Formal and Informal Social Protection in Sub-Saharan Africa:

A Complex Welfare Mix to Achieve Poverty and Inequality Reduction

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Abstract

In the last years, social policy has been rediscovered and reappraised as a important tool to address poverty and social inequality in development contexts. After decades of structural adjustment policies and cutting back of national social programmes, international organizations such as the World Bank, the ILO and UNDP increasingly recognize social protection as a main contributor to social cohesion and development. However, there are few studies that systematically analyse the link between formal and informal social protection mechanisms in developing countries and their contribution to the social protection level of the population. In this article we analyse the interplay between formal and informal social protection institutions and their contribution to the shaping of the welfare mix of sub-Saharan African countries. We look at the wide range of social protection mechanisms available in sub-Saharan countries, namely formal social security arrangements, the provision of basic social goods and informal, community- and family-based social protection mechanisms. In analysing their strengths and weaknesses, we assess how these different mechanisms can complement each other and can contribute to the overall level of social protection of the population. Our analysis illustrates that, although each of the discussed mechanisms has its pitfalls, they largely complement each other and in this way are able to protect the livelihoods of the major part of the population. Furthermore, we argue that the sub-Saharan African welfare mix not only is characterized by the interplay between formal and informal mechanisms, but also by the interplay between different actors (e.g. the government, international organizations, NGO's, communities, family, etc.). This intensive collaboration is needed to safeguard the effectiveness and efficiency of the available social protection mechanisms. Only a fruitful interplay between these actors and different forms of social protection mechanisms can effectively change the miserable living conditions, by which people living in the South have to cope daily.

1. Introduction

Against a background of endemic poverty, structural adjustment and globalisation, the spread of HIV/Aids and other infectious diseases, social protection is increasingly seen as an effective response to poverty and vulnerability in developing countries (e.g. Gough & Wood 2004; Mkandawire 2004; Townsend, 2007; Barrientos & Hulme 2008). International organisations such as the World Bank discuss social protection not only as a contributive factor to economic development, but also as a means to social stability and democratic participation by all groups in society (World Bank 2001; Bangura 2007). In sub-Saharan Africa (SSA) especially, where economic crises, war, malnutrition and HIV/AIDS generate intolerable levels of human suffering, the role of social policy in mitigating human insecurity, vulnerability and absolute poverty has been rediscovered and reappraised in the international development discourse (Adésina 2007).

An important aspect of this growing awareness of the potential of social policy has been an renewed interest in the applicability of Western social policy in development contexts (e.g. Gough & Wood 2004). The European welfare state has traditionally provided the ideal-typical point of reference for discussing social policy in developing countries. Social protection has mostly been defined in terms of the specific instruments of public intervention that have been important in the historical built-up of the Western welfare states, including, inter alia, unemployment insurance, old-age pensions, and invalidity benefits (e.g. Van Ginneken 2003; Townsend, 2007). Yet, there is a broad consensus that the complex and expensive programmes of social insurance, income maintenance and social services (health care, child care, etc.), forming the backbone of European welfare states, cannot straightforwardly be replicated in the poorer African countries (e.g. Ahmad et al. 1991; Gough & Wood 2004; Leisering et al. 2007). There are several reasons for this. The general lack of economic development, low levels of income, the meagre government resources, shortage of physical and social infrastructure, limited administrative capacities and clientelism inhibit a generalised implementation of Western-type social security systems, which could protect effectively against poverty, disability or sickness. Furthermore, parts of the institutional framework on which mature welfare states rely, are missing or have been only partly established. The legitimacy and governance of the state and other key public institutions in Sub-Saharan African countries is often too contested and personalised to guarantee stable social rights to those in greatest need. Workers' organisations and other labour market actors are generally weak and not in a position to extort an extension of social security schemes. Existing formal social security institutions and organisations were mostly created during the colonial period and thus embodied European preconceptions and concerns (Bevan 2004b). Usually, they are fragmented, limited in scope and restricted to the formal labour market. Given that only a small percentage of the working population is in the formal economy (public sector and large firms), most workers will have little or no employment or income security. The large mass of people have to rely for personal security predominantly on the active pursuit of resources in the context of socially constructed structures involving kin, friends and patrons (Bevan 2004a; Bevan 2004b). Most poor people who survive do so as a result of the care of their familial networks or by their own efforts. Individuals and families use diverse strategies to make a living, involving various types of labour: alongside wage labour in formal labour markets, also peasant agriculture, artisans, outworking, family working, self-employment, petty trade, smuggling, etc. (Bevan 2004; Gough 2004).

Because of the very different political, economic and social context, the Western social security approach is not altogether useful when devising appropriate social protection programmes within poor, developing countries (Ahmad 1991; Gough & Wood 2004). In a development context and especially in the African context, it is more appropriate to take a fairly comprehensive view of social protection, not only of the instruments and type of interventions for social protection, but also of the institutional and organisational modes of welfare provision. There is indeed no reason why the Western social security schemes and institutional modes of organisations should be seen to represent a universal model of welfare provision. Public involvement in direct support to the vulnerable sections of population can take a wide variety of forms, and many of them have already been used with considerable success in sub-Saharan countries. This paper will therefore investigate a wide range of instruments to tackle problems of poverty and income security. We will look at both formal, state-based social protection mechanisms (e.g. social insurance, public provisioning of health care and education, food subsidies, direct cash support) and informal, community-based or family-based systems (traditional risk pooling systems; mutual health organizations; rotating, saving and credit associations). It is obviously outside the scope of this article to give a full overview of the bewildering variety of social protection mechanisms in developing countries. We will therefore focus in particular on the mutual interplay between formal, state-based social protection and informal, community-based or family-based systems in reducing human deprivation and poverty. The paper will examine the interaction between the two and assess to which extent the different types can be complementary. We will argue that state-based and community-based protection systems each have their strengths and weaknesses and that in an optimal welfare mix the respective strengths of one system can be used to overcome some of the weaknesses of the other system (see also, Von Braun 1991). Our analysis will also acknowledge the large number of actors involved in the welfare mix in sub-Saharan African countries, including both domestic (governments, bureaucrats, the military, private employers, insurance companies, community-based organisations such as women's groups and development NGO's, clans, families, etc.) and external actors (international development and humanitarian organisations, national donor countries, TNC's, International NGO's, international migrant communities and diaspora's). An important question here relates to which groups can provide particular types of social protection most effectively or efficiently.

