Namibia and Mauritania are currently modernizing their ICT systems. The former is sourcing an appropriate enterprise resource planning (ERP) system, which is aimed at ensuring improved efficiency and service delivery.

The area of ICT development, with close links to contribution collection objectives, has probably been the most active in terms of new project investments and strategies in Africa. Significantly, the major global goal of extending coverage, both "vertically" in terms of the improved comprehensiveness of coverage, and "horizontally" by providing at least basic protection to those previously excluded, demands the use of more effective and innovative solutions, whether this is in terms of improvements in the quality of management or in operational processes. The successful delivery of national social pension programmes in Africa, made possible to a great extent by IT infrastructure, offers national authorities a potential building block for the development of national household registers that are essential for the expansion and accurate targeting of individual benefits and services.

In most African countries it is possible to identify strong developments in ICT systems. Two examples are “Piloting Performance” in Morocco’s Collective Scheme for Retirement Allowances (*Régime collectif d’allocation de retraite* – RCAR), by means of which efficiency and performance is monitored on the basis of follow-up indicators, and the strategy to develop cultural and participatory management with new information and communication technologies as put into practice by the National Social Security Fund (*Caisse nationale de sécurité sociale* – CNSS) of Gabon.

Making information accessible to citizens and making sure this information has led to improved quality is now a cornerstone of all management strategies in Africa. Without achieving these objectives, the capacity to collect contributions and adequately pay benefits remains at risk. This is why the move towards more reliable systems and methods has become a permanent reality in most African countries. “Service desk (automated management of requests)” in Côte d’Ivoire, “Electronic Records Management” in Tunisia, “TAARIFA – information for members at their fingertips” in the United Republic of Tanzania and “Reimbursing insured members via SMS” in Mauritania, demonstrate how these operational goals are now a strategic concern.

As well as making information more readily available, improvements in access to benefit payments remains an important challenge, especially outside of main urban areas characterized by geographical remoteness and a lack of infrastructure. This can be achieved using ICT, as in the Democratic Republic of Congo where the National Social Security Institute (*Institut national de sécurité sociale* – INSS) has introduced a new social security card which contains biometric information of the insured person. In Namibia and South Africa, in contrast, closer proximity to remote beneficiaries is achieved by means of mobile offices and benefit payment vehicles. Another approach is the strategic partnering by Zimbabwe’s National Social Security Authority with ZIMPOST/POSB Bank, which has wide geographical coverage in Zimbabwe compared to other banks. Similarly, to improve proximity, Madagascar’s National Social Insurance Fund (*Caisse nationale de prévoyance sociale* – CNaPS) has tailored benefit payment methods according to the financial institutions present in a given region of the country. These financial institutions include public-sector bodies like the State Treasury and the post office, which have representatives in all communities, and private organizations like banking institutions, microfinance institutions and mobile phone banking.

Conclusions

Africa is playing an active role in the adoption of innovative methods and practices. This mirrors a strong commitment among social security administrations to improve management and to lead their organizations towards excellence, not least to support the development of sustainable and more comprehensive systems of social protection. Without doubt, a major factor in the success of policies implemented in Africa in the last years has been the efforts of social security administrations to improve the effectiveness and efficiency of their resource management.

The commitment of social security administrations in Africa to work towards excellence in administration responds to the need to innovate and develop good practices that are tailored to the specific and varying challenges that African social security systems face. With the developing support of practical tools such as the ISSA Guidelines for social security administration, the ISSA Barometer and the ISSA Academy, the effectiveness and efficiency of resource management and the general capacities of social security administrations can be expected to improve further.

CHAPTER

3

Enhancing the positive social and economic impacts of African social security systems

Social security systems have positive social and economic impacts for individuals, families, communities, enterprises and societies. This fact, which is increasingly politically accepted, applies regardless of a country's level of economic development. While effective social security coverage is low in many African states, the majority of countries can afford to sustainably provide at least some forms of basic social security to all their populations. With the understanding that a number of intervening factors (political, demographic, labour market, economic structures and production processes, institutional structures, environment, etc.) will continue to present policy hurdles for social security systems, including for tax revenue generation and public redistribution objectives, the core challenge facing many African states is how to extend effective social security coverage and to more fully realize the inherent positive social and economic potential of their national social security systems to the benefit of all.

One of the key challenges for analysts in identifying the positive social and economic impacts of social security systems is the lack of data offering precise measures of this and the difficulty of isolating the impact of one variable (social security programmes) on levels of poverty, inequality and economic growth when a number of other variables (external environment and public policies) are also influential.

