Social Security Programmes for vulnerable groups

Prepared and Presented

By

Global Action for Africa's Development
Edited by Danfo African Research Network

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1. Introduction

The paper discusses the social security strategies that should be adopted by African countries in order to deal with poverty issues. It is increasingly being realized that poverty is the most serious problem in large parts of the developing world. According to the 2000/2001 World Development Report, around 1.1 billion of the world population is living on less than $1 a day. New global poverty estimates produced by the International Poverty Centre show that based on nutritional norms, almost 1.4 billion people lived in poverty around the world in 2001. During the 1990s, in Sub-Saharan Africa (SSA hereafter) both average income of the region and the percentage of the people living below the $1 poverty line scarcely changed over the decade (World Bank database, 2004). Because the population is still growing fairly rapidly in the region, the number of poor people rose substantially over the decade, (Kakwani, Soares and Son 2005).

Firstly the paper discusses the methodology that was used to gather information. Secondly the background of social security is discussed in detail giving its origins and its importance. Thirdly Social Security issues are outlined which give the different systems on which different security strategies are derived. Furthermore the status of social security in Africa is also discussed. International instruments are stated which guide the provision of social security to the larger population. The dissemination strategies that are used in Africa are also discussed and their challenges. Three case studies are discussed in detail outlining the advantages of using the approach of social strategy. Other State based on social security systems is also outlined. Lastly this paper is concluded by recommendations and a conclusion.

1.1 Methodology

Secondary data was extensively used in writing up this paper. Secondary data involved reviewing articles of the social security strategies that are used in developing and developed countries. This allowed the consultant to do comparative analysis on the systems that are used in different countries. The consultant also used in-depth interviews with few officials who work in the Social Department in South Africa. This was done in order to have an in-depth understanding of social security systems that are used in South Africa. The advantage of using this research method in this context was that it allowed extensive discussions on social security mechanisms used in this country. The in-depth interviews also allowed the researcher to probe information about how these strategies were working in order to combat the plight of the poor.

1.2. Background to Social Security

Rising concerns about poverty is well reflected in one of the Millennium Development Goals of halving poverty between 1990 and 2015. Achieving that goal would require an annual reduction in poverty of around 2.74 percent a year for the 25-year period. The most effective way to reduce poverty in long term might be through economic growth. But economic growth so far has not been sufficient in most countries in SSA to make a significant dent in high rates of poverty. For the SSA region, halving poverty by 2015 would be an ambitious goal to achieve, either because it is not growing fast enough or because what growth is experiencing is not being translated into poverty reduction at a rapid rate. Poverty has to be reduced by over 3 percent per annum in the 2000s to reach the poverty reduction goal in 2015. If the relationship between growth and poverty is as weak as it has been in the 1990s, most countries in SSA will fall far short of the ambitious goal they have set for themselves.

It appears clear, then, that to reach the Millennium Goal of poverty reduction, countries in SSA will require specific poverty reduction strategies to achieve significant long-term reduction in poverty. Yet, poverty reduction strategies alone are not sufficient enough to generate economy-wide growth. What are actually required are growth-oriented macroeconomic policies integrated with structural reforms, as well as social policies. Structural reforms improve productive capacities and promote the dynamic efficiency of resource allocation in the economy, whereas social policies ensure that the benefits of economic growth are shared broadly across all segments of the society. One of the strategies that have been identified for dealing with poverty in developing countries has been to come up with social security nets that ensure that the vulnerable groups are protected from poverty. What then is social security?

The International Labour Organisation (ILO), (2006) defines social security as, the protection which society provides for its members, through a series of public measures, against the economic and social distress that otherwise would be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death; the provision of medical care; and the provision of subsidies for families with children. ILO (2006) argues that this is a social safety net that protects people from the dangers of absolute poverty. These programmes ensure that people have the most basic form of survival. Social security also encompasses the sum of all regulations within a society which aim to guarantee the individual or the group not only physical survival, but also general protection against unforeseeable risks that can affect individual households communities or regions (i.e. floods, famine), or nations (droughts, global financial crisis, shifts in terms of trade) which would entail the deterioration of their situation, the consequences of which cannot be borne by the individual or group without external assistance. The World Bank defines Social Security as programs established by statute that insure individuals, against interruption or loss of earning power and for certain special expenditures arising from marriage, birth, or death. This definition also includes allowances to families for the support of children, World Bank (2004).

What then is meant by the term vulnerable group? According to the Web definition, a vulnerable group is a group of people who are unable to provide an adequate livelihood for the household for reasons of disability, illness, age or some other characteristic or, and a group whose resource endowment is inadequate to provide sufficient income from any available source. This includes the unemployed, children, old, sick or any other characteristic that would render someone not to have resources to afford a basic livelihood. What then can be done through Social Security to ensure that these vulnerable groups are protected from the depreciating to absolute poverty?

Ravo (2005), comments that, “the concept of social security is as old as the history of man. Stories of Bible tell us how, during the years of famine, Joseph tried to tide over the situation by making use of surplus stocks of grain which he had stocked during the earlier years of plenty. The oldest institution of social security is family that includes the extended family. Industrial revolution in the Europe has seen the growth of urban and industrial centers that affected the rural joint families thereby disturbing the institution of social security in the joint family system. When individual was unable to take care of his own needs, the society realized the importance of protecting the individual and his family. In Great Britain the poor laws were enacted to provide minimal food and shelter in a workhouse to the poor. Private savings, compensation by employers medieval guilds, mutual aid or mutual benefit societies, private insurance and life insurance are some of the evolutionary forms of social security efforts”.

Ravo (2005) further comments that the purpose of social security measure is to give individuals and families the confidence that their level of living and quality of life will not erode by social or economic eventuality; provide medical care and income security against the consequences of defined contingencies; facilitate the victims physical and vocational rehabilitation; prevent or reduce ill health and accidents in the occupations; protect against unemployment by maintenance and promotion of job creation and provide benefit for the maintenance of any children. The contingencies of social security as delineated by ILO are medical care, sickness benefit, unemployment benefit, old age benefit, employment injury benefit, family benefit, maternity benefit, invalidity benefit and survivors benefit.

Social security programmes use different approaches in order to reach the target population. The most common approaches to coverage provide cash benefits under income-maintenance programs; namely, employment-related (state based systems and market base systems), universal, and means-tested systems. Apart from this they are other social security programmes that include membership based schemes and kinship based systems (SSPW Report, 2005). Under both the employment-related and the universal approaches, the insured, dependents, and survivors can claim benefits as a matter of right. Under means-tested approaches, benefits are based on a comparison of a person's income or resources against a standard measure.

Social security programmes include social safety nets. Ravo (2005) describes social safety nets as mechanisms that mitigate the effects of poverty and other risks on vulnerable households. Safety nets can be private or informal, such as family members in different households support each other through hard times with cash, food, labor or housing. Formal programmes, run by Governments, Donors or NGOs, provide additional income or in-kind transfer programs, subsidies, and labor-intensive public works programmes. Programmes to ensure access to essential public services, such as fee waivers for health care services, and scholarships for schooling costs are other examples of safety nets.