The paper is structured as follows. We start with sketching the main aims of social protection in developing countries and explain more in detail why a combination of formal and informal protection mechanisms is required. We then look at the structure and performance of various formal social security programmes. After analysing some weaknesses of formal social protection mechanisms, the paper will look at some community-based and family-based social protection mechanisms, that can complement existing formal social security arrangement. We will finish off by looking at the interplay between the actors involved and the different mechanisms used to provide social protection for all.

2. Social protection in developing countries: Aims, problems and composition

Social risks and human vulnerability in poor, developing countries and developed countries differ both in quantity and quality. Although there is some controversy about the exact figures, it is generally agreed that the extent of extreme poverty in developing countries, and especially in Sub-Saharan African countries, is unacceptably high, and simply incomparable with the levels in Western welfare states. According to a recent estimate at UNDP's International Poverty Centre, almost 62% of the population in Sub-Saharan Africa lives in absolute poverty – using a poverty line of $1,50 per person per day. As Table 1 shows, this Sub-Saharan level of poverty is much higher than those of other parts of the world,

Table 1. Population living below $1.50 per day at 1993 PPP in 2001

Region	%
East-Asia	28,5
Eastern Europe and Central Asia	8,6
Middle East and North Africa	9,0
Latin America and the Carribean	15,7
South Asia	56,6
Sub-Saharan Africa	61,8

Source: Kakwani & Son, 2006, Table 2. They reproduced World Bank estimates based on $1.08 per person per day, and then calculated estimate based on a poverty line of $1,50 per person per day, i.e. the median of the poverty lines of 19 low-income countries in Africa and Asia in the 1990s

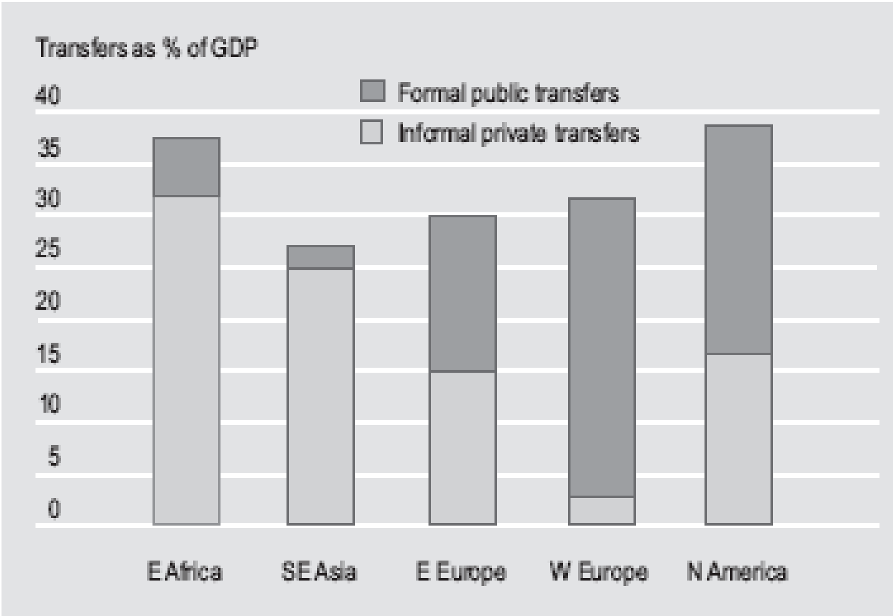
There is also a difference in quality between poverty risks in developed countries and developing countries. While disease or unfavourable outcomes in economic activity frequently mean real hardship for people in developed countries, in poor countries they often lead to death or destitution (Burgess & Stern 1991). Consequently, a different view should be taken of what social protection is about.

In line with Drèze and Sen (1991), we define the objective of social protection therefore in the very broad terms of preventing and removing very low standards of living by social means, irrespective of whether these are the result of chronic deprivation or temporary adversity. The term 'social protection' may then be viewed as a measure of success in meeting this objective. Yet, to effectively meet the objective of social protection a certain limitation of the set of 'social means' might be advisable. In sub-Saharan Africa for instance, the given resource constraints will often limit the set of priorities for social protection to improving nutrition, health and education. Social action to improve on food security – that is, the ability of all people in a country to acquire sufficient food for an active and healthy living – is at the core of social protection (Von Braun, 1991). The term 'social' indicates that our primary concern is not only with the role of state, but also with the community and the family in improving social protection. It also indicates that protection mechanisms are not wholly determined by market forces (i.e. there should be some degree of redistribution involved). Furthermore, we will be restricting the set of means by examining only those social means which have a direct relation with deprivation, vulnerability and poverty (Burgess & Stern 1991). Obviously, changes in deprivation and poverty (e.g. poverty reduction) can be the result of different processes and factors, such as economic performance, political stability, good governance, the appearance or absence of climate related crises, etc. We will however only include those social means which imply more or less 'direct' interventions to limit human deprivation and poverty. We are using 'direct' here to distinguish from 'indirect' measures, such as the general development of the economy or the improvement of good governance, which can also contribute to social protection. This last restriction also indicates that the role of social protection should not be exaggerated: "Excessive demands should not be made of social protection systems – they are clearly no substitute for an adequate macroeconomic policy. Nor can they alone achieve a fair distribution of earnings and other incomes. Other policies must play their part." (Beattie 2000: 134).

As already indicated, our approach contrasts with that of Western welfare states, where social protection is generally seen in terms of specific public programmes involving social insurance, social assistance and the delivery of social services. For developing countries, the fact that only a limited number of these programmes exist and that those who do exist, often have a low or poorly directed coverage, suggests (cfr. infra) that a definition along these lines would be too narrow. A definition based on state programmes fails to take into account the crucial role of social support by the family or the broader community. As a matter of fact, intrahousehold and interhousehold transfers between related or proximate individuals constitute a basic form of social protection in developing countries (Platteau 1991; Bevan 2004a). To a large extent the family or community serves many of the roles carried out by formal institutions in developed countries. Transfers between related or proximate individuals, for example, have been shown to serve the purposes of risk mitigation, help during illness, unemployment insurance, support for the elderly in retirement, educational loans and financing of rural-urban migration (cfr. infra). These transfers represent an important component of household income and expenditure both in traditional village and rural households, as well as in urban households (Burgess & Stern 1991; Platteau 1991).

