



## Minutes of the ERD Research Workshop

### "Poverty, Inequality and Social Protection in Africa"

Brussels, Centre A. Borschette, Rue Froissart, 36, Room 3A, 1040 Brussels  
Friday 12<sup>th</sup> March 2010

In the framework of the initiative "Mobilizing European Research for Development Policies", the Commission/DG DEV organized a research workshop with the aim to present and discuss the draft outline, literature review and list of background papers in the context of the preparation process of the European Report on Development (ERD) 2010. Participants included researchers from Europe and abroad (including from Sub-Saharan Africa) as well as representatives from the EU Member States, Commission services, international organizations and civil society (around 70 participants).

The meeting has been structured around two main sessions:

#### **SESSION I: OPENING SESSION AND PRESENTATION OF THE DRAFT ERD OUTLINE AND PROCESS**

Nicolas Gérard from the European Commission opened the workshop by recalling the rationale and background of the ERD process, a European initiative which seeks to build bridges between the European research community and policy makers working on development issues in an attempt to enrich EU policies and to feed and influence the debate at the international level. The second edition of the ERD, to be published by the end of 2010, shall deal with the issue of social protection in Low-Income Countries (LICs), with a focus on Sub-Saharan Africa. This topic appears particularly relevant and timely considering the socio-economic impacts of the combined food, fuel and financial/economic crises on developing countries as well as the collective review of MDG progress which shall take place in September in New York at the UN. At EU level, the ERD 2010 could also provide useful analytical background and policy orientations for the EU to design a comprehensive policy strategy framework in that area.

Prof. Giorgia Giovannetti from the European University Institute (ERD Team Leader) presented the general scope and structure of the ERD 2010 as well as the research team, the forthcoming preparatory events, the ERD working papers series, the renewed "New faces for African development" call for papers and the "refreshed" ERD website (<http://erd.eui.eu/>).

Regarding the scope and structure, Giovannetti presented the main questions and chapters that would be dealt in the Report, highlighting how some of the background papers that will be produced in the context of the ERD process will fit into the proposed structure or will cover some of the important aspects that will have little space in the Report. The draft ERD chapters are:

- 1) The general context (world economy in the aftermath of the combined food, fuel and financial/economic crises, economic and social implications in particular for Sub-Saharan Africa (SSA), policy responses so far, general trends in MDG progress and inequality);
- 2) The issue of shocks, risks and poverty traps (how can shocks lead to poverty traps; what makes SSA particularly vulnerable to shocks);
- 3) The theory and practice of social protection in Least Developed Countries (LDCs) (the different conceptualizations of social protection, the links/complementarities between formal and informal mechanisms, the costs and economic efficiency of social protection schemes, political economy aspects, what exists and what is feasible in particular in SSA);
- 4) The lessons learnt from social protection in other regions (success stories and failures; lessons learnt in terms of design, targeting, delivery, financial sustainability, political commitment; what is replicable in SSA with or without adaptation);
- 5) Policy implications for national governments, international donors and the EU in particular (including its potential comparative advantage).

Her intervention was complemented by a presentation from Rachel Sabates-Wheeler (IDS, ERD Team Member) and Arjan De Haan (ISS, ERD Team Member) who introduced different definitions and conceptual frameworks to look at social protection (risks-based, needs-based, rights-based...), the determinants of existing social protection programmes, the linkages between social protection mechanisms, welfare, economic growth, state building and social cohesion as well as the needs and potential beneficiaries linked to social protection.

These presentations by the ERD team were followed by an intense open debate with the audience on the scope, structure and potential added value of the Report.

The issue of how social protection should be defined within the Report was discussed at length. Several participants made the case in that regard to avoid divisive terminology on risks management and adopt a pragmatic definition linked to (chronic) poverty (social protection as basic floor for poverty reduction, inspired by the ILO approach). Other mentioned on the other hand that there is no necessarily a dichotomy between poverty- and risks-based approaches.

The importance was also mentioned to delimitate clearly the "focus" and target of the Report, notably since a lot of literature already exists on social protection (including its linkages with pro-poor economic growth). The issue of social justice and inequalities was identified as a potential promising avenue in that regard. Besides, it was also mentioned that the Report should adopt a long term perspective as well as look at inter-sectoral approaches to build sustainable country-led social protection systems.

Several participants insisted on the need to involve African researchers in the ERD process (partnership approach) and to analyse what social protection exactly means for African people, what already exists on the ground, what history teaches us and what is feasible in that context. The issues in particular of the importance of the informal sector; conflicts, corruption/governance and political economy; financial constraints/affordability and fiscal space (which has increased recently in Africa) as well as demographic trends were identified relevant. The case was also made in that regard to build on existing research projects carried

out in Africa (case studies) as well as on existing African policy work and commitments (ex: the Social Policy Framework adopted by the African Union Commission; ratification of the ILO and other human rights conventions).