He further articulates that social safety nets can be distinguished from tradition social security or social insurance programmes, which are more relevant to developed countries or to organized segments of the workforce in developing countries. The former are generally (but not always) associated with a transfer of income to the poor, whereas the latter are largely related to earnings and are contributory in nature (insurance). Social Safety Nets play an important role in poverty reduction in both developed and developing countries. In the former, living standards are high, but growth is typically cyclical. The latter are characterized by low incomes, hunger, food and nutrition insecurity, illiteracy and lack of access to basic necessities across a large segment of the population, World Bank (2008)

1.3. Status of Social Security in Sub Saharan Africa

In Africa the issues of social security differ in some ways from that in developed countries. For some African people loss of income might force some people to sell their land, livestock or their tools, to school. Such drastic measures may mean survival, but make it much harder to vulnerable households to escape poverty. During economic downturns problems affect large parts of the population at once and appeals for public action are undeniable. But even when a country prospers, some households face hard times. Safety Nets hence become a critical tool needed to address such risks. SSPW Report, (2005), comments that safety nets can increase options that are available at the hand of both the poor and for the society at large. The report comments that knowing that safety nets exist can allow households to take initiatives that incur some risks, but bring potentially higher returns. When hard times do hit households, safety nets reduce the need to make hasty decisions that will diminish the chances of escaping poverty in the long run. At the national level, away from household worries, effective safety nets can also contribute to society's choice of effective policies in other areas (e.g. policy reforms in labor markets to adjust to global trends etc.).

Apart from deprivation in terms of income and consumption, a defining criterion of poverty is vulnerability to shocks and contingencies. These include natural and ecological calamities (droughts, floods, earthquakes, epidemics, pests, etc.) and human-made disasters and adversity of economic, social or political nature (wars, civil strife, market collapse, loss of income earners, etc.). To withstand economic shocks and crises, households must be able to survive such periods without irreversible damage to the productive capacity of their members and to their net asset position. In other words, vulnerability is not only related to coping with the sudden and temporary loss of income, but equally much to the wherewithal to recover after the shocks and to restore livelihoods to the pre-shock level. Social security arrangements are intended to assist poor households to overcome such temporary adversity.

Apart from natural disasters and deprivation, Booysen, (2004) comments that Africa faces one of the highest HIV rates in the world. The estimated adult revalence of HIV among the 15 - 49 age group in 2001 was 20.1% (UNAIDS, 2002).The ASSA2000 model puts adult prevalence among the 20-65 age group at 24.1% (ASSA, 2003).A recent national household survey in South Africa has put the 2002 estimate of adult prevalence among those older than 25 years at 15.5% (Sishana & Simbayi, 2002).

Booysen (2004) further stipulates that the socio-economic impact of HIV/AIDS serves to create a vicious cycle of poverty and disease. As adult members of the household become ill and are forced to give up their jobs, household income will fall. To cope with the change in income and the need to spend more on health care, children are often taken from school to assist in caring for the sick or to work so as to contribute to household income. Because expenditure on food comes under pressure, malnutrition often ensues, while access to other basic needs such as health care, housing and sanitation may also come under threat. This further reduces the resistance of infected adults and children to opportunistic infections, given lower levels of immunity and knowledge, which in turn leads to increased mortality (Gaffeo, 2003;World Bank, 1998). Therefore, HIV/AIDS and the associated burden of morbidity and mortality expose already vulnerable households to further shocks (Desmond, 2001; Poku, 2001;Whiteside, 2002), locking poor households into a spiral of underdevelopment

The Paralegal Advise (2006) states that the Bill of Rights says everyone has the right to have access to social security. If people are unable to support themselves and their dependants they have the right to social assistance. People living with HIV are able to work and support themselves during the first phases of their illness. However, eventually many people with HIV become sick and unable to look after themselves. There are different kinds of assistance available to people who are unable to work. The state and welfare organisations provide small sums of money. Some non-governmental organisations (NGOs) give support like food, items of clothing or emergency housing. The Social Assistance Act (No 59 of 1992) is the law which says when and how people can qualify for government assistance. It aims to protect people who cannot work because of old age, illness or a physical or mental disability. When people living with HIV or AIDS become unable to support themselves and their families, the Act says that the government should provide some assistance to them. The government has said that people living with HIV or AIDS will qualify for social security and assistance such as nutrition, transport, rent, burial costs and school books, where necessary

According to Anne (2009) most African economies are agrarian, with the majority of their populations deriving an income as self-employed smallholders. The small size of their plots and the vagaries of the weather as well as an array of other contingencies make them very vulnerable to economic shocks. Since most social security arrangements cater only for the formal economy this means that, in terms of coverage, the overwhelming majority of Africans remain unprotected by formal means against the main risks.

In these circumstances, from what sources do Africans actually derive social security? Anne (2009), claims that large segments of African populations do not enjoy social security at all; they are at the mercy of nature and human forces beyond their control. Traditionally, however, the collective solidarity of the extended family, clan and ethnic group was the mainstay of income and social security. These collective, community-based social security arrangements are based on systems of mutual dependence or reciprocity. But this stylised representation of traditional society is fast disappearing.

Four broad types of institution have evolved to provide social security in the African context: the state; the private market; civil society; and the family. This will be discussed later in this paper. From an institutional perspective the principal difference between these sources of social security is found in their underlying incentive structure of co-operation and compliance. The state relies on legislation and compulsion, whereas the market depends on economic incentives. By contrast, civil society social security arrangements are predicated on mutual interest and peer pressure, while the family provides cohesion based on deep-seated social norms and values. What then are the laws and regulations guarding the concept of social security?

1.4 International Instruments on the Right to Social Security

The SSPW Report (2005), comments that the right to social security was enshrined in Article 22 of the Universal Declaration of Human Rights. ILO Convention no. 102 of 1952 specifies further a series of minimum standards. These rights were subsequently reconfirmed in Article 9 of the International Covenant on Economic, Social and Cultural Rights from 1966 which recognises “the right of everyone to social security, including social insurance”. Social security programs vary across the globe with the developed countries having elaborate welfare packages that afford their citizens generous social protection. In developing countries this is a different where social safety nets are being given according to the availability of resources especially those that are involved in mainstream economy. Note that not all people that are working have pensions and all the social security programmes

2. Social Security Systems

2.1. State-Based Systems

State-based social security systems are modeled on European experiences and cater for people in the modern sector of the economy, i.e. only for those in organised public and private employment. For example, social insurance pension schemes and provident funds typically cover only 5–10 percent of the total labour force plus their dependants.

According to the SSPW Report (2005), distinction is normally made between social assistance and social insurance. The former is defined as benefits in cash or in kind financed by the state (at central or local level), as a rule provided on the basis of means-testing. Typical examples are so-called safety nets for poor people in need. The concept also includes universal benefit schemes which are not means-tested, e.g. child and family support. Universal programs may include old-age pensions for persons over a certain age; pensions for disabled workers, widow(er)s, and orphans; and family allowances. Social assistance is non-contributory, i.e. the beneficiaries do not contribute in advance of drawing benefits. It is funded from general tax revenue.

Social insurance is paid for by contributions and it has its roots in the insurance system which means uncertainty associated with loss for the individual or the household. Members make contributions on a monthly basis from their salaries into a common fund that compensates the loss experienced by any member. Anne (2006) comments that resource-pooling and risk-sharing are defining characteristics of social insurance schemes which by nature are collective. As such they contain an element of redistribution. But they may be administered either publicly by the state or privately by insurance companies. Social insurance schemes may be compulsory or voluntary.