The ILO Report to the International Labour Conference (2001) compared the estimated overall level of transfers in different regions of the world with the levels of formal public social transfers (expressed as percentages of national GDP's) as recorded in official statistics. As figure 1 shows, it was observed that the proportion of formal transfers (via formal social security systems) is strongly correlated with the countries' level of economic development. For the poorer, developing regions this implies that formal social transfers only represent a minor component of the overall level of transfers: the level of informal private transfers highly surpasses that of social transfers.

Figure 1. Estimated total transfers and their composition in selected regions, early 1990s (as percentage of GDP)



Source: International Labour Office 2001: 85.

Although this figure does not provide information on the household level, we may hypothesize that the importance of informal private transfers will be even higher for the poorer bulk of the population in developing countries, where only a small part of the population tends to be covered by formal social security arrangements. Existing social security schemes in developing countries are mainly limited to the formal employment sector and tend to be urban-biased and serve the privileged rather than the poor (Beattie 2000; Van Ginneken 2007). Except for a small minority (ranging between 5 and 20% of the population), people will predominantly depend on their own efforts and on informal social transfers for their livelihood.

As a result, the institutional assumption that social security schemes can be introduced for the bulk of population, is not readily applicable to developing countries (Atkinson & Hills 1991). Because formal social security schemes primarily help those who are already privileged by having secure jobs and steady incomes and exclude those whose needs for social protection are the greatest, an extension of social security schemes may in fact be regressive and contribute negatively to the security of the very poor. "Systems paid for in part by taxation on the whole population which provide benefits for those in the formal sector – albeit at the bottom of the formal sector – will necessarily be regressive when that sector represents the top of the income distribution" (Atkinson & Hills 1991: 104). To prevent such regressive effects, it’s advisable to target social benefits towards more vulnerable social categories as children, disabled people and the elderly.

One could argue more generally that the policy instruments which need to be developed to cater the needs of the poorest and most vulnerable in sub-Saharan Africa are different from those that have been found useful in developed countries. The bulk of population of the Sub-Saharan African population lives in a state of more or less severe poverty and social insecurity, i.e. have no access to formal social security, and mostly fall back on the often limited possibilities of families, kinship groups or communities to secure their standard of living. Clearly, the extension of formal social protection schemes can not be the only answer to the mitigate the level of social insecurity and vulnerability of the large group of informal sector workers. Broader approaches to social protection, taking into account both existing informal social protection mechanism and formal social security arrangements, are to play a significant role in sub-Saharan African context. To bridge the distance between the two, the provision of basic social goods can be developed to complement the existing schemes where needed. All this has to be the result of a fruitful interplay between different actors at different levels of society and in different institutional settings.

3. Formal social security in sub-Saharan Africa: A privilege for the few?

Although substantial elements of formal social security systems of the European type exist in most sub-Saharan African countries, they are mainly limited to the formal employment sector and tend to neglect the poor, especially the rural poor (Townsend, 2007; Adésina 2008). In this section, the existing formal social security arrangements in Sub-Saharan Africa will be examined on the budget available for social policy; the social risks covered and the type of programmes used for the organisation of these mechanisms.

3.1. Government spending on social protection

According to Bonnet (2005) the share of social security expenditure in a countries' GNP is a reliable indicator of the level of social development in that country. Consequently, in countries where a large part of the GNP is spent on social security measures, inequality and poverty levels will be lower than in countries where a smaller part of the GNP is spent on social security.

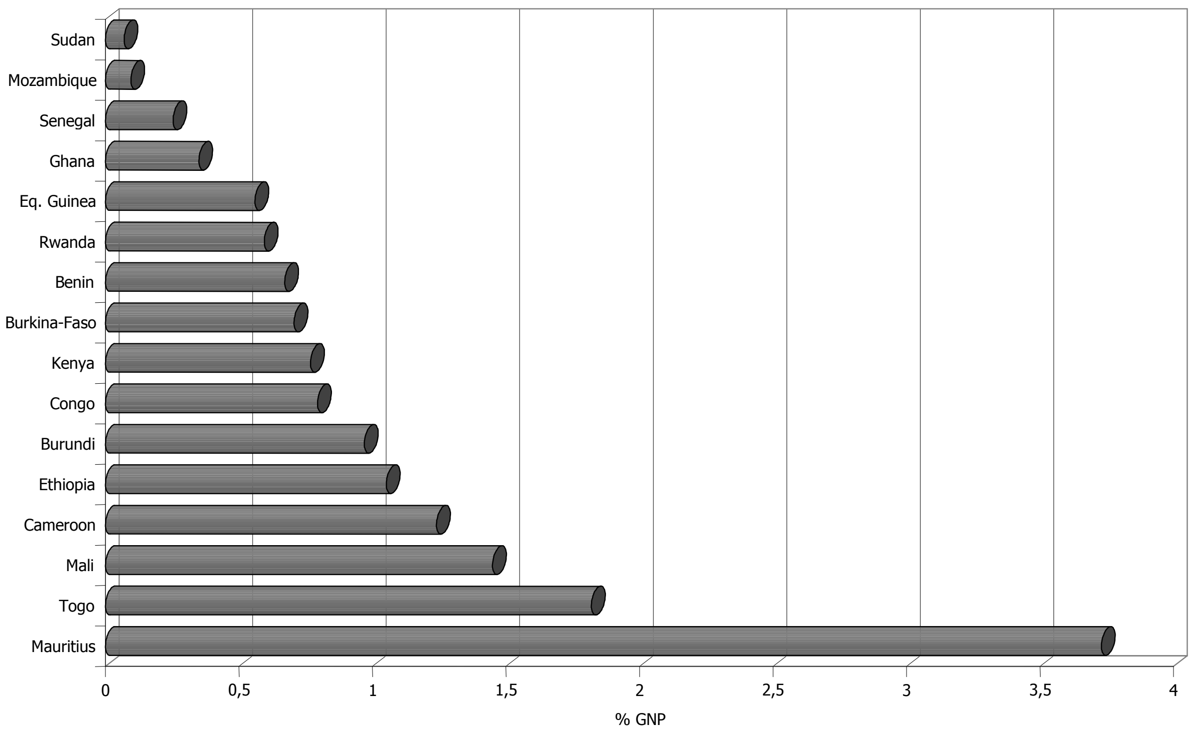
Table 2. Aggregate levels of social security expenditure, 1990

Region	%
Africa	4,3
Asia	6,4
Europa	24,8
Latin America and the Carribean	8,8
North America	16,6
Oceania	16,1

Source: International Labour Office 2001: 81.