Regardless, it is recognized that social security systems do have positive social and economic impacts for individuals, families, communities, enterprises and societies. To cite but a few examples, social security systems:

- Support daily household consumption of goods and services, and thus support local economic activity and employment, by means of cash transfers.
- Support families with younger children through cash transfers and services, offering the possibility of greater choice in the work-life balance for women and men and facilitating access to education and health care.
- Provide preventive, curative and rehabilitative health care which supports the health status of the population, the employability of the working-age population, and the more effective uses of health expenditures.

- Provide income replacement in times of unemployment or inactivity, often in a counter-cyclical manner, and in response to "natural disasters", to support household consumption, thus supporting local and national economic activity and employment.
- Support the return to active employment/work through subsidies and cash transfers and rehabilitative health care, thus increasing the activity rate and programmes' contribution income, and reducing the risk of longer-term use of benefits.
- Support employers and workers, through subsidies, cash transfers and services, thus preventing unemployment, reducing (re)training costs, supporting job matching, facilitating structural economic transitions, and supporting "market confidence".
- Support human capital development and well-being and empower people, including through increased employability and improved access to education, training, rehabilitation, health services and nutrition.
- Enable, through the build-up of social security programme financial contributions and reserves, access to funds for investments in infrastructure, subsidized housing and social services and other public goods. The domestic investment of social security funds also supports the development of national financial services and markets.
- Contribute to political and economic stability by reducing inequalities and people's dissatisfaction with their economic status through income redistribution.

For too long, however, it was often assumed that many of these positive outcomes were not readily applicable to developing economies, where population coverage is low (in many countries of sub-Saharan Africa effective coverage for cash benefits is less than 10 per cent of the population) and the types of risk for which social security protection is offered is limited.

Commonly, it was argued that in order to reap the wider social and economic benefits to be derived from social security systems, countries were obliged, first, to attain a certain level of economic development. On the basis of this development, countries could then – and only then – afford to progressively develop systems of comprehensive social security protection.

This argument no longer holds water. Observation and study of developments and trends in many countries of Africa reveals that developing economies too can realize the positive social and economic benefits of social security systems. Moreover, to do so, the social security system need not be, in the first instance, comprehensive in its coverage of risks.

Greater income security: A first step towards social and economic development

For poorer communities and households it is accepted that even a small cash benefit provided on a regular and reliable basis can make a big difference. Such direct improvements in income security for benefit recipients are accompanied also by a number of indirect improvements that extend to recipients and members of their households, including improvements in nutritional intake, children's educational attainment, empowerment and well-being. Indeed the leverage or multiplier effect of increased social security spending is higher for people with low income or living in poverty. In Ghana, for instance, it is estimated that the impact of such transfers exceeded the cost by a factor of 2.5 to 1.[1]

In this regard, the progressive development in a number of lower- and middle-income Southern African countries (Botswana, Lesotho, Mauritius, Namibia, South Africa, and Swaziland) of non-contributory old-age cash benefits and the wider benefits these engender for elders, children, households, communities and local markets is well-reported in previous ISSA *Developments and Trends* reports (see, for example, McKinnon, 2007).

These and other non-contributory cash transfers are financed largely by tax revenues and thus are considered akin to social assistance. In practice, however, their roles are different given the vulnerability of the majority of the population in lower-income countries in particular, where rural and informal work prevails. These programmes are clearly better adapted to the labour market reality confronting the majority of workers in a great number of African countries, where access to formal, stable patterns of employment is the exception rather than the rule.

More so than for residual "safety nets", these cash transfer programmes tend to be viewed positively if they are conceived as a progressive step towards the development of more comprehensive systems of social security, as is seen in South Africa for example. An expectation is that coverage extension supported by non-contributory programmes, such as employment-intensive infrastructure programmes, will facilitate the transition to formalize currently unregulated work, permitting the subsequent progressive expansion of contributory (ostensibly, self-financing and sustainable) social security programmes.

Although the identification of beneficiaries remains a challenge, the effective delivery of cash transfer programmes underlines that the institutional capacities to operate these programmes are increasingly well-rooted among a growing number of African

1. See <http://www.gbcghana.com/1.1699638>.

social security ministries and agencies. Innovative delivery platforms and continuing improvements in programme administration and governance have acted to strengthen their development and legitimacy while also attracting positive international interest from policy analysts and observers.

It is to be expected that this know-how will feed into *ISSA Guidelines on extending coverage to difficult-to-cover groups*, which will further strengthen the capacities of African and other social security bodies to extend effective coverage.