This social security programme is based on affordability by its members. Means tested programmes establish eligibility for benefits by measuring individual or family resources against a calculated standard usually based on subsistence needs. Benefits are limited to applicants who satisfy a means test, World Bank Report (2005). The size and type of benefits awarded are determined in each case by administrative decision within the framework of the law.

Means-tested systems constitute the sole or principal form of social security in only a few jurisdictions. In other jurisdictions, contributory programs operate in tandem with income-related benefits. In such instances, means- or income-tested programs may be administered by social insurance agencies. Means-tested programs apply to persons who are not in covered employment or whose benefits under employment-related programmes, together with other individual or family resources, are inadequate to meet subsistence or special needs

2.2 .Market-based systems

Apart from state based systems the World Bank Report (2005) claims that there are complementary market-based social security schemes run by private insurance companies on a commercial basis have emerged alongside state-based systems, even though they still play a marginal role in the total provision of social security. While the efficiency and quality of commercial social insurance systems are recognised, their inaccessibility for the low-income strata renders them suitable instruments mainly for the affluent, urban-based parts of the population. Pressures to privatise social security have not really taken hold in Africa. Statist traditions are resilient and social security is considered such an essential service that the state prefers to retain it under its umbrella.

2.3 -Membership- Based Schemes

A pool of membership-based schemes has emerged in civil society. They fill a gap left by the state and the market especially for those that are not included in the main stream economy. Tostensen (2006) comments that their distinguishing criteria are their internal homogeneity and limited size. Those who form such groups have something in common that bind them together in mutual interest: kinship or ethnicity; geographical origin, or friendship. And they are small enough to be manageable. These mutual-help societies take a multitude of forms. All over Africa, the best known are perhaps the informal rotating savings and credit associations (ROSCAs). The basic principle is the same everywhere: a fixed sum is paid periodically into a common pool by each member. From this pool each member may withdraw at fixed intervals a lump sum equal to his/her own contribution multiplied by the number of members. Thus, each member has rotating access to a continuously replenished pool of capital. The pool may run for a short while, only a few months, or extend over several years; it may involve small sums of money or considerable amounts; the members may be few or many; it may comprise a mixture of members, only women, only men, urban dwellers or rural peasants. The variants are legion but the basic principle remains the same. Most ROSCAs are perhaps not primarily social security institutions.

As a rule, the withdrawn money may be used for any purpose. Some members use it for investment, others for pure consumption items, and still others to withstand hardship in social security contingencies (illness, accident, death, unemployment, etc.). As such they constitute an important informal social security mechanism, which enables poor people to deal with contingencies.

Tostensen (2006) further elaborates that the second, slightly more formalized type of social security arrangement is organised along co-operative lines. Savings and credit co-operatives (SACCOs) are often linked to the workplace. Small deductions are made regularly from the wage, and after a stipulated period the contributor is allowed to withdraw, say, three times his/her contribution. Repayment is also through a wage deduction. Again, there is generally no restriction on the use of the loan and many borrowers use the money to meet contingencies.

2.4-Kinship-based systems

Kinship based system are rooted in the spirit of Ubuntu, “I am because we are”. First, the productive resources an average household commands are diminishing, mainly due to the sub-division of land from one generation to another. Second, household expenditures are soaring with respect to education, health and other services. Third, the dependency ratio is increasing due to unemployment, high fertility rates, children orphaned by AIDS, and the destitution of relatives. All this constrains the ability of households to contribute to informal social security networks, simply because there is little to spare. Social security systems are sensitive to such demographic parameters: fertility, mortality and population growth rates, as well as age structure and the impact of the HIV and AIDS pandemic. People organize themselves per clan and they take turns to make contributions to each member in the group. The most popular ones are the funeral ones which are commonly known as burial societies.

2.5-Challenges of Social Security in Africa

In Africa presently the social security arrangements hardly exist for the great majority of self-employed peasants in the rural areas. There is some scope, however, for crop-based schemes. To finance basic social protection, levies could be imposed on cash crops delivered to co-operatives or other marketing organisations. The design of such schemes could be negotiated by the peasants in conjunction with the officers of their organisations, probably with technical assistance inputs from outside.

More or less formalised NGOs also perform social security functions but they appear to be less important than ROSCAs and SACCOs. Be that as it may, there seems to be scope for strengthening the role of NGOs in social security provision. Trade unions are particularly well placed in that regard, but their disadvantage from the point of view of coverage is that they are confined to the formal sector of the economy.
All the above civil society forms of social security have an untapped potential, and with

concerted efforts their relative importance could grow. Some would argue that the state should leave them alone lest they become ‘contaminated’ and acquire the same problems that have beset the state-based schemes. On the other hand, judicious, unobtrusive technical assistance might be in order to improve management and enhance efficiency.

One of the main social protection problems in Africa is coverage. The economic conditions are such that the prospects are bad for the introduction of tax-based social assistance schemes. The number of poor is simply too large and the tax base too narrow. Anne (2009) argues that contributory health insurance schemes suffer from similar problems, mainly because of the unpredictability of benefits and the adverse selection problem. The prospects are somewhat better with respect to contributory pension schemes. The SSPW Report (2005), further comments that more contributors mean greater revenue immediately while the payable benefits may be deferred into the future. However, the governance and management of public social security institutions are the main hurdles. There are deficiencies in record keeping and the processing of benefit claims.

Like in the developed countries Social Security for vulnerable people is taken seriously with measures put in place to ensure that that everyone has the most basic living standard through the provision of grants that people are given. The South African government has tried to bridge this gap by providing different social welfare grants to the under-privileged. Since the year 2000 rapid increases in government expenditure on social security has further enhanced the contribution of welfare grants to the income of the poor households and has thus been important in the fight against poverty. The types of grants that are in existent are, grant for older persons, disability grants, war veterans grant, child and foster child grant, care dependency grant and child support grant.

In this paper, most of the discussion will be focused on what dissemination strategies should be used for in Social Security Programmes in our own context, considering our own various social challenges. The other issue that will be discussed is on how we can contextualize other strategies from abroad so that they address our own social problems in Africa.

The five dissemination strategies that have been identified for discussion fall under the five broad schemes discussed above namely, State Based Schemes, Market Based Schemes, Membership Based, Kinship –Based and Means Tested Schemes. The five dissemination interventions are,

- Old age, Disability and Survivors
- Sickness and Maternity
- Work Injury
- Unemployment
- Family Allowance

3- Dissemination Strategies for Vulnerable Groups

This paper proposes the following programmes as dissemination strategies for vulnerable groups in Africa:

3.1 Conditional Cash Transfers

Kakwani, Soares and Son (2005) state that conditional cash transfer (CCT) programmes can be one policy option that can be used to disseminate social security programmes to the poor. CCT programmes impact on poverty through a channel by which poor households build up their assets by means of their investment in human capital, which plays a pivotal role in poverty reduction and accelerated growth in the long term (ILO, 2001).

One would note that in our African settings, the poor often rely on informal safety nets. Such nets might include inter-household transfer, informal food provisioning for the needy and so on. They include the programmes that provide the needy with cash transfers in kind transfers or vouchers for the purchase of specific items. Cash transfers are often preferred as compared to in-kind –transfers, vouchers or even public works programmes. They are easier and cheaper to administer than transportation and storage of physical goods as in the case of schemes and in kind transfers requiring supervision and equipment. Unlike the vouchers and schemes the cash transfers give the recipient households the freedom to decide how to spend the funds received thus sometimes choosing the food bundles that certify their needs (Pauw and Mncube 2007).

