The European Report on Development 2010/2011 –

A guide for journalists

Why a European Report on Development?

There are already a number of development reports issued by international institutions, national governments and research institutes. This raises the question of why we need a European Report on Development.

Europe is a world leader and trailblazer in the development field. But given the enormous challenges facing the international community – donors, partner countries and civil society – in forging a more equitable world, the EU needs a tool that will help crystallise its vision for development, convey its perspective to the world and influence international debate.

The European Report on Development (ERD) is just that tool. It is an initiative which, in close co-operation with high-level researchers and experts from developed and developing countries, seeks to formulate a European perspective on some of the most pressing development challenges in a changing global context – one that is based on deep, evidence-based knowledge of the developing world and the challenges facing it, and innovative policy ideas that can make a real difference.

Published annually, the first edition of the ERD was published in October 2009 and focused on the complex and multidimensional issue of state fragility and approaches to tackling it, with a specific focus on sub-Saharan Africa. The second edition, due out in December 2010, focuses on social protection and its potential role in eradicating poverty, reducing vulnerability and promoting inclusive development, also in sub-Saharan Africa.

The ERD initiative is currently supported by the European Commission and seven EU Member States, namely Finland, France, Germany, Luxembourg, Spain, Sweden and the United Kingdom.

A collaborative process

Led so far by the European University Institute, the ERD is authored in close consultation with top-level academics, researchers, policy-makers and civil society actors from Europe and developing countries. In fact, stakeholder participation and peer review are essential elements of the authoring process.

The report relies on both existing literature and original research commissioned from specialised institutes and universities. These research papers and the ERD draft itself are discussed and pruned at various preparatory events in the months preceding the ERD's release. Peer consultations of this kind help improve the quality of the ERD and ensure transparency.

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New faces, new perspectives

Local solutions are often the most effective ways of solving local problems and meeting local challenges. With this in mind, the ERD's 'New Faces for African Development' initiative gave young African researchers a prominent platform to air their findings and views on development.

In 2009, 15 researchers from across Africa, selected out of a pool of over 150, were invited to present their research at a major ERD conference in the Ghanaian capital of Accra and some attended the launch of the report in Stockholm. This year, 14 new faces, from around 200 submissions, showcased their work at an ERD conference in the Senegalese capital Dakar, and some are due to attend the launch in Brussels.

Together, these talented young researchers provide valuable snapshots from the field on the matters and themes covered by the report, providing on-the-ground case studies of these issues in action. They also report on the ERD's results in African universities and research centres, helping to build a larger network.

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Why is social protection important to Africa?

With widespread poverty and volatility in the prices of food and raw materials in sub-Saharan Africa, social protection mechanisms can help the poor and vulnerable, as well as promote inclusive development and growth.

In sub-Saharan Africa, despite recent progress, poverty and precarious livelihoods remain persistent challenges. In spite of the fact that extreme poverty dropped from 58% in 1990 to 51% in 2005, the number of poor people rose, on the back of population growth, to 388 million, up from 296 million in 1990. And the region remains vulnerable to a wide range of shocks, from food price instability to climate change and natural hazards.

Social protection mechanisms – which include social transfers, health insurance, public-work schemes and pensions – can help tackle poverty, protect the most vulnerable members of society and promote pro-poor and inclusive development and growth.

As we know well in Europe from our own experience, social protection programmes help to ensure that progress achieved in the good times is not wiped out during the bad. Social protection can also stabilise economies by transferring a certain amount of wealth to the needy and propping up demand during periods of slowing economic activity. In fact, countries with effective social protection tend to be more resilient to economic shocks and crises.

African models

Although there is a widespread belief that social protection is the preserve of wealthy societies, sub-Saharan Africa has long had its own systems in place, but these have been largely informal, community-based ones.

In recent years, political interest in social protection has been growing, both in Africa (under the leadership of the African Union) and at the international level (at the UN and G20). . A variety of formal schemes have been implemented in a number of African countries, and the successes many of these have achieved indicate that social protection in sub-Saharan Africa is feasible, affordable and can deliver results when properly designed and managed. For example, South Africa, Lesotho, Namibia, Kenya and Swaziland have cash-transfer programmes in place, such as old-age pensions and child benefits.

This means that there is plenty of space for mutual learning. African countries can learn from one another's experiences, from innovative experiments in other developing countries, and also draw lessons from Europe's own diverse experiences.

Moreover, many sub-Saharan African countries have achieved considerable progress in terms of good governance and macroeconomic stability in recent years, which has increased their ‘fiscal space’ and boosted their ability to deliver social protection effectively and transparently.