An important observation, therefore, is that all countries irrespective of their stage of economic development can afford – except for the least developed and poorest economies that may require continuing donor support – to sustainably provide, in the first instance, some form of social protection "floor" to all their populations. Estimates suggest that developing countries can do so on the basis of expenditure of 1 to 2 per cent of GDP (Bachelet, 2011). Tax revenue performance has improved in many developing countries, including in Africa, as has the ability to reallocate public expenditures to find "fiscal space", enlarging the potential for social policy expenditure in support of social and economic outcomes.

That said, the increased mobility of investments and capital resulting from globalization presents growing constraints to this potential, especially in sub-Saharan Africa (Harris, 2013). A further challenge to financing commitments to social policy is that there are competing needs for "new" expenditures. The development of new measures to address the emerging negative impacts of climate change, especially on agriculture in some African countries, may risk limiting the available resources that can be dedicated to social protection. In this context, innovative financing, such as the example of Gabon where money transfers and profits of telecoms are taxed and earmarked to health protection, must be developed.

Political trends in support of social and economic development

Better realising the social and economic potential of national social security systems is now firmly on African policy agendas. A political milestone in this regard was the first African Union Conference of Ministers in charge of Social Development, which met in Namibia in 2008. Among other issues on the agenda, Ministers from the 53 Africa states present agreed upon a Social Policy Framework for Africa which set out a vision for African societies based on social solidarity, equity of choice, and freedom from discrimination and poverty. Social development was recognized by those present as a goal and as a necessary factor for sustainable and inclusive growth.

A further major political turning point, echoing the widening acceptance that all countries can afford some form of social security provision for all, was the adoption of the International Labour Organization Recommendation concerning National Floors of Social Protection, 2012 (No. 202). Significantly, all delegations from African countries present at the 101st International Labour Conference in 2012 voted in favour of the adoption of Recommendation No. 202 (ILO, 2012b).

The trend in Africa seeing a growing number of diverse national social protection strategies, policies and action plans – within which common priorities are to develop tailored measures to assist the most vulnerable, to extend coverage and to improve the efficiency of the diverse institutional architecture necessary at the local, regional and national levels to deliver benefits and services – is a further measure of the political importance being given to social security extension.

As chapter 1 of this report reveals, many countries in Africa continue to develop wider population access to health care as the priority starting point for much needed social security coverage extension. The significant expansion of health coverage under Rwanda's "mutual" health system to around 90 per cent of the population is one case attracting international attention. However, the progress achieved in Rwanda hides the fact that legal health coverage in Africa extends to less than 25 per cent of the population and to only 17 per cent in sub-Saharan Africa (ILO, 2014). With health expenditure positively correlated to wealth, the poorest African countries are unlikely to be able to afford to fill the current gap in domestic health financing through improved efficiencies and revised spending priorities alone. The expectation is that only on the basis of predictable flows of donor funds will lower-income African countries be able to address basic health needs. The World Health Organization estimates that 11 per cent of funds spent on health in Africa come from donor sources (WHO, 2014a).

The political priority being given to improving access to effective health care is likely to be a key factor in the reported progress already made in Africa towards achieving the Millennium Development Goal to combat HIV/AIDS, TB, malaria and other diseases. Botswana, Kenya, Rwanda, South Africa and Togo have significantly increased domestic spending on HIV since 2006. However, according to UNAIDS, many other countries continue to depend heavily on external donors, in some cases financing over half the costs of national HIV programmes (UNAIDS, 2012, p. 64). As yet, however, progress in health care has been less satisfactory with regards to two other Millennium Development Goals: significantly to reduce child mortality and to improve maternal health. Some commentators suggest that these diverging health outcomes may be linked: the international policy priority – and thus finance – given to addressing infectious diseases has been to the wider detriment of investment in health care systems more generally (Roy, 2014). From another perspective, the scale of the health challenges in Africa cannot be overestimated: in many countries communicable diseases and related conditions remain the major cause of premature deaths (WHO, 2014b).

Extending the social and economic benefits of social security to more people

There is great similarity in the ISSA's ambitions to promote the strategic vision of Dynamic Social Security, with its dual core objectives to improve social security coverage and administration, and the objectives voiced in African social policy initiatives.

Yet, efforts directed at promoting the parallel development of improvements in social security coverage and administration are often confronted with political economy challenges, and not least the influence of vested interests, which can slow down or block progress. Political leadership and coordination are clearly key factors necessary to set in motion the process to extend and improve effective access to social security and health care protection. However, they are just some of the important factors among others. In order for African countries to realize more fully the positive social and economic impacts deriving from the redistributive roles of public social security systems, a number of other issues must be taken into account.