Pauw and Mncube (2007) further stipulate that safety nets have two primary functions to reduce inequality by redistribution income and to mitigate short term poverty. For these reasons cash transfers are typically targeted at either those that are poor or those that face the risk of falling into poverty in the absence of the transfer. A secondary objective of safety nets is to assist households to manage risk. Safety nets give people the opportunity to take business risks, potentially leading to higher returns, knowing that the social welfare net exists to fall back on.

Countries therefore have different types of welfare programmes, depending on the socio-economic and political conditions, as well as the preferences of society. Pauw and Mncbe (2007) state that countries faces constraints to the size and number of programmes that can be implemented due to due to limited financial capabilities or a lack of administrative capacity of government or the agency tasked with implementing the programmes. However, other constraints relating to service delivery, politics and socio-economic conditions may also play a role.

In designing the cash transfer programmes they are many considerations that should be taken into account by policymakers. These include the coverage of a grant. Pauw and Mncube (2007) state that one extreme grants can either be universal (all members of society are beneficiaries) or targeted at specific sub-groups of the population. Policymakers also need to decide whether to attach specific conditions to receiving the grants. Most often these so-called conditional grants require beneficiaries to attend schools or visit health clinics regularly

For Cash transfers various strategies can be used to ensure that the deserving vulnerable groups benefit from this scheme. Targeting can be used as a method of identifying the neediest groups. Pauw and Mncube (2007) comment that targeting can involve the following:

- *Proxy Means Testing*: Rather than asking for the actual income level, other demographic characteristics of an applicant is gathered, and on the basis of previous statistical analyses a 'score' or predicted income level is calculated.

- *Community-Based Targeting*: Community members or community leaders are asked to identify beneficiaries of a transfer programme.

- *Geographical Targeting*: Specific geographical regions are identified for targeting, with the selection of regions based on, for example, a poverty map. This method is only efficient where poverty is spatially concentrated.

- *Demographic Targeting*: Targeting based on specific demographic characteristics, most commonly age, for example, for child welfare grants and pensions.

- *Self-Targeting*: Technically the programme is open to all, but since the benefit is so low, many people do not partake. An example is the public works programmes that pay such low wages. Those people that can command higher wages elsewhere will not partake. Also, if it takes a day to queue to collect payouts, for example, many people will not partake if the opportunity cost of queuing (that is, potential wage forgone) is higher than the beneficiaries

Mkandawire (2006) comments that one of the "*greatest tragedies*" of poverty, to quote Gertler (2005), is its intergenerational transmission: children who grow up in poor households tend to remain poor. Due to malnourishment and poor quality or low levels of education they lack the capabilities of escaping poverty. Pauw and Mncube (2007)I comment that it is therefore crucial that social policy, that aims to help people escape chronic or long-term poverty, provide incentives for people to invest in human capital development, especially of the youth. This would allow the broader goals of economic development and economic transformation to be reached in the long run. However, there is evidence that poor households do not always spend their additional income in this way. For this reason conditional cash transfers (CCTs) have become popular in recent years.

CCTs are provided to targeted households on the condition that they invest in human capital, thus "*combining short-term objectives of safety nets with long-term goals of breaking intergenerational poverty trap*
s" (Britto 2006: 15).

3.2-CCT Programmes in Brazil, Mexico and Malawi: Three Case Studies

Brazil's CCT programmes were aimed at increasing attendance at school and curbing drop-out rates among children aged 7-14. Therefore, the educational dimension of human capital was the main focus of these programmes. Brazil's main Federal CCT programme was preceded by relatively successful programmes at the local level. Since the mid-1990s, Brazilian municipalities had introduced cash transfers conditional on school attendance, with relatively good results and high public visibility. Sedlacek (2000) reported that in 1998, more than 60 local CCT programmes were already operational in the country, covering around 200,000 households. Targeting was implemented in two stages. First, based on information about regional needs, the federal government decided how many stipends each municipality could award. The second stage then involved municipalities identifying those most in need

The *Bolsa Escola* programme was initiated with domestic resources, but by the end of 2001 a US$ 500 million loan had been contracted with the Inter-American Development Bank for improving the program in respect to targeting, impact evaluation, institutional organization and management (IDB 2002).Bolsa Familia combined beneficiaries from Bolsa Escola and a range of other programs, eventually expanding to over eight million beneficiary households by the end of 2005. Two subsets of the population were identified for targeting under this program, namely the extreme poor (households with a monthly per capita income below R$50) and the moderately poor (per capita income between R$50 and R$100). Households received monthly payments of between R$15 and R$95, depending on the household income and composition.Three Conditions attached to Bolsa Familia include the following: (i) Children aged 6 to 15 have to enrol in school and attend at least 85 per cent of their classes. (ii) Children under 7 have to visit clinics for growth monitoring and immunisations. (iii) Prenatal care for pregnant women is compulsory (De Janvry *et al.* 2005

The first national level CCT program was pioneered by Mexico in 1997. This was the most comprehensive programme of education, health and nutrition, called *Progresa. The innovation of Progresa was related to its integrated approach to alleviating extreme poverty and promoting human* *development. It consisted of cash and in- kind transfers to beneficiary households, conditional on school attendance up to the age of 18 by the children of those families and regular visits to health centres by all its members.*

Progresa granted cash transfers every two month for each one of the beneficiary children enrolled in grades 3-9, up to a fixed maximum amount per family, and additional cash support for school material to primary school students. Its health component combined primary health care, informative sessions and periodical check-ups for individuals of beneficiary households. The nutrition component included cash transfers and nutrition supplements to children under the age of five, pregnant and lactating women (SEDESOL 1999). The size of the transfers was not small and varied from US$ 10 to US$ 60, depending upon the programme component and the beneficiary children's grade and gender (Ayala 2003). Skoufias et al. (2001) point out that the cash transfers provided by Progresa averaged 20 percent of the prior income of the recipients and might have had a significant impact on the local economies of the areas served.

Progresa adopted a gradual approach to implementation. In the initial stage, it was implemented in 11 states and covered 300,000 households in rural areas. In 2002, now under the name of *Oportunidades*, the program reached more than 4 million households in all 31 Mexican states, including urban areas (SEDESOL 2003). Its coverage today represents around 20 percent of the Mexican population (Rawlings and Rubio 2003). The program's budget was entirely funded by domestic sources and grew rapidly as *Progresa* expanded. In 2002, it reached US$ 1.8 billion, around 0.3 percent of the country's gross domestic product (Ayala 2003). *Progresa* became gradually the centerpiece of the targeted poverty reduction strategy in Mexico. The programme is now well established and widely considered as a successful model in the development practices of Latin America.

3.3- CCT in African Countries

In recent years, however, a small number of very poor countries, including Mozambique, Zambia, Malawi and Ethiopia have begun to design and implement social cash transfer schemes. These schemes differ from the Latin American program in a number of ways. The Latin American program combines immediate poverty reduction with long term human capital development by focusing on education and health outcomes. To achieve these outcomes they target poor households with school age children, irrespective to the causes of the poverty of these households. The receipt of the transfers is subject to conditions regarding school enrolment and/or attendance of certain health services.