As shown in table 2, existing social security schemes in Africa are extremely underresourced: an average of 4,3% of the GNP is spend on the organisation of social security arrangements in Africa. This is remarkably lower than in other regions of the world and indicates the limited financial possibilities for African countries to develop formal social security programmes. Furthermore, more recent ILO data suggest that in sub-Saharan Africa, government spending on social security is even lower: an analysis of social security expenditure of 16 sub-Saharan countries showed that an average of 0,95% of the GNP is spent on social security mechanisms (see figure 2).[1] Only a minority of the selected countries spent more than 1,5% of their GNP on the development of social security programmes, while the bulk of them spent less than 1,0% on such programmes (International Labour Office 1997).

Figure 2. Average social security expenditure as % of GNP, in 16 sub-Saharan African countries (1990-1996)



Source: International Labour Office 1997.

In recent years there has been growing concern about slow progress in developing social security in the poorest countries in Sub-Saharan Africa and South-Asia. Yet, there is some hope that basis social protection benefits are not per se out of reach of these low-income countries. Recent ILO modelling studies have demonstrated that costs turned out to be 'within reasonable affordable limits if countries were committed to reducing poverty, but the "mobilisation of international resources will be needed in order to make this an achievable target" (Pal et. al, xii).

3.2. Social risks

To identify the social risks covered by formal social security mechanisms, we used the ILO social security classification (Social Security (Minimum Standards) Convention no. 102). Nine social security branches are distinguished, all related to specific social risks (International Labour Office 1952). According to table 3, the nine social security branches relate to eight risks, since both sickness benefits and medical care serve for the protection while being ill. These social risks are also recognized by the International Social Security Association (ISSA) (2005).

Table 3. Social security branches in the ILO's Social Security Convention and the related social risks

Social security branch	Social risk
Old-age benefits	Old-age
Invalidity benefits	Invalidity
Survivors benefits	Survivorship
Medical care	Sickness
Sickness benefits	
Maternity benefits	Maternity
Employment injury benefits	Employment injury
Unemployment benefits	Unemployment
Family benefits	Family burden

Source: International Labour Office 1952.

The number of social risks covered acts as an indicator of development level of social security arrangements. Consequently, a well developed social security system probably offers protection for a higher number of social risks than a less developed social security system. In this way, the number of social risks covered indicates the governments' attention to social protection, well-being and living standard (Bonnet 2005).

Table 4. Social risks covered by formal social security programmes in sub-Saharan Africa (2005).

Social risk	%	N
Employment injury	100,0	39
Disability	97,4	38
Survivorship	97,4	38
Old age	97,4	38
Maternity	79,5	31
Sickness	61,5	24
Family burden	59,0	23
Unemployment	12,8	5

Source: Social Security Administration 2005 (authors' calculations).

When looking at the number of social risks covered in sub-Saharan Africa, shown in table 4, we find that employment injury was the only risk covered in all selected countries. Also disability, survivorship and old age seem to be relatively well protected in the selected countries. Unemployment clearly is the least protected social risk, since only in about 13% of the selected countries a social security arrangement is made for this risk.

3.3. Types of social security programmes

Social security can be organized in several ways, depending on the goals of the policy makers and the actors involved in the organization. Previous research (e.g. Bonnet 2005; Van Ginneken 2003; Social Security Administration 2005; Töstensen 2004) distinguishes five types of social security programmes:

1. The **social insurance mechanism** is based on the principle of risk pooling: a group of people will join hands in order to protect themselves against certain risks. Every member pays contributions and when one of the members is confronted with a risk, the group will provide the financial support needed. In most cases social insurance is made compulsory by the government for all formal sector workers.

2. The **social assistance mechanism** is organized on government initiative and is financed from the general government budget. Depending on its goals, it can have universal or targeted way. When trying to reduce poverty, social assistance will be targeted to the most needy parts of the population and the access will be restricted via a means test. Social assistance is offered both in cash (allowances) and in kind (services and supplies), for instance via universal child support grants or via free medical services for poor families.[2]

3. **Employer-liability systems** are based on the employers' responsibility towards his employees. Mostly this responsibility is formal assigned in labour codes and enforced by the government. The

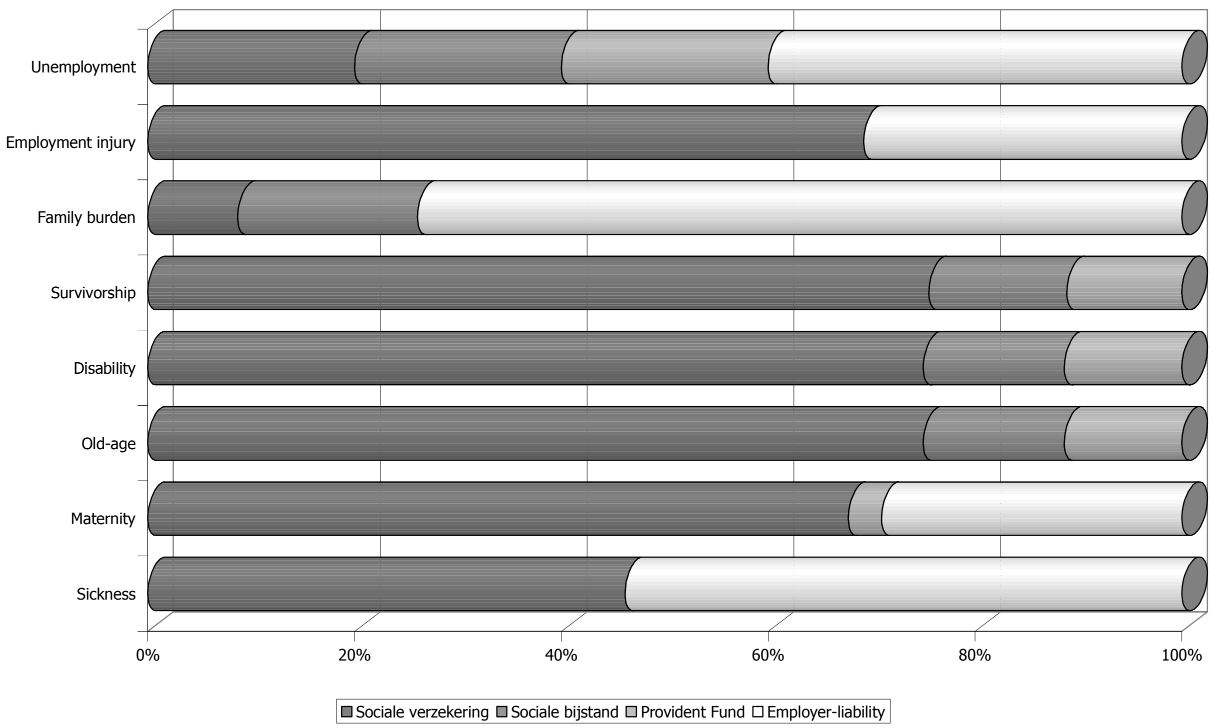
employer takes out an insurance with a private or public carrier in order to protect his employees against certain, mostly employment related risks. A wide range of programmes can be organised in this way: such as health insurance, paid sick leave, maternity allowances, etc.

