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Making use of Transformative 'home-grown' Social Policy in Africa

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Social Policy as a tool for policy choice. The significance of 'social policy' especially with regards to redistribution, social protection, and social reproduction is widely recognised in the literature, especially in the OECD countries. Traditionally, social policy has been understood as a feature of increased social provisioning by the state for its citizens at a late stage in the development process. However, the research launched by the UN Research Institute for Social Development (UNRISD) in 2000, *Social Policy in a Development Context*, shifted attention to the neglected dimensions of social policy, especially in the context of development or catch-up. The research programme outlined the multiple roles of social policy in such contexts, and beyond the residual role of addressing market failure, highlighting its 'production' role — beyond redistribution, reproduction, and protection. In this sense, social policy plays a distinctly *transformative* role in economic and social development. The use of social policy "to transform gender, social and other relations — through, for example, 'affirmative action', anti-discrimination legislation and laws pertaining to marriage and the family" is recognised (UNRISD 2006)¹.

Much of the current body of research and policy knowledge on social policy revolves around the centrality of the state. Much less investigated are the social protection functions that voluntary bodies and community entities provide. At the depth of the social crisis that structural adjustment programmes triggered, for instance, religious collectives (churches, mosques) provided 'social safety nets'. Beyond these are non-formal networks (of artisans, small-scale traders, up to middle-level civil servants and university staff) that organised savings schemes to mobilize funds. Neither, it would seem, was new or spatially restricted: there are such associations in Southern Africa (*stokvel*) and West Africa (*Esusu*) which go back several decades; their roots go deep in many of the societies. What remains elusive is how the state can provide a policy environment to better harness this social capital to enable modernization and transformation of society.

This policy brief focuses on the transformative dimension of social policy and its symbiotic link with economic development. It reviews how social policy has been used in Africa and draws lessons from other parts of the world. The brief also interrogates the current policy framework of social policy and finally provides some policy messages.

An important finding from the UNRISD research programme is that the sequencing of economic growth and social policy is not a force of a country's 'stage of economic growth'; affordability is a function of social commitment, without sacrificing long-term growth and innovation. Finland and Sweden, for example, introduced social policies at a much lower level of development, measured in per-capita GDP. Social policy 'led' and shaped economic policy rather

than the other way around (Kangas 2006). Neither is social cohesion or homogeneity of the population a pre-requisite; indeed, it could be argued that social policy was fundamental to healing national wounds and building social cohesion.

Post-Independence African experience. In the African context, social policy has been less about 'social security' or 'social welfare'. Rather, public spending on education and healthcare simultaneously played the 'instrumental' role of enhancing production, and the 'normative roles' of 'social cohesion' and enhancing functional citizenship (Adesina 2007). In the 'nationalist' framing of social policy, social spending on education was simultaneously understood as serving the need of economic growth and enhancing the capacity of citizens to fully participate in society and a democracy. The specific economic policies pursued by the variety of the 'nationalist' regimes differed, and in this we can highlight the pursuit of a high industrialisation strategy by the government of Kwame Nkrumah in Ghana, on the one hand, and a more 'peasant-based' development strategy by the government of Julius Nyerere in Tanzania, on the other hand. Nonetheless, in spite of different strategies, the underlying intricate relationship between economic and social policy remained.

In addition, there are some important commonalities; for instance, the role of marketing boards. Marketing board funds served similar functions that pension funds did in Europe and Asia. In several countries, marketing board surplus was central to infrastructure and industrial development. There is widespread consensus that for all its limitations, there were significant improvements in social policy outcomes in the period between 1960 and 1980 across several of the African countries (Adesina 2007). Most notable is Tanzania's effective use of social policy as a tool for nation building. In spite of its relative low income status compared to some of its neighbours, Tanzania remains a useful example of national cohesion, with enduring high value on leadership ethics—without underestimating the challenges the country faces. Much of this is owed to the conscious use of social policy under the leadership of Mwalimu JK Nyerere.