In Malawi the cash transfer program was launched in September 2006, Kondwerani's household was nominated by a local Community Social Protection Committee (CSPC) made up of respected community members, including the chiefs of the area. The CSPC lists families in dire need and forwards those to the district Social Protection Sub-Committee (SPSC), a body of social workers and provincial government officials, which verifies and approves nominations. CSPCs put forward names of the ultra poor, child-headed households, those unable to work due to disability, illness or old age. The money is disbursed to beneficiaries without any conditions or the need to fill out complicated application forms.
The amount of the monthly grant, which is coordinated through a partnership of the Malawian government, the United Nations Children Fund (UNICEF) and the National AIDS Commission (NAC), is dependent on household size.
The smallest monthly grant is $4.20 for a one-person household. To encourage school enrolment and retention, an extra $1.30 is disbursed for children enrolled in primary school and another $2.60 for households with children in secondary school. The scheme also helped to reduce child labour from 53 percent to 18 percent in Malawi, enhanced food security and diversity, investments in livestock, housing, hygiene and clothes, Huijbregts furthe By the end of 2008, 12,000 households and 40,000 children have benefited from the scheme. Government aims to increase the number of households accessing the scheme to 250,000 by 2015, and the number of children benefiting from it to 700,000.

Handa and Davis (this volume) provide an overview of the performance of several of these. The African programme do not target all poor households. They focus on households that are extremely poor and are at the same time labour constrained, generally because of high dependency ratios. In other words, they try to reach those households that cannot access labour-based interventions such as food-for-work program. They aim at reducing food insecurity, or at least ensuring the survival of people living in destitute households, irrespective of whether these households have school age children. While there is empirical evidence that the African schemes also have a positive impact on enrolment and attendance (MCDSS/GTZ 2006), this is not their primary objective. None of the African schemes has yet introduced conditionality.

Based on the Latin American experience, some agencies including the World Bank are encouraging African countries to also establish Conditional Cash Transfer Schemes (CCTs). Other organisations, including DFID, argue that in low income African countries social cash transfer schemes should be unconditional. There are four types of concerns with regard to the applicability of the Latin American experience with CCTs to low income African countries:

• First, on the supply side, there are questions over whether service delivery agencies – largely meaning government administered education and health services – will be able to meet any additional demand that would arise when beneficiary households try to meet the conditions

• Second, implementation capacities for managing social cash transfer schemes in low income African countries are weak. This weakness is the main bottleneck impeding the scaling of social cash transfer pilot projects. Would the social welfare administrations in these countries be able to meet the additional administrative demands related to conditionalities?

• Third, administering conditionality implies additional administrative costs. Would cost-benefit analysis justify these additional costs?

• Fourth, are there socio-cultural, ethnic and political differences between Latin American and African countries that have to be taken into account?

3.4- The Impact of CCT Programs on Poverty

CCT programme contribute positively to the reduction of poverty as poor households are able to build up assets through their investment in human capital. To the extent that conditional program are successful, the increase in, for example, school attendance has the all important effect of improving the long-term growth of income of poor families. Additionally, the cash transfers implemented through a conditional program also have an important effect on poverty in the short-term. The most direct and immediate impact of cash transfers on school attendance is on the living conditions and level of vulnerability of the most deprived households. In most cases, the level of the transfer may not be sufficient in itself to pull families out of poverty. However, the benefit of the cash transfer immediately relieves economic hardships that poor families currently face. More importantly, poor families may not have to keep their children out of school so as to maintain even a minimum standard of living.

Other than the direct effects, there are also indirect impacts which cash transfers conditional on school attendance can have on poverty dynamics. Among the many indirect effects, one can mention the positive multiplier effects of the increased income and employment of the households receiving the cash transfer on other households in the community. There are no official estimates of this in the context of Latin America, but the cash injection will inevitably have multiplier effects on the local economy. In Mozambique, for instance, it has been shown that transfers to rural households generate the highest multipliers as people in rural areas demand more agricultural products, and there are fewer leakages in the expenditure (Arndt et al., 2000). Another relevant indirect effect (ILO 2001) is the one concerned with the impact of the cash transfer on household risk-management and coping strategies. Yet another indirect impact works through the improved coordination of social policy that allows for enhanced efficiency of policies. All in all, CCT programme expand economic opportunities and enhance economic security of poor households. As such, given its wider poverty-reducing effects, a CCT Programme can be an important policy instrument in the designing of a country's poverty reduction strategy.

4. Other Sate Based Dissemination Strategies

4.1- Old Age, Disability and Survivors

These programmes usually cover long-term risks, as distinct from short-term risks such as temporary incapacity resulting from sickness and maternity, work injury, or unemployment. The benefits are normally pensions payable for life or for a considerable number of years. Such benefits are usually provided as part of a single system with common financing and administration as well as interrelated qualifying conditions and benefit formulas, (World Bank 2005).

The second type of long-term risk for which pensions are provided is disability (referred to in some countries as invalidity). Disability may be generally defined as long-term and more or less total work impairment resulting from a non-occupational injury or disease. (Disability caused by a work injury or occupational disease is usually compensated under a separate program; see Work Injury, below.)

The third type of pension is payable to dependents of insured workers or pensioners who die. (Pensions for survivors of workers injured while working are usually provided under a separate Work Injury program.) The above programs will be discussed in detail in the following section. Each category will highlight what the programme covers and where the income to support it comes from. Issues of eligibility are also discussed in detail.

4.2 Old-Age Benefits

The old-age benefit in most countries is a wage-related, periodic payment. However, some countries pay a universal fixed amount that bears no relationship to any prior earnings; others supplement their universal pension with an earnings-related pension. Payments of this category differ across the various countries. In developed countries the packages for this category are comprehensive and they are not necessarily awarded to people who were part of formal employment before.

Provident fund systems make a lump-sum payment, usually a refund of employer and employee contributions plus accrued interest. In programmes that have mandatory individual accounts, options for retirement include purchasing an annuity, making withdrawals from an account regulated to guarantee income for an expected lifespan (programmed withdrawals), or a combination of the two (deferred annuity).

4.3- Disability Benefits

Under most programmes, provisions for disability benefits for persons who are permanently disabled as the result of non occupational causes are very similar to those for the aged. The same basic formula usually applies for total disability as for old age—a cash amount usually expressed as a percentage of average earnings, Increments and dependents' supplements are generally identical under the total. Disability and old-age programmes. For the totally disabled, a constant-attendance supplement, usually 50 percent of the benefit, may be paid to those who need help on a daily basis. Partial disability benefits, if payable, are usually reduced, according to a fixed scale. The system may also provide rehabilitation and training. Some countries provide higher benefits for workers in arduous or dangerous employment.

4.4-Survivor Benefits

Most systems provide periodic benefits for survivors of covered persons or pensioners, although some pay only lump-sum benefits. Survivor benefits are generally a percentage of either the benefit paid to the deceased at death or the benefit to which the insured would have been entitled if he or she had attained pensionable age or become disabled at that time. The amount of a widow's benefits usually ranges from 50 percent to 75 percent of the deceased worker's benefit or, in some cases, 100 percent. In some countries, lifetime benefits are payable to every widow whose husband fulfills the necessary qualifying period.

Many systems also pay benefits to other surviving close relatives, such as parents and grandparents, but only in the absence of qualifying widows, widowers, or children. The maximum total benefit to be split among survivors is usually between 80 percent and 100 percent of the benefit of the deceased.

