Social Protection in sub-Saharan Africa: Recent findings on national frameworks and experiences

Presented at a SASPEN-FES International Workshop on Social Protection in Mozambique: International Frameworks and National Policies, 1 – 2 September 2014 (Maputo, Mozambique)
Professor Marius Olivier, Director: ISLP

Introduction

Overview assessment of existing national social protection (SP) programmes in sub-Saharan Africa (SSA)
- Fiscal framework of SP in SSA
- Extension of SP to the informal work context in SSA
- Recommendations for supporting the establishment and strengthening of SP systems

Contents

- Introduction
- Overall assessment of existing national social protection (SP) programmes in sub-Saharan Africa (SSA)
- Fiscal framework of SP in SSA
- Extension of SP to the informal work context in SSA
- Recommendations for supporting the establishment and strengthening of SP systems

What is SP?

- Policies and actions that extend protection to those who are exposed to social risks through contributory and/or non-contributory transfers, and that enhance the capacity of poor and vulnerable people and groups, to escape or avoid falling into poverty, and to better manage risks and shocks, through access to health and essential services and income security throughout active and inactive periods
  - Various mechanisms are available to achieve this, e.g.:
    - Contributory schemes (social insurance)
    - Non-contributory schemes (social assistance)
    - Short-term safety nets
    - Others, e.g. food support, free primary education

Need for SP in SSA

- Pervasive poverty affecting 30%-70% of country populations
- High levels of informal activity (often more than 90% of the workforce) and unemployment
- Low levels of overall social protection (6%-20%)
  - Contributory schemes - 5%
- Inability to reach many of the MDGs
- Spending on SP usually below 2% of GDP, and at times below 1%

Overall assessment of existing national social protection (SP) programmes in sub-Saharan Africa (SSA)

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Professor Marius Olivier, Director: ISLP
Overall assessment: policies and strategies

- Until recently: Limited evidence of overarching SP policies and strategies in SSA

- However, this is fast changing
  - Adoption of policies in, e.g. Benin, Cape Verde, Ethiopia, Lesotho, Kenya, Mozambique, Niger, Rwanda, Senegal and Zambia
  - Large-scale adoption/current development of sectoral policies
  - Drafting of SP/social development policies/strategies in Ghana, Lesotho, Liberia, Nigeria, South Sudan, Togo

- National priority: SP often made part of/prioritised in long-term National Development Plans and Poverty Reduction Strategy Papers

Overall assessment (cont): domestic regulation and ratification

- Inconsistent regulatory picture:
  - Labour law and (public) social security contributory context usually regulated
  - Social assistance and SP transfers invariably lack a legal framework – mere policies, or even just programmes

- Despite widespread ratification of core ILO labour Conventions, implementation is limited due to (generally) weak trade unions and underlying bi- and tripartite structures; inadequate inspection capacity; a poor OHS record

- In contrast, ratification of ILO social security Conventions (in particular post-World War II Conventions) is conspicuous by its absence

Overall assessment: other international standards

- ILO Recommendation 202 of 2012 (National Floors of Social Protection) may prove to be an important instrument, despite limitations

- UN human rights instruments widely ratified and significant – e.g. General Comment No 19 (2008) on social security

- Crucial also are AU (social policy; migration) and regional instruments (SADC; ECCOWAS, EAC, etc)

Overall assessment: SP programmes generally

- General picture: Fragmented, often donor-initiated and -driven, and not part of overall SP policy or strategy

- Distinct approaches discernible – e.g.:
  - Southern Africa, Middle Africa and West Africa
  - LICs and MICs

- Active labour market programme measures (ALMPs): As a rule, alone-standing & not linked to assist exit from dependency on welfare arrangements and not enhancing long-term integration
  - Important exceptions: e.g. Ghana’s LEAP & LIPW; Ethiopia’s PSNP; Lesotho’s Integrated Watershed Management Project (iWMP)

- Public works programmes potentially important, but costly, temporary and weak exit links