4. **Compulsory private insurance schemes** are similar to social insurance schemes, with the difference being that the insurance is offered by a private insurance company instead of by the government. In most cases, these schemes are used to organise protection against labour related risks, such as disability and sickness.

5. **Provident funds** are based on the principle of accumulation: a part of the monthly wage is deposited in an individual fund, where it is accumulated with an interest and sometimes also with employers' contributions. When the risk occurs, the worker can deduct money from the fund in order to cope with the financial deprivation.

Analysis of ISSA data (2005) on social security programmes in sub-Saharan Africa shows that there are considerable differences in the types of social security programmes used.

Figure 3. Types of programmes used for the organisation of social security protection in sub-Saharan Africa (%, 2005)



Source: Social Security Administration 2005 (authors' calculations).

As shown in figure 3, the most commonly used programmes for the organisation of social security are the social insurance and the social assistance mechanism. Also for certain social risks (e.g. sickness, employment injury and family burden) the employer-liability mechanisms seems to be frequently used. It seems that provident funds are less popular, which can be explained due to the fact that this mechanism mostly was used in the past.

3.1.4. The weaknesses of formal social security programmes

Formal social security falls prey to different problems, that restrain their efficiency and effectiveness and affect its possibility to guarantee a decent level of social protection.

1. Formal social security programmes seem to be confronted often with problems concerning their **coverage** (Gruat 1990; Bailey 2004). This deficit can take several forms:

- the number and categories of persons covered;
- the range of protection;
- the level of the benefits offered.

Gruat (1990: 409) has shown that only about 5 to 10% of the population has access to formal social security arrangements. The main reason for this is that social security is predicated on a formal employment status, where individuals typically have earnings and an employment record being kept by formal institutions, Because such an employment status is mainly reserved for persons in public or semi-public institutions and official firms in the economic and industrial sectors, the bulk of the population will be completely without formal social protection. In Sub-Saharan Africa the larger part of the population is working in the informal economy or in the agricultural sector (the two most important sectors) and hence cannot enjoy the benefits of formal social security programmes.[3] There also exists a significant gender imbalance in coverage rations, since in most cases women run the household, contribute to the work on the field or are active in other informal labour sectors. Consequently they have no access to formal social security, which is based on formal employment (International Labour Office 2001; Olivier et.al. 2003).

When looking at the number of social risks covered by formal social security systems (range), we found that in sub-Saharan Africa an average of six risks is covered by formal social security programmes. Only in a minority of countries less than four social risks are covered. In sum, there do not seem to be major problems with the number of risks covered.

Yet, regarding the level of benefits offered, Bailey (2004) argues that in most cases the benefits offered are not sufficient to provide an adequate level of social protection; mostly benefits are too low to cover income losses caused by the occurrence of a social risk.

2. Secondly, social security has to cope with **financial problems**: a lack of budgetary means or an inappropriate use of finances threatens the effectiveness of formal social security (Gruat 1990; Guhan 1994; Töstensen 2004). These problems are multiple. Firstly, a major problem in developing or extending social security systems is that most governments have difficulties in raising enough taxes. Most low-income countries only collect around 10-15% of GDP in taxes and tax revenues from the richest sections of the populations have certainly not been increasing in the last two decades (Townsend, 2007: 33). There are severe problems with tax evasion, which can partly be attributed to

low administrative capacities and administrative inertia. Employers and employees can easily escape their responsibility to pay social security contributions and, consequently the government cannot collect the appropriate amount of money needed to finance the programmes. Compliance rates are very commonly below 80% and they would no doubt be even lower if social security schemes would be extended to a broader part of the firms and populations (Beattie 2000). Secondly, competing demands in the government budget shift the attention for social security to other policy fields such as education, infrastructure, economy and health care. Consequently, the budget for social policy is distributed across different policy fields. Lastly, because of frequent mismanagement of public finances an important part of the budget is used to consolidate power and leadership instead of for the organisation of social security arrangements.

3. Thirdly, formal social security mechanisms have to cope with **administrative deficiencies** (Gruat 1990; Bailey 2004). Civil service rules and budget shortages will usually restrict the number of staff that can be hired and the pay that can be offered to attract people with the specialist qualifications (e.g. in information technology) (Beattie 2000). Clientelism and mismanagement also affect the capacity and determination of the social security administration to tackle problems of non-compliance of social security schemes.

4. The provision of basic social goods

A second instrument to offer social protection to the population focuses on the provision of basic social goods and services, alternative government programmes organised under the wings of formal social policy and mostly targeted at the most destitute parts of the population.