4.5- Coverage

What does this benefit cover? The extent of social security coverage in any given country is determined by a number of diverse factors, including the kind of system, sometimes the age of the system, and the degree of economic development. A program may provide coverage for the entire country or some portion of the workforce.

In principle, universal systems cover the entire population for the contingencies of old age, disability, and survivorship. A person may have to meet certain conditions, such as long-term residence or citizenship. Many countries exclude aliens from benefits unless there is a reciprocal agreement with the country of which they are nationals.

The extent of employment-related benefits is usually determined by the age of the system. The SSPW Report (2005), comments that historically, social security coverage was provided first to government employees and members of the armed forces, then to workers in industry and commerce, and eventually extended to the vast majority of wage earners and salaried employees through a general system. As a result, public employees (including military personnel and civil servants), teachers, and employees of public utilities, corporations, or monopolies are still covered by occupation-specific separate systems in many countries.

Groups that might be considered difficult to administer—family workers, domestics, day workers, agricultural workers, and the self-employed—were often initially excluded from coverage. This is the state in African countries where these groups of workers are not covered under the social security system. The main reason that is continually sited is the fact that they do not fall under the formal employment category. The other reason that is well known in Africa is the lack of financial resources to cater all the people.

Most developing countries have extended coverage gradually. Their first steps toward creating a social security system have commonly been to cover wage and salary workers against loss of income due to work injury, and then old age and, less commonly, disability.

4.6-Source of Funds

The financing of benefits for old-age, disability, and survivor programmes can come from three possible sources:

- A percentage of covered wages or salaries paid by the worker,
- A percentage of covered payroll paid by the employer, and
- A government contribution.

Almost all pension programs under social insurance (as distinct from provident funds or universal systems) are financed at least in part by employer and employee contributions. Many derive their funds from all three sources. Contributions are determined by applying a percentage to salaries or wages up to a certain maximum. In many cases the employer pays a larger share.

4.7 Qualifying Conditions

Qualifying to receive an old-age benefit is usually conditional on two requirements: attainment of a specified age and completion of a specified period of contributions or covered employment. Another common requirement is total or substantial withdrawal from the labor force. In some instances, eligibility is determined by resident status or citizenship.

Old-age benefits generally become payable between ages 60 and 65. In some countries, length-of-service benefits are payable at any age after a certain period of employment, most commonly between 30 and 40 years. In recent years, several countries have increased the age limit for entitlement, in part because of budgetary constraints arising as a consequence of demographic ageing.

4.8-Administrative Organization

Responsibility for administration generally rests with semiautonomous institutions or funds. The SSPW Report (2005) comments that agencies are usually subject to general supervision by a ministry or government department but otherwise are largely self-governing, headed by a tripartite board that includes representatives of workers, employers, and the government. Some boards are bipartite with representatives of workers and employers only or of workers and the government. Where coverage is organized separately for different occupations, or for wage earners and salaried employees or self-employed workers, each programme usually has a separate institution or fund. In a few cases, the administration of benefits is placed directly in the hands of a government ministry or department.

Old age, disability, and survivors, Contribution rates for social security programs, 2005 (in percent)

	Old Age, Disability and Survivors			All Social Security Programs		
Country	Insured person	Employer	Total	Insured person	Employer	Total
Swaziland f,h	5	5	10	5	5,e	10
Zambia F	5	5	10	5	5,e	10
Zimbabwe f, h	3	3	6	3	3,e	3
South Africa	0	0	0d	1	1e	2d,m
Botswana	0	0	0	0d	0e	0d
Rwanda	3	3	6	6	5	8
Nigeria	7.5	7.5	15	7.5	7.5e	15
Malawi	0k	0k	0k	0	0e	0

SOURCE: Based on information in the country summaries in this volume.

a. Includes old age, disability, and survivors; sickness and maternity; work injury; unemployment; and family allowances.

In some countries, the rate may not cover all of these programmes. In some cases, only certain groups, such as wage earners, are represented. When the contribution rate varies, either the average or the lowest rate in the range is used.

b. Contributions finance old-age benefits only.

c. A lump sum contribution is also paid for Family Allowances.

d. Government pays the total cost of the Old Age, Disability, and Survivors programme.

e. Employers pay the total cost of Work Injury.

f. Contributions are subject to an upper earnings limit for some benefits.

g. Employers pay the total cost of Family Allowances.

h. Data are at least 2 years old.

i. Also includes the contribution rates for other programmes.

j. Employers pay the total cost of maternity benefits.

k. There is no Old Age, Disability, and Survivors programme.

l. Government pays the total cost of Unemployment Benefits and Family Allowances.

m. Government pays the total cost of Family Allowances.

4.9-Sickness and Maternity

The SSPW Report (2005) states that sickness benefit programmes are generally of two types: cash sickness benefits, which are paid when short-term illnesses prevent work, and health care benefits, which are provided in the form of medical, hospital, and pharmaceutical benefits. Some countries maintain a separate programme for cash maternity benefits, which are paid to working mothers before and after childbirth. In most countries, however, maternity benefits are administered as part of the cash sickness programme. (Benefits provided as a result of work injury or occupational diseases are provided either under work injury or sickness programmes. Details of the benefits are discussed under Work Injury.)

Cash sickness and maternity benefits as well as health care are usually administered under the same branch of social security. Occasionally, medical care services are provided under a public health programme, independent of the social insurance system. Where this dual approach is followed, it has been indicated in the summaries.

Tostensen (2005), comments that where health care is dispensed directly by the government or its agencies and the principal source of funds is general revenue, the cash benefit programme usually continues to be administered on an insurance basis, funded by payroll contributions, and merged in some instances with other aspects of the social insurance system such as old age and disability. However, countries that deliver health care primarily through private facilities and private funding are also likely to have developed separate programmes. Where the social security programme operates its own medical facilities, both types of benefits are usually administered jointly.

4.10-Coverage

The SSPW (2005) articulates that a common procedure is to start the programme in major urban centers, then extend coverage gradually to other areas. Both cash sickness and health care programmes may exclude agricultural workers, who, in some countries, account for a major proportion of the working population. The Report further comments that where a health insurance system (as distinguished from a National Health Service program) exists, most workers earning below a certain ceiling participate on a compulsory basis. Others, such as the self-employed, may be permitted to affiliate on a voluntary basis. In several countries, higher-paid employees are specifically excluded from one or both forms of sickness insurance, although some voluntary participation is usually permitted.

Pensioners pay a percentage of their pension or a fixed premium for all or part of the medical care coverage. Special sickness insurance systems may be maintained for certain workers, such as railway employees, seamen, and public employees.

Where medical care coverage is provided through a national health service rather than social insurance, the program is usually open in principle to virtually all residents. This is the case in developed countries. However, restrictions on services to aliens may apply.

4.11- Qualifying Conditions

Generally, a person becoming ill must be gainfully employed, incapacitated for work, and not receiving regular wages or sick-leave payments from the employer to be eligible for cash sickness benefits. Most programmes require claimants to meet a minimum period of contribution or to have some history of work attachment prior to the onset of illness to qualify. Some countries, however, have eliminated the qualifying period.