Overall assessment: National contributory schemes

- Public contributory schemes in MICs are limited with regards to:
  - Persons covered, and
  - Range, quality and adequacy of benefits

- Several factors inhibit effectiveness of contributory arrangements:
  - Exclusion of the majority of those who work - informal economy workers
  - Systemic failures: Perceived mismanagement, high costs, system fragility, deficient service delivery, inappropriate funding arrangements and lack of willingness to register and/or contribute
  - Structural arrangements: civil servants and politicians: public purse burden

- Beneficiary liability: e.g. sickness, maternity and occupational injury benefits) as opposed to public scheme liability

- Occupational/private arrangements: Weak regulation and poor alignment with a multi-tiered framework of provision and protection

Overall assessment: National contributory schemes (cont)

- Factors inhibiting effectiveness (cont):
  - Detrimental impact of lump-sum instead of regular benefits on household survival: continued reliance on weak social assistance and SP systems
  - Absent cross-border social security arrangements (e.g. portability), despite some bi- and multilateral arrangements
  - Weak in-country scheme coordination and benefit harmonisation
  - Gender-, disability- and nationality-based discrimination
  - Overemphasis on compensation

- National health insurance: innovative arrangements (Senegal); encouraging signs of significant coverage (Ghana; Rwanda)

- Micro-insurance schemes: consolidation and strengthening needed
Some SSA countries have extensive social assistance schemes (e.g. South Africa, Gabon, Mauritius) in place.

Remarkable achievements - directly and indirectly - in addressing poverty, improving quality of life, strengthening health and educational indicators, and support of small-scale economic opportunities.

Generally, improper alignment of these and basic SP arrangements (social transfers) with exit/graduation strategies and LM integration.

Other problems: Poor registration & targeting, limited fiscal ability, insufficient government prioritisation, lack of impact assessment.

Basic SP initiatives/social transfers: categorical & localised focus, fragmented nature, lack of government ownership.

Scaling up of donor-initiated programmes has often proved to be problematic.

Informal social security arrangements need to evolve.

Adoption of policy and strategic frameworks.

Increased political commitment and fiscal reprioritisation.

Establishment of comprehensive and multi-tiered social security systems.

Introduction of national retirement and health insurance schemes.

Conversion of lump-sum into regular benefit arrangements.

Coverage extension to the informal economy.

Focus on developing social protection floors in some countries and addressing vulnerabilities/impowered groups.

Targeted SP policy, SP strategy & legal frameworks required to serve as basis and mandate.

Improve ratification and implementation record of overarching international, continental & regional standards.

Develop synergies amongst SP interventions.

Link ALMPs to exit/graduation.

Address inefficiencies in contributory schemes.

Need to improve social assistance and upscale social transfers schemes.

Ensure government ownership at all stages.

The cost of SP provision in SSA:

<table>
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<tr>
<th>Cost of Provision</th>
<th>LIC</th>
<th>MIC</th>
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<tbody>
<tr>
<td>Basic social protection</td>
<td>4.3% GDP</td>
<td>10.7% GDP</td>
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<tr>
<td>Without basic health component</td>
<td>2.8% GDP</td>
<td>5.6% GDP</td>
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<tr>
<td>Very roughly, provision of a social protection package requires additional resources averaging 4.6% of GDP in a low-income countries (LIC) and 2.8% of GDP in a middle-income country (MIC)</td>
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Can SSA countries afford basic SP?

Affordability issues are more serious, especially for LICs.

Universal child allowances and even universal social pensions would be difficult, if not impossible, for African LICs to finance.