These mechanisms focus on the protection and guaranteeing of basic needs of the population. Only when someone's basic needs, such as health, income and food, are secured, they will enjoy a minimal level of social protection. Consequently, basic social services do not serve completely the same goals as social security programmes. While social security programmes mainly seek **to protect** a decent standard of living by guaranteeing a certain level of income substitution, the provision of basic social goods seeks **to create** a decent standard of living by developing different ways to obtain an income. Only in a stable environment where basis social goods are provided for and people do not have to worry about things such as having enough food, being able to pay for health care and being able to send one's children to school, an appropriate level of social security and will be able to take care of himself and his family.[4]

The package of basic social goods and services can contain several components, that all contribute to the general objectives of poverty reduction, income creation and a decent standard of living:

- health and sanitation;
- education;
- housing;
- employment opportunities;

- food security;
- basic income creation.

Obviously, these goods are closely related to each other. For instance, when a person is involved in an employment programme, he has a secured income which can be used to pay for medical care when needed and to buy more and higher quality food. This will contribute to his health situation and to his productive capacities. Furthermore, this contributes to the educational capacities of his children, since he will be able to pay school fees if needed or to buy some necessary school supplies (books, pencils, etc.).

As shown in table 5, social goods and services can be organized is several ways (Smith & Subbarao 2003). For instance, the provision of health services and sanitation imply the development and improvement of health care facilities, but also as the launch of information campaigns to improve the knowledge of hygiene; the organisation of immunisation campaigns; and provision of medicine against HIV/Aids and other infectious diseases. In the same way employment programmes can include employment creation programmes (Public Work Programmes); programmes to stimulate entrepreneurship via education and small scale loans; and agricultural support programmes via the distribution of agricultural inputs or via agricultural extension programmes to distribute new agricultural practices.

Table 5. A non-exhaustive overview of different ways to offer basic social goods and services

Basic needs	Possible programmes
Health and sanitation	Free basic health care Information campaigns Immunization campaigns Battle against HIV/Aids and other infectious diseases
Education	Free primary education Battle against illiteracy Vocational training for the elderly Food-for-education programmes Cash-for-education programmes
Food security	Free food distribution Food-for-work programmes Food-for-education programmes Targeted food stamps
Employment	Public work programmes - Cash-for-work programmes - Food-for-work programmes Micro-credit programmes to stimulate entrepreneurship Agricultural support - Distribution of agricultural inputs - Agricultural extension programmes
Income creation	Basic income grants Direct cash transfers Cash-for-work programmes Food-for-work programmes

Basic social goods are typically provided by the government in cooperation with a broad range of other actors (cfr. infra). A good example is the 'Kalomo District Pilot Cash Transfer Scheme' which has successfully piloted a social cash transfer scheme targeted to the poorest tenth of housholds in Zambia. An intensive cooperation between the Zambian government (Ministry of Community Development and Social Services), community level actors (Community Welfare Assistance Committees; Area Coordinating Committees, District Welfare Assistance Committees and community headmen) and the German Technical Assistance (GTZ) resulted in 2004 in a small scale unconditional cash transfer programme in the Kalomo District. The cash transfer can be used according to the beneficiaries own discretion (e.g. for food, investments, savings) (Schubert 2005). In the future, the Zambian government together with the GTZ will explore the opportunities to up-scale the project to other regions.

It should be noted however that projects as these only works when framed within a larger social development strategy and when they are coupled to other programmes aiming at improving the level of social protection of the population (Ministry of Community Development and Social Services & Deutsche Gesellschaft für Technische Zusammenarbeit 2007). More in general, the provision of basic social goods, such as education and health are part and parcel of a broader developmental framework. Together with other policies, such as economic development and good governance, they serve the battle against poverty and inequality in the country. In the poorest African countries, the need for basic social services and the improvement of the existing social security programmes is expressed in Poverty Reduction Strategy Papers (PRSP's). Furthermore this need is revealed in long-term national development plans, such as Vision 2030 (Zambia), Vision 2016 Towards Prosperity for All (Botswana) and Vision 2020 (Malawi).

5. Informal social protection: All for one?

Although Sub-Saharan Africa has institutionalized (under-resourced and fragmented) formal social protection systems, together with various mechanisms to provide basic social goods, community-based and family-based social protection systems still play a crucial role in mitigating social risks and human vulnerability. These informal social protection systems are not confined only to rural areas but reach out into peri-urban and urban areas as well, partly by maintained urban-rural linkages (Von Braun 1991). There is a large variety of family-based or community-based support systems which is also related to the differences between land-rich and land-scarce settings, local context, rural and urban settings, etc.

Traditionally, community-based systems of risk pooling are based on the rule of 'generalized reciprocity', which has been often formulated in anthropological literature: "in a community where everyone is likely to find himself in difficulties from time to time (…) he who is in need today receives help from him who may be in like need tomorrow" (Evans-Pritchard 1940: 85). The basic logic underlying these schemes is that of "a collective disaster-avoidance strategy whereby the participants form a long-term 'partnership reservoir' which can be tapped in times of stress." (Platteau 1991: 143). In poorer, agricultural development contexts, these mutual insurance systems are mainly geared towards fending off risks of food insecurity and hunger. "Given the difficulties or costs of storing food (especially in moist climates where most foods get easily infested), the insurance-seeking agents make the following agreement: those who produce a harvest in excess of their consumption needs will give at least part of their surpluses to those who are short of food in exchange for the latter's commitment to reciprocate if their respective positions are ever reversed" (ibid, 143).

5.1. Different informal social protection mechanisms

Informal social protection mainly is umbrella term, which hides several different informal mechanisms that are used by families and communities to protect their livelihoods and to guarantee their standards of living. As mentioned before, these mechanisms rely mainly on the principle of reciprocity between relatives, but these reciprocal relationships can take several forms.

In traditional village societies different types of **social institutions** aimed at the reduction of the main risk of food insecurity can be distinguished. However these institutions also contributed to other basic needs, such as employment, income and health (cfr. supra).

1. In the first place, there are **the collective rules and mechanisms** that govern the distribution of available productive assets or work opportunities in such a way that every household in the community has some guarantee of survival over the full weather cycle, either by a relatively egalitarian access to natural resources, or by a more differentiated system where members of the lower strata usually enjoy guaranteed access to employment on the lands of the rich (Platteau 1991). The latter systems are known as **patron-client relationships** which implies a set of reciprocal (though asymmetrical) obligations and labour and service relations between the landowning upper-strata and their clients (share-croppers, agricultural labourers, artisans, etc.).