Cash-transfer Schemes & Welfare Regimes in Africa. The pilot cash transfer scheme in Kalomo, Zambia is a widely celebrated example of the use of cash transfer to address the crises of livelihood. Important though this kind of support is for those in desperate need, the issue of depth, coverage, adequacy, and sustainability should concern anyone interested in Africa's long-term and sustainable development. The scheme, funded by the German development assistance agency GTZ, transfers US\$10 per household, monthly. Schubert (2004) reported a total household coverage of 1,027 and an average household size of 3.75. That would translate into an average cash transfer of a little under 9 cents per person, per day or 7.45% of the widely used international threshold for extreme poverty. Although a pilot scheme, the eligibility criteria are quite restrictive. In addition to the restrictive poverty estimation criterion used, there is the usual problem of severe under-coverage. The coverage of those

¹ UNRISD 2006, Transformative Social Policy: Lessons from UNRISD Research, UNRISD, Geneva.

considered 'food poor' is 20% and 33% for those classified as living in 'critical poverty' (Schubert 2004). Even if we discount for the problem of sustainability once donor attention shifts elsewhere, if the Zambian government were to run an exact replica scheme, more than 75% of those living in extreme poverty would not be covered.

Sustainable poverty reduction measures, in a situation of widespread poverty — where between 60% and 85% of the population is classified as poor — will require raising the productive capacity of the people. The 'poor' are not a demographic category; they are a policy category. Hence transformative social policies aimed at re-building the fabric of society, enhancement of citizenship and participation, social cohesion and inclusivity, significant improvements in social conditions and poverty reduction, and unlocking people's productive capacity are critical.

What lessons learnt from others? The experience of the Nordic countries highlighted the role of social policy in the context of 'catch-up'. The lessons of Finland — the use of pension funds for its electrification and industrial development — are not only about the developmental use of social funds and savings mobilization in what was a largely agrarian society, but that recency of widespread fratricidal conflicts can, within two generations, turn into social cohesion and a high trust relationship (Kangas 2006). Yet what the Finish experience points to, regarding current claims about the politics of 'special interest' is that in Finland it was not so much the absence of special interest politics but how one set of special interest counter-balances another. The important lesson is not only that democracy can coexist with the drive for rapid catch-up, but that it can be inclusive and equitable. Similarly, in Germany, Japan, Singapore, and South Korea, among others, public pension funds were important for funding investment directly related to the industrial transformation of the countries (Mkandawire 2007). It is a lesson of history that stands in sharp contrast with the prevailing orthodoxy of the current conventional policy advice of the Bretton Woods Institutions and others, which emphasize individualised saving schemes for healthcare needs and pension, and the investment of pension funds in financial markets.

Policy Options. While policy learning from other parts of the world is important, more important is policy learning from within Africa itself; not only in getting the attention of policy makers but in understanding that development is fundamentally about engaging with the local and learning to use what one has, to achieve what one wants. Some policy options and instruments are outlined below, but they are only illustrative rather than a straitjacket into which every country and county must fit.

- Clearly, there are synergies between 'formal' and 'non-formal' processes, state and voluntary organisations, community and state, private and collectivist (mutual aid associations) in resource mobilization. The significance of the 'non-formal' or state-led 'mutual aid' practices are multiple, especially in the context of forging inclusive development and enhanced citizenship. These are socio-economic cooperatives whose functioning requires deeper investigation. They are potentially important resources not only for social protection but social insurance, risk pooling, and investment fund mobilization. This raises the question of the policy interface that should exist between such networks and the state:
 - Fiscal measures are required to complement and encourage savings mobilized by social networks for production and social protection activities.

- Complementary financing institutions and mechanisms to support the networks.
- Administrative and capacity-enhancing institution to support the mutual-aid/cooperative networks engaged in production activities for scaling up knowledge, similar to the role of extension services for farmers.

- A study of the varieties of social insurance funds that are being developed across Africa is important both for knowledge and policy reasons. While the Washington Consensus agenda is to push the responsibility away from the state fiscus and put the burden of access on individual insurance, it should be possible to shift the focus towards more solidaristic risk sharing in which the state and communities of citizens (operating as cooperatives) function as partners. This will reduce the current difficulties with adequacy of coverage and a shift towards defined contribution schemes.
- Along with pension funds, social funds arising from mutual aid associations savings and other social insurance schemes represent important sources of development funds. Beyond the mobilization of these funds, there is a need to reintroduce instruments such as banking institutions, engaged in long-term economic and social development financing and investment of social funds.
- Focused attention in encouraging communities to build, with state support, local assets ranging from schools to clinics and similar infrastructures as well as those for direct economic activities.
- Ultimately, the economic policy framework must be shaped by the normative objective guarantying every individual a minimum standard of social, economic, and cultural life that is available in the society. That invariably requires a focus on equitable and inclusive development undergirded by democratic management of the public realm.

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