The positive outlook for most SSA countries suggests favourable prospects for resource mobilisation in the medium-to-long term.
Fiscal framework of SP in SSA: sustainability

- Beyond affordability, sustainability is a key issue in the financing of social protection
  - Aid dependency: sustainable social protection should ultimately be based on internal rather than international wealth redistribution
  - A restricted number of contributors: dramatic in low-income countries such as Chad, Guinea-Bissau, Mozambique and Niger where contributors account for only around 1.5% of the working-age population
  - Demographic change: rapid population growth

- Raising government revenue through tax reform is possible for most SSA countries ...
- But needs strong political will: Example = Mozambique
- Three potential instruments to create fiscal space for SP:
  1. Tax earmarking:
     - VAT still has clearer revenue-generating potential than most other instruments
     - Taxation of natural resource extraction
     - Example: The National Health Insurance Levy in Ghana
     - Example: The Dignity Pension benefit in Bolivia or the Human Development Fund in Mongolia
     - Mozambique: Discussion on taxation of local mineral industries and other mega projects to help fund establishing a SP floor
  2. Reallocating public expenditures
     - The waste of resources on consumer subsidies: energy (fuel and electricity) subsidies still absorb a large share of scarce public resources in the sub-region, and do not target the poor (only)
     - Transfers to finance the structural deficits of public pension funds: (Example: 0.4% of GDP in Côte d’Ivoire and 0.6% in Benin in 2011)
     - Enhancing operational efficiency
     - Reducing the cost-transfer ratio, which is often very high in SSA
  3. The key medium-to-long-term engine of higher revenue is economic growth, but requires active redistribution and a SP focus
     - SSA has an average published growth rate of about 5¼% per annum (2012–2013)

- Ensuring efficiency and effectiveness of SP is crucial in low-income countries
- The most sustainable systems are those that rely on domestic sources
- Innovative mechanisms such as tax earmarking from either VAT or natural resource levies can generate subsequent resources
- Ensuring efficient resource use is a potential avenue of generating fiscal space in SSA

Fiscal framework of SP in SSA: Creating fiscal space for SP in SSA

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- Ensuring efficient resource use is a potential avenue of generating fiscal space in SSA

- Economic growth is the key medium–to–long–term engine of higher revenue
- Ensuring sustainability of SP entails promotion of sustainable economic growth
- External aid should have a limited role as a catalyst in initial financing of new programmes
- Government policy ownership and leadership in the recipient countries is vital for ensuring sustainability
Extension of social protection to the informal work context in sub-Saharan Africa

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Professor Marius Olivier, Director: ISLP

SSA: informal employment constitutes 66% of all non-agricultural employment (excluding RSA and some SADC countries)

If informal employment in agriculture is added: 90% of employment in some countries

Gender dimensions: 84% of women non-agricultural workers are informally employed, as opposed to 63% of male workers

ILO: persistence and depth of poverty in Africa is strongly related to both the structure of employment and low productivity

Description of informal work

- **Heterogeneity**: contributory capacity and coverage options
- Beware of standard classifications and be mindful of changes occurring
- Informal employment comprises:
  - Wage employment in jobs without SP
  - Self-employment - e.g. own account workers
  - “Supply chain workers”
  - Care economy workers

Reasons for and impact of limited protection

- **Inability** of formal economy to create jobs
- **Exclusionary impact** of contributory and non-contributory schemes
  - Contributory schemes: focus on formal employment and the formal economy
  - Non-contributory schemes: largely cover particular categories of the poor
- Until recently, little evidence of a dedicated approach to extend protection

Reasons for and impact of limited protection (cont)

- **Limitations** of the traditional coverage approach
  - Generally not developed with informal economy in mind
  - Emphasises public measures
  - Common collective risks inadequately recognised
  - Remedial measures aimed at poverty alleviation not well captured
- National systems focus employment relationship
- Other reasons: e.g. lack of incentives
- Thus: shift of managing risks to workers, families and other State systems (e.g. welfare systems)

Widening of coverage base and innovative conceptual development

- Increasing indication: adoption of tailor-made solutions
- Innovative conceptual developments
  - E.g. India (2008 law), Tanzania and other SSA & developing countries: labour law extension: employee concept
  - Dependency situations (e.g. “dependant contractors”)
  - Contractual tracking
  - Supply chain investigation & regulation
Complementary institutional mechanisms

- Mere extension of contributory arrangements as currently designed insufficient.
- Importance of extending non-contributory arrangements.
- Successful informal or self-initiated arrangements also important.
- Two broad approaches in government-initiated extension worldwide:
  - Extension to whole of informal sector (e.g. national health insurance).
  - Sectoral approaches (i.e., different sectors within the informal economy) (e.g., domestic workers - South Africa; various informal economy groups - Tunisia; Indian welfare schemes).