2. The second important type of collective methods of risk management consists of **reciprocity networks** or **gift-exchange arrangements** through which villagers pool their risks in order to reduce the total cost that they represent. These mutual insurance systems can operate through the exchange of labour, grain, durables or cash. Social relationships with kin, or with locals outside the direct kin network, can serve as a means of support in various ways. For instance, women draw upon women for borrowing small amounts of food, stuffs, fuel, and so on. Similarly, relationships of help and support among men, neighbours, friends and local kin can provide for reciprocal labour, a sharing of irrigation water, and the loaning and renting of machinery, animals or agricultural implements.

3. Next to the more traditional mechanisms already explained, more modern informal insurance mechanisms can be distinguished in African communities. While traditional solidarity mechanisms are mainly based upon (non-commodity) gift exchange, the dominance of capitalist market transactions has stimulated the emergence of more anonymous, abstract and monetarized informal insurance mechanisms. Although these mechanisms still find their origin in the reciprocity principle, they often have a more structured organisation with established principles, that lay down the character of the exchanges made. One example of such more modern informal mechanisms on community level are the **Rotating Saving and Credit Associations** (ROSCA's). These associations are based on mutual savings made by the members of a community and on the possibility for every member of the ROSCA to take up the collective savings on a regular basis. In this way, when a community member is confronted with a certain social risk, he can use the savings to overcome short periods of deprivation (e.g. unemployment, sickness, etc.) and protect himself and his family against a fall into poverty (Maes 2003; Töstensen 2004). A similar mechanism can be found in the **Micro-Finance**

Institutions (MFI's), that provide small-scale low-cost loans to community members. These MFI's have a threefold goal:

- the provision of a savings account to community members;
- the provision of small-scale low-cost loans;
- the provision of small-scale insurances for certain risks.

By providing cash and by stimulating individual savings, these MFI's contribute to the level of social protection of community members, since they have a financial back-up at their disposal in times of financial deprivation. Furthermore, community members can use the finances to upgrade their productive capacities - and their income security - by providing cash for investments (Jütting 2000; Maes 2003).

5.2. Weaknesses of informal social protection

"Even though empirical evidence is scanty (but not altogether absent), the case can reasonably be made that, barring exceptionally unfavourable circumstances (such as repeated crop failures or crop diseases affecting entire communities), traditional methods for controlling the risk of falling into distress have usually enabled the people to counter natural and other hazards in a rather effective way." (Platteau, 1991: 156). Yet, there are important deficiencies and pitfalls that threaten the effectiveness and efficiency of the social protection provided by informal mechanisms.

1. One of the most important limitations arises from the fact that most risks are usually pooled within the narrow boundaries of a restricted local or regional economic space. Members of a household or a local community will tend to be affected by adverse phenomena at the same time (so called **covariate risks**, such as drought). This places severe constraints on the effectiveness of social security provision at this level. There is an obvious way of overcoming the problem of risk covariance, namely by pooling the risks over a wider geographical area, in order "to cover ecologically heterogeneous zones and economic activities which are complementary from a risk point of view" (Platteau 1991: 140). Furthermore, group-financed insurance schemes against food shortages are a good solution, although such schemes have to cope with their own shortcomings (cfr. infra).

2. A second important weakness of family-based and community-based system relates to the **intra-household level**. In many traditional social protection systems, an unequal treatment of household members relative to needs, causes underprotection of certain social categories. Especially in contexts of severe stress and famine, the burden of coping falls disproportionately on female members within poor households – in terms of consumption adjustments, work burden, and, in extreme context, destitution and abandonment (Agarwal 1991). In other cases, children of compound heads may have better protection than other children in the same household (Von Braun 1991). Although the victims differ, it is clear that community-based systems show a risk of failure at the final element of the chain:

inside the household. State action may hence have a special role in protecting targeted and vulnerable groups, such as children, the aged, women, etc.

3. Thirdly, one can think of several instances where traditional social protection mechanisms have become dysfunctional over time and hence need to be complemented or fully replaced by formal social security institutions. These problems seem to be caused by **processes of modernisation and globalisation**, which cause that traditional methods or arrangements become ineffective over time. For instance, because of new technological development (such as those resulting from the use of new agricultural technologies, which are embodied in costly inputs acquired through the market) or when mechanisms are no longer compatible with an acceptable measure of economic growth in the rural sector, they no longer succeed in providing decent levels of protection. In this respect, traditional systems cannot remain the only nor major source of social protection, but have to be complemented with formal social protection mechanisms. Furthermore, migration and urbanisation, both closely related to processes of modernisation and globalisation, disperse family and community ties. Consequently traditional informal social protection does not provide the needed level of social protection in these circumstances. This can however be overcome via the development of new forms of informal, community-based protection (e.g. ROSCA's, MFI's, etc.).

6. Welfare mix = Actor mix?

As shown, African social protection is characterised as being a complex mix of different, both formal and informal, types of social protection. Given the differences between these types, it is obvious that different actors are involved in the development, organisation and realisation of these social protection mechanisms.

A key role is reserved for the countries' government, since it holds important possibilities to collect taxes and to use those taxes for the organisation of social security programmes. However, as mentioned before, sources of international revenue will have to augment the meagre resources from national revenues available to the governments of Sub-Saharan African countries. To assist governments in their build-up of administrative capacity, proper tax systems and good governance schemes, cooperation with a wide range of both national and international partners will be advisable. In this way, a countries' government can opt to work together with:

- other (developed and developing) countries;
- international organisations, such as the ILO, the UN and the World Bank;
- regional and local authorities.

This cooperation covers different aspects of the organization of basic social goods and services. Through multilateral and bilateral cooperation, Western countries offer financial assistance or technical expertise that is needed to develop the provision of services. Developing countries can exchange their experiences regarding the organization of basic social services and in this way stimulate a process of mutual learning. International organisations often offer technical expertise and administrative support that is needed to launch new social services. Also financial resources are distributed via international organizations, from the richer member states (mostly Western countries) to the poorer member states (mostly developing countries). An improved cooperation with authorities at regional and local level provides opportunities to share the administrative workload of the organization of social services. For instance, local authorities can be assigned for the daily follow-up of the social services provision, so that national or regional authorities only have to focus on the general management and coordination of the social protection programmes.

