

# STRENGTHENING SOCIAL SYSTEMS

Christoph Strupat and Paul Marschall, German Development Institute/Deutsches Institut für Entwicklungspolitik (DIE)

## ABSTRACT

Experience shows that strong, well-functioning, adaptable and adequately funded social systems are essential to cope with the negative impacts of crises like COVID-19. This case study examines the strengths and weaknesses of social systems in Africa and how these influenced the response of different countries. It notes that few countries have adequate social protection schemes, but some countries have limited the direct effects of the pandemic by relying on health emergency systems honed during the Ebola outbreak. Building stronger social systems, the authors argue, builds resilience.

- Investing in strong and well-functioning health, education and social protection systems builds resilience, as these help cushion the negative economic and social effects of crises like COVID-19.
- Development co-operation can help increase countries' fiscal capacities to fund their social systems; expand existing social systems to include people who are being left behind; and make social systems more adaptable so they can better respond to any emerging crisis.
- While African governments expanded social assistance as a temporary pandemic response, significant gaps in social policy coverage remain, particularly for informal workers.

The COVID-19 pandemic is a wake-up call for governments and for the development co-operation community to focus on overcoming systemic weaknesses. A cohesive, sustainable and resilient future for countries depends on strong and well-functioning social systems including health, education and social protection. They should be the backbone of necessary reforms because they cushion the negative economic and social effects of new crises. To better understand how pandemic impacts and social systems interact, the German Development Institute, in co-operation with the African Research Consortium and the Institute for Peace and Security Studies, has conducted analysis in Africa (Leininger, Strupat, Shimles, & Adeto, forthcoming<sup>[1]</sup>). The findings suggest that development co-operation can help countries to strengthen their social systems by supporting increased fiscal capacities; expanding social systems to include people who are being left behind; and making social systems more adaptable so they better respond to any new emerging crisis.

#### Limited social protection hampers crisis response

Thanks to its younger population, coupled with the quick implementation of

containment measures such as mobilising public health systems, restricting social movement and closing borders, Africa as a whole has fewer COVID-19 cases and deaths relative to other regions of the world. Fifty-five per cent of African countries had sufficient operational readiness to respond to public health emergencies before the pandemic (Kandel et al., 2020<sup>[2]</sup>). In particular Guinea, Liberia, Senegal and Sierra Leone were more prepared for and adaptable to a public health emergency than other African countries, stemming from the 2014-16 Ebola outbreak. The incidence of COVID-19 reported cases in these 3 countries are at least 12 times lower than the rate in South Africa, for example (Maxmen, 2020<sup>[3]</sup>).

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However, Africa has been hit hard in terms of the social and economic consequences of the lockdown measures (Sumner, Hoy and Ortiz-Juarez, 2020<sup>[4]</sup>) and specific weaknesses condition the magnitude of the impacts of the crisis. High levels of income inequality are a particular weakness in middle-income countries, while high levels of absolute poverty and limited access to essential health services are weaknesses in least developed and conflict-affected countries.

Social assistance has been extended globally to 1.8 billion individuals who previously had no access to any form of social protection over this period (Gentilini et al., 2020<sup>[5]</sup>). But the majority of African countries lack an adequate social protection scheme, a problem that is pronounced in conflict-affected and least developed countries. As a result, it is possible that a further 26 million Africans will fall into extreme poverty by the end of 2020 (Mahler et al., 2020<sup>[6]</sup>). The high rates of poverty and inequality, accompanied by low coverage and effectiveness of social protection systems, are major structural weaknesses, which hamper effective crisis response.

### Three ways development co-operation can support stronger social structures

Challenges like the COVID-19 pandemic will likely become more frequent as a consequence of global megatrends such as climate change and globalisation. How well countries respond will depend on their resilience capability – the probability of achieving at least some minimal level of economic and social well-being even in the presence of crisis (Barrett et al., 2020<sup>[7]</sup>). Our analysis suggests that development actors could target support to three components of strong social structures, which in turn bolster resilience:

- **Adequate fiscal capacity.** In addition to tackling the unprecedented economic crisis in the short term, investment in the maintenance and expansion of social structures must also increase, especially in basic healthcare services, health security and

social protection. New financing mechanisms and instruments for taxation at the global and national levels are needed, as are multi-year commitments from the development co-operation community to support social structures over the longer term. For instance, many African countries generate hardly any revenue from property taxes or private income taxes. The development co-operation community, through support for improved domestic resource mobilisation, can help countries more effectively tax households and assets. In the short term, taxes on digital services appear to be an untapped resource (Mekgoe and Hassam, 2020<sup>[8]</sup>), which if leveraged could contribute to covering funding gaps in social systems, in particular in middle-income countries.

- **Wide coverage to reach vulnerable groups.** Most of the social protection instruments employed as a pandemic response are temporary and have poor coverage. A more comprehensive social system that also covers the so-called missing middle is needed – that is, generally informal workers who often are ineligible for social assistance and not covered by social insurance (ILO, 2020<sup>[9]</sup>).
- Development co-operation actors can support countries to expand social services with a uniform social registry of (actual and potential) beneficiaries to close coverage gaps. In Cambodia, for example, the IDPoor registry includes all poor households and gives them access to social protection, health and other services (Kaba et al., 2018<sup>[10]</sup>). Over the long term, uniform registries could facilitate the prevention of contagious infections by providing social assistance when virus containment measures are in place and could facilitate medical treatment of long-term illness following a COVID-19 infection.
- **Adaptability to respond to emerging crises.** Development co-operation should be sustainable and long term, enabling countries to finance and maintain their social systems ensuring they are adaptable

to overcome future crises. Uniform social registries could be used also to help react and adapt quickly to new crises, for example by making it easier to add beneficiaries to social protection schemes. A good example of this is the Productive Safety Net Programme in Ethiopia, which adjusted programme activities in response to the COVID-19 pandemic. Its directive to regions proposed providing beneficiaries with three months of cash and/or food transfers and finding alternative approaches to activities that required large gatherings, such as waiving or minimising public work (Lind, Roelen and Sabates-Wheeler, 2020<sup>[11]</sup>).

## Strengthening social systems will reap future rewards

Many countries are highly vulnerable to compounding crises that affect large parts of society simultaneously. The development co-operation community must support countries with social policy reforms to increase their resilience. Experience from past crises shows the value of investments in social systems: it enables countries to better cope with shocks that impact multiple sectors and thus provides a cushion to help populations. Technical and financial support provided by the development co-operation community is essential for strengthening social systems, particularly in Africa.

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