The length of the qualifying period for cash sickness benefits may range from less than 1 month to 6 months or more and is ordinarily somewhat longer for cash maternity benefits. Usually the period must be fairly recent, such as during the last 6 or 12 months. In the case of medical benefits, a qualifying period is usually not required. In instances where such a requirement does exist, it is generally of a short duration.

4.12- Source of Funds

Many countries have merged the financing of sickness programs with that of other social insurance benefits and collect only a single contribution from employees and employers. More commonly, however, a fixed percentage of wages, up to a ceiling, is contributed by employees and employers directly to a separate programme that administers both health care and cash benefits for sickness and maternity. Some countries also provide a government contribution. Where medical care is available to residents, generally through some type of National Health Service, the government usually bears at least the major part of the cost from general revenues, (SSPW Report, 2005).

4.13-Work Injury

The SSPW Report 2005, claims that work injury is said to be the oldest type of social security—the programme—provides compensation for work-connected injuries and occupational illnesses. Such programs usually furnish short- and long-term benefits, depending on both the duration of the incapacity and the age of survivors. Work injury benefits nearly always include cash benefits and medical services. The Report claims that there are two basic types of work injury systems: social insurance systems that use a public fund and various forms of private or semiprivate arrangements required by law. In most countries, work injury programmes operate through a central public fund, which may or may not be part of the general social insurance system. All employers subject to the programme must pay contributions to the public carrier, which in turn pays the benefits.

But work injury programs are mainly dependent on employer contributions, reflecting the traditional assumption that employers should be liable when their employees suffer work injuries. Where certain elements of the work injury programme are meshed with one or more of the other branches of the social insurance system, however, financing usually involves contributions from employees, employers, and the government.

The Report further stipulates that cash benefits under work injury programmes may be subdivided into three types: benefits for temporary disability, those for permanent total disability, and those for permanent partial disability. No qualifying period of coverage or employment is ordinarily required for entitlement to work injury benefits.

Work injury programmes commonly cover wage and salary workers and exclude the self-employed. The programmes of some of the more highly industrialized nations cover practically all employees. However, many countries either exclude all agricultural employees or cover only those who operate power-driven machinery. Some programmes also exclude employees of small enterprises.

4.14-Coverage

Work injury programmes commonly cover wage and salary workers and exclude the self-employed. The programmes of some of the more highly industrialized nations cover practically all employees. However, many countries either exclude all agricultural employees or cover only those who operate power-driven machinery. Some programmes also exclude employees of small enterprises, (World Bank 2005).

4.15- Source of Funds

Work injury benefits are financed primarily by employer contributions, reflecting the traditional assumption that employers should be liable when their employees suffer work injuries. Where certain elements of the work injury program are meshed with one or more of the other branches of the social insurance system, however, financing usually involves contributions from employees, employers, and the government. Another exception occurs in countries that provide medical treatment for work-connected illnesses under their ordinary public medical care programs.

4.16- Work Injury Benefits.

Work injury programmes provide cash benefits and medical benefits. Cash benefits under work injury programmes may be subdivided into three types: benefits for temporary disability, those for permanent total disability, and those for permanent partial disability. No qualifying period of coverage or employment is ordinarily required for entitlement to work injury benefits.

5.-Unemployment

The ILO Report, (2006) benefits in this category provide compensation for the loss of income resulting from involuntary unemployment. In other countries, the unemployment programs are included with social security measures covering other short-term risks, although employment services may continue to verify unemployment and assist in a job search, (ILO Report, 2006). Unemployment programs, which exist mainly in industrialized countries, are compulsory and fairly broad in scope in many countries. Some countries restrict benefits to those who satisfy a means or income test. This is the case in most African countries. In addition to the programs offering scheduled payments, a severance indemnity to discharged workers is also to be considered.

5.1-Coverage

About half of the compulsory unemployment programs cover the majority of employed persons, regardless of the type of industry. Coverage under the remaining programs is limited to workers in industry and commerce. A few exclude salaried employees earning more than a specified amount. Some have special provisions covering temporary and seasonal employees. Several countries have special occupational unemployment programs, most typically for workers in the building trades, dockworkers, railway employees, and seafarers.

The ILO Report (2006), comments that voluntary insurance systems are limited to industries in which labour unions have established unemployment funds. The Report further states that, membership in these funds is usually compulsory for union members in a covered industry and may be open on a voluntary basis to non-union employees. Non-insured workers number of countries provides lump-sum grants, payable by either a government agency or the employer; other countries provide mandatory individual severance accounts, providing total benefits equal to the value of accumulated capital in the individual account. In addition, employers in many instances are required to pay lump-sum, such as recent school graduates or the self-employed, for example, may be eligible for a government subsidized assistance benefit when they become unemployed. This is not the case in most African countries because of lack of resources and income to cover usually the majority of the population who are not employed.

5.2--Source of Funds

The ILO Report (2006) states that the methods used to finance unemployment insurance are usually based on the same contributory principles as for other branches of social insurance—contributions amounting to a fixed percentage of covered wages are paid on a scheduled basis. In many cases, the government also grants a subsidy, particularly for extended benefits. Unemployment insurance contributions are shared equally between employees and employers in many countries. Alternatively, the entire contribution may be made by the employer. However, government subsidies may be quite large, amounting to as much as two-thirds of the program's expenditures. Means-tested unemployment assistance programs are financed entirely by governments, with no employer or employee contribution

5.3-- Unemployment Benefits

The basic rate of unemployment benefits is usually between 40 percent and 75 percent of average earnings, (ILO Report, 2006). However, a ceiling on the wages used for benefit computations or maximum benefit provisions may considerably narrow the range within which the basic percentage of wages applies. Flat-rate amounts are sometimes payable instead of graduated benefits that vary with past wages and customarily differ only according to the family status or, occasionally, the age of the worker. Supplements for a spouse and children are usually added to the basic benefit of unemployed workers who are heads of families.

5.4-Qualifying Conditions

To be entitled to unemployment benefits, a worker must be involuntarily unemployed and have completed a minimum period of contributions or covered employment. The most common qualifying period is 6 months of coverage within the year before employment ceased, (SSPW Report, 2006). In a number of industrialized countries, however, students recently out of school who are unable to find jobs may be eligible for unemployment benefits, even without a work record. This benefit provides a transition from school to work, particularly in periods of recession. Unemployment insurance systems may be administered by government departments or self-governing institutions that are usually managed by representatives of insured persons, employers, and the government.

5.5-Administrative Organization

Unemployment insurance systems may be administered by government departments or self-governing institutions that are usually managed by representatives of insured persons, employers, and the government. Unemployment insurance and placement service programmes usually maintain a close administrative relationship that ensures that benefits are paid only to workers who are registered for employment.

5.6-Family Allowance

The purpose of family allowance programs is to provide additional income specifically for families with young children in order to meet part of the added costs of their support. These programmes may either be integrated with other social security measures or kept entirely separate. Often they are cash payments to families with children and some are categorised as school grants, birth grants, maternal and child health services, and allowances for adult dependents.

5.7-Types of Systems and Coverage

Family allowance programs are of two types: universal and employment related. The first category, in principle, provides allowances to all resident families with a specified number of children. The second category provides allowances to all wage and salary workers and, in some cases, the self-employed. A few systems cover some categories of non-employed persons as well. Most employment-related programmes continue to pay family allowances to insured persons with dependent children in their care when they retire or are temporarily off the job and receiving sickness, unemployment, work injury, disability, or other benefits. Employment-related family programmes also pay allowances to widows of social security beneficiaries.