Coverage extension to informal sector: a national priority

- Many of the initiatives taken are of recent origin –
  - Extension of non-contributory arrangements on a category basis - e.g. South Africa, Namibia, Cape Verde.
  - National/universal non-contributory arrangements - e.g. universal health care (Cape Verde) and other arrangements (Mauritius).
  - Universal contributory schemes: in particular universal health insurance (Ghana: 67% coverage, Rwanda: 83% coverage), other countries in process.
  - Scaling up of limited/fragmented contributory schemes.
  - Development of a dedicated framework suited to the informal work context: see below.
  - Job-creation and labour market insertion programmes?

Specialised contribution and benefit frameworks

- Specialised contribution modalities - e.g. India, Tanzania, Tunisia.
- Tailored benefit packages and eligibility/access criteria - e.g. India (2008 law), SEWA, Tanzania (Community Health Fund), Ghana.
- See in particular the interesting and apparently successful developments in Ghana (Informal Sector Fund).

Human rights framework

- International human rights framework important, supported by constitutional protection (e.g., Kenya; South Africa; Tanzania).
- The UN International Covenant on Economic, Social and Cultural Rights is particularly important.
  - Recommendations on coverage extension to the informal economy: General Comment No 19 on the right to social security.
- Regional Instruments: SADC Code on Social Security; (draft) SADC Protocol on Employment and Labour.

Other preconditions

- High-level political commitment recommended
  - E.g., Ghana (presidential commission); India (government-appointed commission).
- Investigation and considered evaluation of options.
- Appropriate stakeholder consultation.
- Communication.
- Supportive framework.
- Sector-specific approaches require homogenous beneficiary groups.

Some conclusions and observations

- Alignment with national priority area.
- Social cohesion and a social contract appreciation.
- Small-scale efforts may have limited value.
- Gradual approaches aimed at extension are appropriate.
- Technical advice and support crucial (current examples).
- Country context: informing possibilities for coverage extension has to be carefully considered - e.g.,
  - Fiscal space.
  - Political determination.
  - Capacity.
  - Size, nature and characteristics of informal economy.
Recommendations for supporting the establishment and strengthening of social protection systems

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Most SP programmes in SSA are still merely compensatory in nature – this affects exit, graduation and sustainability

Comprehensive frameworks targeting more than just some vulnerable groups have yet to develop

National ownership of SP programmes is often weak, but improving

Donor-led programmes generally lack government ownership – they are mostly pilots, ad hoc and short-term (limited timeframe, funding)

Prospects for scaling up transferring programme responsibility to governments are usually limited

A partnership approach, supported by harmonised and aligned donor assistance is required

There is need for an improved legal and human rights framework supporting SP programmes/interventions

Ability of governments to sustain SP programmes may be lacking:

Allocation of inadequate resources, against the background of weak SP policy environment, despite recent changes

In some cases governments have demonstrated significant will to strengthen SP infrastructure (e.g. Ethiopia, Ghana, Lesotho) and even to build comprehensive SP systems, to reform and expand non-contributory pensions and contributory mutual health insurance programmes (Burundi, Cape Verde, Rwanda)

Implementation of SP programmes is hampered by various constraints, e.g. inadequate technical, human and financial capacity, and inappropriate planning and budgeting

This implies some likely continued reliance on donor assistance in implementing their reform objectives (e.g. UN, World Bank, AfDB, NEPAD, Germany)

SP programme links to the labour market and sustainable livelihoods remain limited and fragmented, except for:

Agricultural input support programmes (Ethiopia, Ghana, Lesotho)

Provision of subsistence income for unemployed persons (Seychelles, S. Africa)

LM interventions programmed to promote employment access (Malawi, Uganda)

Return-to-work (RTW) arrangements (Botswana, Namibia, South Africa)