Demographic challenges

For all social security systems, an important consideration is demography. In more developed economies, one of the arguments surrounding demography and social security systems is commonly that birth rates are too low. For countries with older demographic profiles, to mediate the future worsening trends in system support ratios (i.e. the declining ratio of the economically active population proportionate to the younger and older dependent population), efforts may be directed to encourage a higher fertility rate. The aim is that higher fertility will eventually increase the size of the economically active population in proportion to that of the "inactive" population. In recent years, the demographic argument for African countries that have experienced improvements in life expectancy has been one of a need to lower fertility rates.

Confounding earlier demographic projections for Africa, which predicted that fertility rates would decline, the latest United Nations projections (ESA, 2013) have revised fertility rates for many countries markedly upwards. In Nigeria, for instance, where the average woman bears six children, the country's population is projected to grow from just over 180 million in 2014 to 900 million in 2100 (Gerland et al., 2014). Continuing high fertility in Africa goes against the earlier experiences of other developing regions. Consequently, the fact that the populations of many developing economies in Africa are growing at a higher rate than for most of the world is seen to be challenging for two principal reasons.

On the one hand, higher populations mean that the growing pressures on under-stress government and natural resources in many African countries will be intensified. For instance, Africa's rate of urbanization is the highest in the world, at 3.5 per cent each year over the last two decades, and is projected to remain so for the coming three decades. Moreover, as the African Development Bank notes, "urbanization in Africa has failed to bring about inclusive growth which, in turn, has resulted in proliferation of slums, urban poverty and rising inequality".[2] On the other hand, it is not just that populations are growing in size and doing so rapidly; more important is that the population age structure is distorted "by large numbers of dependent children, leaving few resources to boost current consumption or to save and invest in the future". As a result, available budgeted resources for investment in child health and education may be rendered insufficient (NTA, 2013). It is also the case that African societies are ageing, albeit less rapidly than in other regions, and the increases in life expectancy associated with this will create additional demands on available resource allocation.

Projections of Africa's current demographic trajectory can be contrasted with the earlier experience of East Asia: a rapid decline in fertility since the mid twentieth century led to slower population growth and, essentially, "fewer dependent children relative to the number of productive workers" (NTA, 2013). This is attested to have supported an immediate and striking acceleration of economic growth, which has been termed the "first demographic dividend". Investment of the resources gained from this demographic jump-start ushered in a "second demographic dividend that has provided the basis for sustained economic development" (NTA, 2013). It is of concern, therefore, that Africa may miss out on these demographic dividends.

From another perspective, the projected current rates of higher fertility in Africa suggest that improvements in access to primary and reproductive health care have occurred. This is clearly positive. It provides some consolation to the expectation that many sub-Saharan African states in particular may not fully meet the Millennium Development Goals concerning reductions in child mortality and improvements in maternal health.

2. See <http://www.afdb.org/en/blogs/afdb-championing-inclusive-growth-across-africa/post/urbanization-in-africa-10143/>

Labour market challenges

Another factor that has to be taken into account by social security systems is labour income and consumption patterns across the life cycle. Related to this, and significant, is the number of effective workers divided by the number of effective consumers (consumer support ratio).

Important in this debate, African economies, and sub-Saharan economies in particular, are characterized by the prevalence of vulnerable jobs (ILO, 2012a). Ultimately, many workers – because of their employment status – are legally and effectively excluded from actively participating in contributory social security programmes where these operate. Typically (with the middle-income country exceptions of Algeria, Egypt, Mauritius, Morocco, South Africa and Tunisia), African social security systems do not provide unemployment protection.

In sub-Saharan Africa, school-to-work transitions may be for extended periods (ILO, 2012a, citing Fares et al., 2005). When work is found, it may be in vulnerable employment. For those with higher levels of education, push and pull factors may incite migration in search of better paid and more secure employment, to the detriment of the home country and its investment in human capital.

North African youth unemployment is a major political concern (the youth unemployment rate was 27.9 per cent in 2011) as is the large gender gap in youth labour force participation (ILO, 2012a, p. 12). In many regions there is a mismatch between the growth of the youth labour force and job opportunities. In sub-Saharan Africa, an average of 2.1 million young people per year entered the labour market between 2012–15 (ILO, 2012a, p. 26).

