

Professor Jaap de Hoop Scheffer
Chair of the Advisory Council on
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Re Request for advice on social protection for the most vulnerable

Dear Professor De Hoop Scheffer,

Global poverty has declined sharply in recent decades. Although most countries in Africa have also made progress in this area, a large portion of the African population still lives in extreme poverty.¹ Inequality plays a major role here, with many people benefiting little, if at all, from the continent's gradual increase in prosperity.²

The COVID-19 pandemic is expected to drive global poverty back up for the first time in decades.³ It now seems increasingly unlikely that many countries in Africa where extreme poverty appeared to be most concentrated will be able to meet SDG1 by 2030.

Against this backdrop and with a view to *Building Back Better* in the post-pandemic period, I would like to request the Advisory Council on International Affairs to produce a report on the importance of social protection initiatives for the poorest and most vulnerable groups, in particular in Africa, and whether it is advisable for the Netherlands to become involved in these initiatives through development cooperation.

Below is background information relevant to this request.

¹ The portion of the African population living in extreme poverty dropped from 54% in 1990 to 41% in 2015. Owing to rapid population growth, however, the absolute number of people living in extreme poverty has actually risen from nearly 280 million to over 410 million. *Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle* (World Bank, 2018).

² *Income Inequality Trends in Sub-Saharan Africa* (UNDP, 2017); 'A Tale of Two Continents: Fighting Inequality in Africa' (Oxfam, 2019).

³ Current World Bank estimates suggest that 70 to 100 million people will be pushed into or will remain in extreme poverty as a result of COVID-19.
<https://blogs.worldbank.org/opendata/updated-estimates-impact-covid-19-global-poverty>

International attention for social protection and investing in the poorest groups

Social protection initiatives for the poorest and most vulnerable individuals and households have become an important aspect of international cooperation. The World Bank, UNICEF and the International Labour Organization (ILO) in particular work with governments to shape national policy and the implementation of social protection programmes, especially in the world's poorest countries. This often includes establishing safety nets in the form of conditional or unconditional cash transfers, pensions, school food programmes, and workfare programmes involving public works.

Such programmes have previously been successful and implemented at scale in Latin America and Asia. Today nearly every country in Africa has a cash transfer programme, although the resources deployed are mostly small and the number of beneficiaries is limited. In the poorest countries in particular, these programmes are still largely donor-funded.⁴

There has been a sharp rise in the use of social safety nets, and especially cash transfers, to mitigate the impact of the coronavirus crisis on the most vulnerable groups. New social safety net programmes have been established or existing programmes expanded in nearly all African countries.⁵ Support for these initiatives makes up a major part of the international response to the crisis.

As part of building back better, emphasis is placed on the need to structurally strengthen social safety nets to combat inequality and promote social cohesion.⁶ The experience of recent decades has refuted the notion that economic growth automatically trickles down to every layer of the population. There are indications, however, that policy aimed specifically at providing economic and financial support to the poorest groups can in fact have a strong trickle-up effect on the whole of the economy.⁷ A social contract – implicit or explicit – between the state and the people is important to assure people that their government is not just working for itself or select elites, and thus for achieving lasting stability and preventing conflict as well.

Dutch policy to date

To date, Dutch programmes on social safety nets and cash transfers in developing countries have been limited, except in the area of humanitarian aid. The use of cash transfers and food vouchers for humanitarian aid has

⁴ *From Evidence to Action: The Story of Cash Transfers and Impact Evaluation in Sub-Saharan Africa* (FAO and UNICEF, 2016); *The State of Social Safety Nets 2018* (World Bank, 2018); *Realizing the Full Potential of Social Safety Nets in Africa* (World Bank, 2018).

⁵ Updates available on this website: <https://www.ugogentilini.net/?cat=9>

⁶ See, for example, the speech by UN Secretary-General António Guterres, 'Tackling the Inequality Pandemic: A New Social Contract for a New Era'.

⁷ 'Fostering Inclusive Growth' (IMF, 2017); *Can Social Protection Be an Engine for Inclusive Growth?* (OECD, 2019).

become increasingly common at international level, and certainly in Dutch policy;⁸ this request for advice does not address this type of assistance.

Direct support for social safety nets under the regular development cooperation policy consists of a handful of programmes and has an annual budget of €20-30 million. The Netherlands contributes to a multi-donor trust fund for the broad Productive Safety Net Programme (PSNP) in Ethiopia, and to cash transfers for inclusive development and preparations for the National Basic Social Security Strategy in Mozambique. As part of the pandemic response, the Netherlands has increased its contribution to PSNP and is contributing to the multi-donor Family Support Programme in Sudan.

Conditional and unconditional cash transfers are also part of several thematic programmes to which the Netherlands contributes, such as the World Bank's Global Financing Facility, which works to protect sexual and reproductive health and rights (SRHR), and the Prospects Partnership for reception in the region, in which the Netherlands has partnered with the World Bank, the International Finance Corporation (IFC), the ILO, UNICEF and UNHCR. Dutch contributions indirectly support the extensive social protection initiatives of the World Bank's International Development Association (IDA) programmes and of other multilateral organisations such as UNICEF and the ILO. Additionally, the Include knowledge platform uses funds from the Ministry of Foreign Affairs in part for research and information on social safety nets and cash transfers in Africa.

Questions for the Advisory Council

The primary question which the government submits to the Advisory Council for advice is as follows:

What is the Advisory Council's view on the initiatives for and the perspective of social protection for the poorest and most vulnerable groups in Africa, and on the advisability of the Netherlands' becoming involved in these initiatives through development cooperation?

In answering this question, please consider the 2030 Agenda for Sustainable Development (in particular SDG1: no poverty; and SDG10: reduced inequalities), the effects of the coronavirus crisis and the aim to build back better in the post-pandemic period.

Secondary questions include the following:

- What is the current state of affairs with social protection in Africa? What systems and facilities for specific purposes currently exist and how are they financed? To what extent can these initiatives be scaled up?

⁸ This includes the UN Refugee Agency (UNHCR), the International Committee of the Red Cross (ICRC) and the World Food Programme (WFP), to which the Netherlands contributes substantial unearmarked funds. In 2018, WFP spent approximately 35% of its programme budget in the form of cash transfers. At EU level, the Directorate-General for European Civil Protection and Humanitarian Aid Operations (DG ECHO) currently spends 30-40% of its emergency aid budget on cash transfers and vouchers.

- What can we learn from experiences in Africa and elsewhere regarding the effectiveness and sustainability of programmes, in particular cash transfer programmes? To what extent are these more effective in reaching the target group (poor people and vulnerable groups in society) and reaching the goal of sustainable poverty reduction? What social and economic goals (including strengthening the position of women) do such programmes serve or fail to serve?
- How are African governments' roles assessed in this respect, particularly in view of the importance of strengthening their relationship with the public and of the danger of political abuse?
- What is the role of multilateral agencies and, in particular, the World Bank in this area? What is the role of NGOs?

I look forward to receiving your report.

Yours sincerely,

Sigrid A.M. Kaag
Minister for Foreign Trade and Development Cooperation