Strengthening of public and private employment services and skills training (Mauritius, Uganda, South Africa)

Most SP programmes not designed to ensure exit, graduation and sustainability, and focus on compensating beneficiaries; exceptions:

Linking renewal of unemployment benefits to job search attempts (Seychelles), or social assistance to LM participation (Ghana), or LM initiatives to agricultural development (Ethiopia, Ghana, Lesotho), or RTW arrangements

Strengthen/utilise the international standardised framework

Importance of international, regional (AU) and sub-regional standards and principles:

Relevant ILO instruments and standards: incorporation, implementation

UN human rights and other instruments: implementation

Applying AU framework, Social Policy, Migration

Applying sub-regional frameworks: e.g. SADC Social Charter & Code on Social Security, EAC Common Market Protocol – emphasising among others regional integration and suitable geopitics

Utilise, as far as the EU is concerned, EU instruments & principles as basis for support

EC Regulation 1905/2006 (Financing instrument for development cooperation)

EC Communication on SP and related documents

Concluding observations: Some challenges

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Concluding observations: Some challenges (cont)

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Develop and implement the national standardised framework

Nationally-owned (overarching and sectoral) SP policies, strategic and legal frameworks need to be developed and implemented, as they:

Provide overarching and holistic perspectives

Ensure the basis and mandate for intervention

Enable coordinated and integrated responses

Support policy development and implementation

Guarantee clarity of entitlement
Integrated and coordinated responses: emphasising prevention, transformation, exit, graduation and sustainability

- Design and implementation of SP programmes should be aimed at these overarching objectives
- This implies moving beyond a focus on mere compensation and transfers to, for example:
  - Achieving preventive objectives (e.g. OHS, PHC)
  - Labour market integrating (e.g. ALMPs; RTW programmes)
  - Adopting transformative interventions, e.g. to address discriminatory cultural values and perception (e.g. gender-sensitive arrangements included in design of SP programmes)

Comprehensive frameworks and approaches required

- Comprehensive social security/protection systems which combine social assistance and social insurance measures, integrated with/linked to
  - Broader SP arrangements, e.g. education interventions, food provision, ALMPs, supplemented by
  - Specialised/dedicated arrangements for particular groups or contexts,
  - Embedded in national development plans and poverty reduction strategies, should together ensure:
    - Universal access and adequate protection to every person
    - Extension of coverage: protection to vulnerable contexts and groups

Address/accommodate vulnerable contexts and groups

- Appropriate attention should be given in SP system/programme design to particular vulnerable contexts (e.g. food crisis) and vulnerable groups, e.g.:
  - The aged (accommodating frailty and need for support)
  - Women (addressing impact of their disadvantaged position and care responsibilities, in design of contributory and non-contributory schemes)
  - Children (providing for maintenance, education, food needs, etc)
  - The youth (e.g. employment creation measures, skills transfers)
  - Migrant workers (addressing their weak SP position in terms of SP entitlements, access and portability), both to and from SSA countries

Increase national ownership, funding and execution

- Ensure national/government ownership at all stages – design, funding, implementation, review and reform
- Beware of pitfalls of purely donor-driven pilot programmes
- Support may be needed to:
  - Understand the context and help with design
  - Build on best practice, including South-South exchange and learning

A partnership approach required

- Amongst development partners, to avoid duplication, identify gaps
  - Clarity of SP terminology, approaches and focal areas is needed
- With national governments – joint fora, ongoing dialogue, integrated sector-/programme-based collaboration
- Involving recognised local government/community-based institutions
- Value of public–private partnerships (LM development; service delivery), including civil society and social partners
- National governments to indicate SP as an intervention priority, and specific programme priorities

Increase national ownership, funding and execution (cont)

- SP programmes should ideally be nationally-financed & executed
- Taking over development partner-funded transfers may be problematic unless the pathway for this has been agreed in advance