Therefore, high number of younger people combined with few opportunities for early or full participation in decent and well-paid work will feed low consumer support ratios. Significantly, low support ratios are seen to be a “drag on economic growth” (the African average is 48: meaning that every 48 effective workers support 100 effective consumers) (NTA, 2013).

Economic structures and production processes

It is frequently argued that for the national economies of Africa to develop significantly, to achieve sustained growth and higher employment, there is a requirement for economic transformation and industrialization. Africa is resource rich, but its economies depend heavily on agriculture and primary commodity production and export, at the expense of the transformation of primary commodities and manufacturing. Moreover, the impacts of climatic change in some regions of Africa add an increasing element of risk to this dominant model.

There are historical reasons for this heavy dependency on agriculture and primary commodity production that can be traced back to the colonial period and to the decades after, all of which have contributed to Africa being the world's least industrialized continent. In looking for good practices to guide the transformation of Africa's economies, the lessons gleaned from the successful development of the Asian "Tiger" economies in the second half of the twentieth century may be instructive. Particularly of note is how a number of Asian economies were able to harness the investment of social security retirement savings to promote national development strategies that fostered positive social and economic outcomes (Charlton and McKinnon, 2001). In some African countries also, such as Morocco and Nigeria, social security retirements funds have become major domestic institutional investors. In spite of this, African economies need to forge their own distinctive path according to national specificities, including issues of social security system design, and do so in a way that addresses governance deficits and creates wealth and inclusive growth, which is jobs-intensive but which also increases productivity and competitiveness, and is sustainable and supportive of the environment.

Policy outlook to enhance social and economic outcomes

Many lower- and middle-income economies of Africa can be characterized, among other things, as being confronted by a combination of challenges including the need to accelerate the extension of effective social security coverage, the limited scope of social security provisions, comparatively high projected fertility rates, high levels of vulnerable employment (in dominant rural and informal economies), long and difficult transitions for youth from school to employment/work, and low support ratios.

Under these conditions, it is a massive challenge for social security systems and for contributory social security programmes especially to contribute more effectively to improved social and economic outcomes. It is equally challenging for the formal economy to develop in a manner that will facilitate the significant expansion, on the one hand, of formal employment and conventional contributory social security programmes and, on the other hand, of sustained levels of higher tax revenue generation and thus domestic financing for the growing demands being made of non-contributory social security programmes.

Regarding the increasingly important role being ascribed to non-contributory programmes, with the likelihood that the costs of these programmes will rise over time, questions increasingly might have to be posed about where the priorities for the targeting of non-contributory measures should lie and how their financial sustainability can be ensured.

Many current social policy developments in Africa are directed at extending effective health care (see Chapter 1). Another important trend is to provide cash transfers for vulnerable population groups, of which the elderly represent a growing group (6 per cent of the African population is aged 60+). A current lower priority for policy action is the social security and occupational safety and health of the working-age population, the large majority of who have no effective or legal coverage (Lund, 2012).

With increasing demands being made of limited public budgetary resources for social policy expenditures in many African countries, it is highly possible that those with private financial means (the middle classes) will choose private provisions to secure social benefits and services. Such choices by the middle classes may weaken the wider legitimacy of often already politically, socially and financially fragile social security institutions in Africa, thus weakening the inherent potential of social security systems to help drive social and economic development.

Conclusion

The ISSA strategic concept of Dynamic Social Security promotes the vision of realizing improvements in social security coverage and administrative performance with the higher-level goal of contributing to socially inclusive and economically productive societies. Based on international experience, improvements undertaken in the design and delivery of social security systems in Africa already translate into greater positive social and economic outcomes.

To push this agenda forward further, there is a strong case to be made for social security administrations to proactively advocate in accordance with their mandates in support of social security policy measures that contribute coherently to enhancing social and economic outcomes. Practical tools in this regard, which not only strengthen the hand of social security authorities' advocacy efforts but support related efforts to build trust and confidence in social security systems, are the ISSA Guidelines for social security administration.

To conclude this chapter, for social security systems in Africa to contribute actively to enhanced positive social and economic outcomes, social security policy goals cannot be pursued in isolation: they must be promoted alongside a broad range of coherently applied policy actions (macroeconomic, labour market, social policy, and education, etc.). Nevertheless, a coherent and integrated policy approach may not guarantee success, even when guided by sustained political will, adroit leadership and well-timed interventions. Further adding to the complexity of the policy process is the notion of uncertainty. This may come, for instance, from pressures associated with the processes of globalization and economic transformation, from the difficulty in accurately predicting fertility rates or climatic change, from covariate catastrophic risks, or from institutional inertia, governance deficits and wider political economy considerations.

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