For social protection to deliver on its full potential, it needs to be viewed in the context of a long-term sustainable policy framework in synergy with other investments. One major challenge in Africa is the question of financial affordability: many African countries, in particular the low-income ones, suffer from severe fiscal constraints. Hence, domestic resources mobilizstion and proper financial analysis are crucial when building or extending social protection programmes.

The EU and its Member States already support social protection, given its importance as a development tool and in recognition of its status as a human right.However, this support has been patchy, piecemeal and largely uncoordinated so far.

Young scheme for the old

In 2004, Lesotho, in southern Africa, launched its very own home-grown and self-financed old-age pension programme. This shows that even low-income countries can provide regular cash transfers to specific target groups.

This universal non-contributory scheme is one of only seven such programmes in sub-Saharan Africa. In March 2009, there were 78 064 registered recipients, 60% of whom were women.

Eligibility is based on age and citizenship: all registered citizens over 70, not receiving any other form of pension benefit, are entitled to a monthly grant. In 2004, this amounted to 150 Maloti ($25), two Maloti above the national poverty line. The programme played an important role in the 2007 elections and shaped voters’ choices.

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Facts and figures

- A 2009 survey by Eurobarometer found that 90% of EU citizens believe development aid is important and nearly three-quarters are in favour of honouring or going beyond the EU's existing aid commitments.
- In sub-Saharan Africa, extreme poverty (defined as income below $1.25 per day) dropped from 58% in 1990 to 51% in 2005, but the number of poor rose to 388 million, from 296 million in 1990, due to rapid population growth.
- The 2006 food crisis plunged an estimated 30 million additional Africans into extreme poverty, according to World Bank estimates.
- The recent global financial and economic crises slowed growth rates in sub-Saharan Africa from an average of 5% per year from 2000 to 2008, to 2.5% in 2009. This may lead to 20 million fewer Africans being lifted out of poverty by 2015, according to projections by the World Bank and IMF.
- Population growth in sub-Saharan Africa has slowed somewhat in recent years. It currently stands at about 2.52% compared with 2.81% in the 1980s.
- Nearly three-quarters of sub-Saharan Africans work in the informal sector and as such are difficult to reach through conventional formal social protection mechanisms.
- In sub-Saharan Africa, only about 5-10% of the workforce are covered by formal social insurance schemes.
- 15 million people in sub-Saharan Africa, or 2.6% of the population living on less than $2 a day, are covered by micro-insurance, according to the International Labour Organisation.
- Social protection programmes are not necessarily expensive. For example, Bolsa Familia (Family Stipend) in Brazil costs less than 0.5% of GDP and reaches 26% of the population.
- A simulation by the International Labour Organisation estimates that a package of basic social protection benefits in low-income countries – including free basic healthcare, child benefits, targeted income support to the poor and unemployed, and pensions – would cost between 5% and 12% of GDP.
- Tax revenues in Africa rose from 22% of GDP to 27% in 2007, according to the African Development Bank.

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What they are saying about the European Report on Development

Below are some useful quotes about the second edition of the European Report on Development (ERD 2010/2011).

- “Social protection is often taken for granted in Europe. In fact, it has played an important historic role in eradicating poverty in Europe and, if well designed and managed, building on Africa's own priorities and specificities, it could deliver similar success in Africa.” – Andris Piebalgs, European Development Commissioner.
- “[Social protection] is increasingly on the policy agenda of African leaders and several EU donors already support social protection based on the belief that it is both a human right and a catalyst for promoting inclusive development and pro-poor growth.” – Giorgia Giovannetti of the European University Institute, the ERD’s lead author.
- “Social protection needs to become a central and coordinated component of the development policies of African countries, the EU and its Member States, and other donors.” – Giorgia Giovannetti
- “If you have social protection instruments, there is something which economists call automatic stabilisers. In developed countries, when you have a shock, unemployment goes up, but then unemployment benefits also go up. This means that some people are losing income, but this income is [partly] being replaced by unemployment benefits.” – François Bourguignon, director of the Paris School of Economics and former chief economist of the World Bank.
- “Social protection is an important dimension of the relationship between the state and citizens. It’s all about the role of the state in providing services, providing protection against shocks to citizens.” – Françoise Moreau, acting director for EU development policy at the European Commission.
- “There is no magic solution for achieving the Millennium Development Goals. Social protection is one way, one kind of instrument or policy response that can help reduce poverty and accelerate progress towards the MDGs.” – Françoise Moreau.

MOBILISING EUROPEAN RESEARCH
FOR DEVELOPMENT POLICIES