Besides, the audience insisted on the need for the Report to be practical, to "speak" to policy-makers and to make the case for social protection with convincing evidence-based arguments. The need in particular to demonstrate that social protection is key to foster economic growth ("leverage effect") was mentioned in that regard. Social protection is not only about protection and prevention but also promotion and empowerment.

## **SESSIONS II&III: ENTRY POINTS, MAIN MESSAGES AND EU DIMENSION**

The afternoon session was dedicated to the possible entry points for the Report, its potential key messages as well as the potential role of the EU (and donors in general) in supporting social protection systems in partner developing countries.

Giorgia Giovannetti gave a general overview of how social sectors are been prioritized over the last years in ODA trends as well as general EU donors' activities in the field of social protection. Discussing the potential role of the EU, she highlighted in particular the political challenge of sovereignty (social protection is at the core of state sovereignty) as well as the challenge of coordination and division of labour among EU donors.

Looking at the global context, the audience agreed that the economic/financial crisis as well as the link between social protection and the MDGs (in view in particular of the UN High Level Event to be held in September 2010) were both relevant entry points for the Report, particularly considering future growth prospects in Africa and the potential implications of the crisis on future ODA budgets. The cross-cutting nature of social protection regarding the different MDG targets was also mentioned.

In terms of key messages for the Report, several proposals were made by the audience such as the need to demonstrate the feasibility (including from a financial perspective) of social protection in Africa as well as the costs of inactions; the importance to build on and capitalize from what is already working in the African context at household and national levels ("no need to reinvent the wheel") while at the same time drawing lessons from experiences/initiatives in other regions; the importance to show the "investment" dimension of social protection and its linkages with economic growth; the importance to integrate local non-State actors' perspectives and needs and to involve them in the building of social protection mechanisms; the need to promote and support long-term domestically-led policies and processes; the importance of the local context (different stages of development calling different types of social protection models). Besides, the idea to ask African partners what would be their own entry points and priorities was also put on the table.

Regarding the potential role of donors and in particular of the EU, the point was made that a lot has already been done from a policy perspective when looking at social protection in development policy (ex: OECD/DAC POVNET work, AUC work on Social Policy Framework, UN work on social floor...). A lot of this work has already been endorsed by the EU Member States and the Commission, but there is a gap between the political commitments and their effective implementation and translation into concrete actions. The proposal to

review (eventually through a survey) current EU donor policies and practices in the field of social protection was perceived as a good idea in that regard.

Overall, the audience agreed that the ERD could provide the needed analytical framework for the EU to build its own strategic policy and take a lead on social protection. The EU was perceived as having a special role to play, notably because it is the main donor for Africa, it has a wide array of policies beyond aid (which must be coherent), it is a political actor and it has social values and a diversity of social models whose basic principles could serve as "inspiration" to help African people building home-grown owned social models. The need for the EU to engage with its partners into political/policy dialogue processes to support empowerment and local ownership of their own socio-economic history was highlighted in that regard. The importance of long term systemic and predictable commitments was also mentioned.

Concluding the workshop, Prof. François Bourguignon (Director of the Paris School of Economics - ERD Scientific Advisor for the European Commission) summarized some of the main points that emerged from the discussions during the day, in particular:

- the need for the Report to be pragmatic and easy to read but at the same to offer a conceptual framework for policy makers to ground decisions on social protection-related issues;
- looking at the "big picture", it is now well established that economic growth alone is not working and that social policies are also important. The main question to look at is therefore how much we should invest on each, what is the right policy balance;
- the ERD 2010 should review existing evidence of what works regarding social protection in developing countries (a lot of innovations over the recent years) and look at how it could be replicated/adapted to the African context;
- regarding the definition of social protection, both risks (health, climate..) and poverty are important aspects to be addressed in the ERD;
- the implications of the financial crisis should be dealt in the Report as it will still have an impact on future growth trends, to be combined with demographic trends. Besides, the reference to the MDGs should also be made;
- political will and governance are crucial to enhance social protection. Donors may have views about how social protection should be developed, but African decision-makers will decide, in the end;
- social protection must be considered as an investment for the development process of the country since it drives economic growth ("...no need to wait for huge economic growth to implement social protection mechanisms...");
- the need to analyse the financing, affordability and feasibility aspects of social protection mechanisms and their applicability to SSA;
- safety nets should be built into permanent systems and not just to cope with emergency and short term shocks;
- the diversity of social models in Europe offers a menu of instruments to use to support SSA countries in their efforts to build domestically owned social protection systems;
- Donors have an important role to play (for instance by providing reinsurance of national social protection schemes in case of shocks). If the ERD is good, the EU could become influential in pushing a social protection agenda at the international level.