5.8-Source of Funds

The differences in family allowance programmes are reflected in the methods used for financing. In universal systems, the entire cost is usually covered by general revenue. By contrast, countries linking eligibility with employment meet the cost of allowances entirely or in considerable part from employer contributions, usually at a uniform percentage-of-payroll rate. If employer contributions do not cover the entire cost, the remainder is usually met from a government subsidy. Few countries require an employee contribution toward family allowances, although some require self-employed persons to contribute. In countries where family allowances are available to all families and financed from general revenues, the programme is usually administered by a government department. Where allowances are payable mainly to families of employed persons and financed primarily from employer contributions, the administration may be by a semiautonomous agency under public supervision. Equalization funds may handle the program’s financial operations. Each employer pays family allowances to its employees with their wages.

5.9-Eligibility

It often based on family size, family income and the age of the children or if there are adult dependents. Many countries pay allowances beginning with the first child. In addition, some countries pay an allowance for a non-employed wife or other adult dependent, even if there are no children. In some countries, families with only one child are ineligible. Age requirements vary but are usually tied to the last year of school or the minimum working age, which are often the same and fall somewhere between ages 14 and 18. Under most programs, the continuation of schooling, apprenticeship, or vocational training qualifies a child for an extension of the age limit. In the case of disabled children, many countries extend the age limit beyond that for continued education or pay allowances indefinitely.

5.10-Administrative Organization

In countries where family allowances are available to all families and financed from general revenues, the program is usually administered by a government department. Where allowances are payable mainly to families of employed persons and financed primarily from employer contributions, the administration may be by a semiautonomous agency under public supervision. Equalization funds may handle the program’s financial operations. Each employer pays family allowances to its employees with their wages. The firm then settles with the local fund only the surplus or deficit of contributions due, after deducting allowances the firm has paid.

Sickness and Maternity

Country	Old Age Disability and Survivors	Cash Benefits for Both	Cash Benefits Plus Medical Care	Work Injury	Unemployment	Family Allowances
Swaziland	X	D	D	x	d	d
Zambia	X	D	G	x	d	d
Zimbabwe	X	D	G	x	d	d
South Africa	Xi	C	G	x	x	x
Botswana	e	D	D	x	d	c
Rwanda	X	D	D	x	d	d
Nigeria	X	D	C	x	c	d
Malawi	D	D	G	x	d	d

SOURCE: Based on information in the country summaries in this volume.

a. Coverage is provided for medical care, hospitalization, or both.

b. Maternity benefits only.

c. Coverage is provided under other programs or through social assistance.

d. Has no program or information is not available.

e. Old-age and orphan's benefits only.

f. Maternity benefits are provided under Family Allowances.

g. Medical benefits only.

h. Old-age and survivor benefits only.

i. Old-age and disability benefits only, with survivor benefits provided under Unemployment.

Demographic and other statistics related to social security, 2005

Country	Total	%age	Dependency	Life	Statutory	Early	GDP per

	Population (Millions)	65 or Older	ratio a	expectancy at birth (years)		pensionable age		pensiona ble age	capita	
Swaziland	0.9	3.5	81.9	38.1	38.1	50	50	45	45	4,5
Zambia	10.4	2.9	97.9	42.6	41.7	55	55	50	50	84
Zimbabwe	12.6	3.2	93.8	43.3	42.4	60	60	c	c	2,4
South Africa										
Botswana	1.5	2.8	81.6	36.5	35.6	65	65	c	c	8,
Rwanda	7.6	2.6	88.4	40.2	41.7	55	55	c	c	1
Nigeria	113.8	3.0	92.7	52.0	52.2	50	50	c	c	86
Malawi	11.3 2.9	2.9	97.1	39.6	39.0	d	d	d	d	58

SOURCES: United Nations Population Division, Department of Economic and Social Affairs, World Population Ageing 1950– 2050 (New York: United Nations, 2002); Human Development Report 2004, prepared for the United Nations Development Programme (New York: Oxford University Press, 2004); U.S. Central Intelligence Agency, The World Factbook, 2005 (Washington DC: Central Intelligence Agency, 2005). Information on statutory and pensionable ages is taken from the country summaries in this volume.

NOTE: GDP = gross domestic product.

a. Population aged 14 or younger plus population aged 65 or older, divided by population aged 15–64.

b. General early pensionable age only; excludes early pensionable ages for specific groups of employees.

c. The country has no early pensionable age, has one only for specific groups, or information is not available.

d. There is no statutory old-age pension system

6- Recommendations

State based systems are critical for both developed and developing countries but they do not cover all the vulnerable groups. Those who are critically in need of help usually are not employed. In South Africa this problem has been covered through the different social welfare grants that ensure that all members of the country who are not able to look after themselves have the basic income at the end of the month. One criticism that has been leveled against this approach has been that people then become complacent in terms of looking for other ways of looking after themselves. With most economies in Africa struggling financially this has not been the case, policies that have put in place has tended to emphasise more on systems that protect the employed and their siblings. Therefore we recommend that:

- African countries should come up with policies that encourage systems like the Conditional Cash Transfer system that ensures that all the rights of children is observed to ensure that basic living for the vulnerable groups is met. This in turn will ensure that capacity building for the children will be achieved so as to ensure that the vicious cycle of poverty does not paralyse these families. This approach to social security ensures that all vulnerable groups are covered by the scheme irregardless of their social standing in the communities. This approach has a huge impact on the country financial standing hence the countries should cut other budget line items like defence to ensure that the social department has the bigger budget to cater for vulnerable and poor members of the country.
- Kinship-based systems and membership based systems in our own African settings should be continued and encouraged because this is deep rooted in our culture of Ubuntu “I am because we are” where we care and look after each other. The Kinship and membership systems will succeed as they will be done along family lines. Most kinship based systems in Africa are practiced especially as burial societies. The burial societies are functional in most societies. If this practice could be expanded this will see many families being able to be looking after themselves in a sustainable way.

7. Conclusions

Social Security in most African countries remains a huge challenge due to the minimum resources that most of these countries have unlike in developed countries. Developed countries have clearly organized systems that cater for the vulnerable groups but this has not been the case in Africa apart from South Africa which has tried to provide for the poor through the Social Welfare Grants. In most African countries state based systems only provide for those who are in formal employment and their siblings and the rest are left out. It is therefore concluded in this paper that more resources needed to be channeled towards the Social Development so that these African countries can adopt the Conditional Cash Transfer system that ensures that vulnerable groups are covered and they have the most basic source of income. To support the above statement, this paper has emphasized the urgency of improving governance of formal social security institutions and doing so within the broad framework of a social protection strategy. A broad social protection strategy will take time to develop, and in the meantime the priority is with the formal arrangements. Improving the social security governance is truly a test of a government's commitment to institutional reform. The main tasks involve increasing transparency, curtailing opportunities for corruption, and most importantly protecting beneficiary rights. Since governments and even social security administrations have contributed to the mismanagement of social security institutions, an important component of improving governance is then to create protective barriers that foster good governance and penalize poor governance. The creation or strengthening of regulatory institutions is an important step in this direction. Regulation is important whether management of these institutions remains in public hands or is transferred to private hands. Within the context of a strong regulatory framework, it will then be possible to grant social security institutions administrative and legal autonomy within clearly defined objectives.

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