On the other hand, governments can opt to cooperate with more informal actors, such as small-scale organizations, communities and (local and international) non-governmental organizations. This collaboration provides important insights into the living conditions of the most destitute parts of the population, so that the social services can be fine-tuned to their problems. Also in some situations, grass rooted organisations more easily come in contact with the local population and have the opportunity to bridge the distance between the locals and the government institutions that offer certain social services. One demerit however is the limited scope of these actions, since they only reach a small part of the population. Also the up-scaling of local projects often is problematic, for instance when the project is not suitable for larger groups of people or when there is a heavy financial burden coupled to the enlargement of the target group.

7. Towards a fruitful interplay between formal and informal social protection

The massive human welfare problem in sub-Saharan Africa and the enormous challenges on the one hand, and the resource constraints and weak public institutions on the other hand, pose a dilemma for state-based social security systems. Because formal social security schemes primarily help those who are already privileged by having secure jobs and steady incomes and exclude those whose needs for social protection are the greatest, an extension of social security schemes may in fact be regressive and contribute negatively to the security of the very poor. State action may hence have a special role in protecting vulnerable groups such as children, the aged, handicapped or women.

Yet, while sub-Saharan African countries have institutionalized (weak and incomplete) social security schemes and developed different ways to provide basic social goods, various family-based and community-based institutions still play an important role in providing human welfare and security. Generally, individual security in Sub-Saharan Africa depends greatly on support by the family and the community. These self-organized informal safety nets should be viewed as an asset (Von Braun 1991). Although resources and energy should be devoted partly to the further development of formal social security, this should not be to the detriment of existing informal security (Maes, 2003). There is a need to consider creative combinations of state-based and community-based social protection system, rather than the full extension of formal social protection schemes.

Community-based and state-based social protection mechanisms each have their strengths and weaknesses. Complementarities and trade-offs between formal, state-based support and informal protection, in the context of each specific country, require careful examination. "The assessment of the cost-effectiveness of system elements and system mixes, taking scale economies of state-base and community-base systems into account, is an important aspect of policy and programme design." (Von Braun 1991: 410-411).

Yet, notwithstanding important strengths, community-based systems also have their elements of failure and inefficiency. The fact that members of a household or community will tend to be affected by adverse phenomena at the same time (e.g. drought, floods, earthquakes, etc.) places severe constraints on the effectiveness of social protection provision at this level (Agarwal 1991; Platteau 1991). Insurance is generally most efficiently supplied if the income of the person being insured is not positively correlated with the income of those providing the insurance. Thus, if a community falls on bad times it should look for support from outside the community. Furthermore, there are potential imperfections relating to intra-household divisions of resource-control and to the adverse effects of migration and urbanisation on the stability of family and community ties. Scope for state action thus exists not only through public systems (for example, because of increasing returns to scale, or the advantages of pooling and spreading risks widely), but also where community-based systems show a risk of failure. In terms of goods, there is probably much less scope for community-based systems to provide health (immunisation, curative health services) than sanitation and food security. (Von Braun 1991). Local governments find thus an important opportunity to provide goods that cannot be provided by the communities themselves and in this way complement the informal social protection with the formal delivery of certain social services.

Consequently, social protection in sub-Saharan Africa is the result of a fruitful combination of different complementary mechanisms: formal social security is complemented with a range of basic social services and informal social protection measures, that aim to cover those who slip through the formal social security net. Besides the interplay between formal and informal social protection mechanism, the African welfare mix is also typified by the different actors involved in the development of organisation of social protection mechanism. As shown, the government can play a key role, but cooperation with other, both formal and informal actors, seems necessary to improve the efficiency and effectiveness of social protection mechanisms developed. In this way, local institutions (e.g. family, community) may be more able to stimulate and to respond to local initiatives and to allow the indigent poor to be active agents in the implementation of policy. Because of their proximity, family-based and community-based systems of social protection are less confronted with problems of informational advantage and 'moral hazard'. The immediate family or community may be better placed than government to judge whether an individual really has fallen on hard times, and – from this point of view – may be the most efficient suppliers of social protection. (Burgess & Stern 1991). Furthermore, the role of grass rooted organisations cannot be neglected, since they carry the advantage of being able to draw on local information by directly involving the poor, and are often large enough to deal to some extent with covariate risk. On the other hand, cooperation with formal actors, such as with developed or developing countries and international organisations, holds important opportunities for exchanges of expertises (e.g. technical knowledge, mutual learning and exchange of best practices) and additional finances to set up new social protection programmes.

To conclude, one can say that in sub-Saharan Africa a well-designed combination of efforts to deal effectively with the various types of risks affecting the indigent is thus desirable. The aim of this welfare mix is "a pluralist and interlinked social protection system", that "links the subsystems of different public and private providers of social security [e.g. formal social security, basic social services, informal social protection] in a complementary fashion" (Gsänger 2000).

Notes

[1] This analysis is based on financial data of 16 African countries: Benin, Burundi, Burkina-Faso, Cameroon, Equitorial Guinea, Ethiopia, Kenya, Ghana, Mauritius, Mali, Mozambique, Rwanda, Senegal, Sudan and Togo. The financial data refer to the period between 1990 and 1996 (International Labour Organisation, 1997).

[2] Note that social assistance schemes in some respects overlap with the provision of basic social services, since the distribution of certain social grants is closely related to projects focusing on income creation. When the claim to a social grant is based on a means test (e.g. restricted social grants) and in this way is restricted to the most destitute parts of the population, the provision of social grants serves the same goals as unconditional targeted cash transfer programmes.

[3] Studies of the ILO have shown that in Sub-Saharan Africa by average 72% of the active population is working in the informal sector (employment in the agricultural sector not included) (International Labour Office Employment Sector 2002). Besides this also the agricultural sector creates a bulk of employment opportunities for the African people. About 60% of the entire active population is working in the agricultural sector and in some countries this amounts to more than 80% of the population (International Labour Office 2005).

[4] Note that the provision of basic social services in order to meet certain basic needs is closely related to the Millenium Development Goals, launched in 2000. These goals contribute directly and indirectly to realization and improvement of the income generation possibilities of large parts of the population, for instance via poverty reduction and improvements in food security, the development of basic education and improvements in health and medical services (United Nations Organization 2008).

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