- Development partner assistance may nevertheless be crucial, e.g.:
  - Creation of fiscal space (assistance/advice)
  - Budget planning, design, and execution
  - Tax systems and collection
  - Programme review and evaluation, impact assessment
  - ICT and human capacity
  - Registration and identification of beneficiaries
  - Delivery systems

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- Value of public–private partnerships (LM development; service delivery), including civil society and social partners

- National governments to indicate SP as an intervention priority, and specific programme priorities
Sub-regional support

- SP interventions and support should not be restricted to country contexts
- (Sub)-regional structures, in particular the RECs (Regional Economic Communities – e.g. EAC, ECCOWAS, SADC) are increasingly involved in SP direction and support
- Important regional objectives (should be) linked to SP interventions and support, e.g.
  - Regional integration dimensions and implications (e.g. SP standards adopted at sub-regional level by EAC & SADC)
  - Cross-border dimensions (e.g. SP entitlements, access, portability) currently (mostly) weakly accommodated/regulated at the regional level

Importance of differentiated approaches

- What is required: are country (or even region)-specific, context-sensitive differentiated approaches, which are
  - Simultaneously flexible, developing and evolving in nature, providing for:
    - LICs/MICs distinctions
    - Regional variations/emphasis/preferences
    - Special contexts, e.g. HIV/AIDS, migration, disaster
- Overall, social cohesion and the social contract aims should be served and strengthened

Labour markets and sustainable livelihoods in SSA: General considerations

- Diversity of SSA labour market dynamics requires flexibility, best practice
- Donor-led intervention is time restricted and often responds to mitigating crises rather than transforming vulnerability
- Lack of operational capacity (eg cash transfers delay) can negate shock smoothing
- Choose between comprehensive packages to small number, and one-dimensional interventions to large number
- Some beneficiaries will never permanently ‘graduate’ out of vulnerability
- Investment in monitoring, tracking, impact evaluation is required
- National Employment and Agriculture Policies are required
- Donor support to policy dialogue & institutional capacity building is essential

SP systems/programme improvement

- Large-scale room exists for SP programme improvement:
  - Programme review and impact assessment
  - Caps, duplication and service delivery problems
  - Weak exit/graduation modalities
  - Value for money
  - New vulnerabilities
  - Data collection and interpretation – for SP design but address privacy and data protection concerns
  - National registration systems & centralized, integrated database framework
  - Appropriate targeting approaches, where relevant
  - Capacity development - programme and policy development; ICT; human
  - Service delivery improvement
  - Good governance standards (contributory and non-contributory schemes)
  - Dealing with fraud and abuse

Fiscal interventions: a synopsis

- Addressing affordability is crucial in low-income countries
- External aid should have a limited role as a catalyst in initial financing of new programmes and, where needed, underlying system and programme support;
- Government policy ownership and leadership in the recipient countries is vital for ensuring sustainability
- Increasing domestic financing of basic SP implies:
  - Availability, identification and utilisation of fiscal space,
  - Economic growth, and the
  - Political will to increase the share of public expenditure allocated to this policy area

Potential response to SSA labour market constraints

- Have clear outcome expectations: is short/medium-term - access to income generation/employment, long-term - labour force strengthening
- Low-income countries - large informal/agriculture, weaker capacity to implement, focus on:
  - Income generation
  - Public works package
  - Informal apprenticeships
- Middle-income countries - reduced public sector, education-training mismatch, focus on:
  - Technical training
  - Promoting enterprises as employers
  - Wage subsidies (graduates)
  - Labour market information systems
  - Employment services
Potential response to sustainable livelihoods constraints

- **Response depends on outcomes sought**, e.g., consumption smoothing, affordability of food supplies, incomes stabilised, improved productivity, self-sufficiency, minimised dependency, human development.

- Requires **analysis** of food and livelihood crisis trends + suitable risk-mitigation and shock-coping instrument combinations.

- **Options include:**
  - Conditional cash transfers where basic services, food supplies are available
  - Unconditional cash/food transfers where services or supplies are not available
  - Balance of public and private asset-transfer instruments
  - Labour market interventions for rural poor without access to land
  - Support to state and NGO capacity