



SOCIAL PROTECTION

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SOCIAL PROTECTION - AN OVERVIEW

Over many decades, International experiences from around the world have shown that during financial and economic crises, social protection systems are able to strengthen households' capacity to cope and they are able to mitigate against the social and economic fallout of the crises. A basic level of social protection is affordable even in developing countries.



1. WHAT IS SOCIAL PROTECTION?

A general and often used definition of social protection is: To provide for those who cannot provide for themselves, for example the poor, incapacitated, the unemployed, children, women during maternity.

Such a definition leaves a lot of questions unanswered, for example:

- Should social protection be provided only through safety nets?
- Should social protection also include general pro-poor and poverty alleviation policies?
- Should social protection programmes be means-tested (targeted) or universal? In other words, should social protection be needs-based or rights-based?
- Should social protection programmes be contributory or non-contributory (grants)?
- Should social protection be provided in kind or cash?

The **United Nations** states that social protection should ensure minimum standards of wellbeing among people in dire situations to live a life with dignity, and to enhance human capabilities. States must protect citizens from risk, vulnerabilities and deprivations which includes strategies and programmes to ensure a minimum standard of livelihood for all people.



The **International Labour Organisation's** (ILO) Social Protection Recommendation 202 of 2012 calls on all members to establish as quickly as possible and maintain their social protection floors comprising basic security guarantees. These guarantees should ensure that all in need have access to essential health care and basic income security which together ensure effective access to goods and services defined as necessary at the national level.



UNICEF defines Social Protection as a set of policies and programmes aimed at preventing or protecting all people against poverty, vulnerability and social exclusion throughout their life-course, with a particular emphasis towards vulnerable groups. Four guiding principles UNICEF's approach to Social Protection are: (i) the best interests of the child, (ii) progressive realization of universal coverage, (iii) national systems and leadership; and (iv) inclusive social protection.



The **African Union's** (AU) Social Policy Framework of 2008 states that a minimum package of essential social protection should cover essential health care, benefits for children, informal workers, the unemployed, older persons and persons with disabilities.



The **Southern African Development Community** (SADC) states that social protection is broader than social security and includes social security, social services as well as developmental social welfare. Social protection refers to public and private measures to protect individuals against life-cycle crises that curtail their capacity to meet their needs. The objective is to enhance human welfare.



2. A NARROW OR A BROAD VISION OF SOCIAL PROTECTION?

The **narrow vision** understands social protection as a means to provide short-term assistance to individuals and households to cope with shocks while they are finding new economic opportunities. The narrow vision sees a clear distinction between social protection and livelihood promotion.

The **broad vision** sees social protection as having both short-term and long-term roles in poverty reduction, for example conserving and accumulating assets and to transform their socio-economic relationships. The broad vision includes long-term forms of assistance such as grants and non-contributory

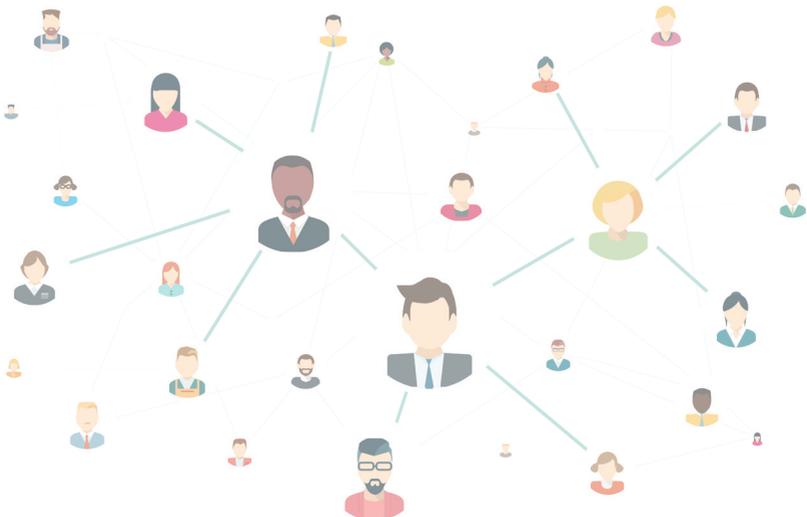
pensions. It sees social protection and livelihood promotion as closely related.

The broad vision sees social protection as all public and private initiatives that provide income or consumption transfers to the poor and vulnerable with the overall objective of reducing their economic and social vulnerability. A broad and transformative approach means to address the social injustice that arises from structural inequalities. It aims to achieve empowerment, equity and the realisation of economic, social and cultural rights.

3. A RIGHTS-BASED APPROACH TO SOCIAL PROTECTION

The rights-based approach regards social protection as a right and entitlement, not as charity. The State must guarantee social protection which is built on human rights standards and principles.

This approach highlights core obligations and minimum standards. It places citizenship and social/political contexts at the centre. Citizens must be enabled to claim their rights as entitlements and the state is required to have the institutional capacity to deliver.



4. SOCIAL PROTECTION IN NAMIBIA

The core principles of social protection in Namibia include:

- Comprehensive protection
- Prevention and re-integration
- Social solidarity and redistribution
- Protection of the State and society
- Structural change.

4.1 *The legal basis*

Article 95, of Namibia Constitution:

“The state shall actively promote and maintain the welfare of people by adopting inter alia, policies aimed at the assurance that senior citizens are entitled to and do receive a regular pension, adequate for the maintenance of a decent standard of living and the enjoyment of social and cultural opportunities.”

The Namibian Constitution (and its related legislation) does not provide an overarching and explicit framework for social protection or social security. It does, however, state the inviolability of the right to dignity, and that the family is entitled to protection by the state.

In Chapter (11) on ‘Principles of State Policy’, the state is mandated to ‘actively promote and maintain the welfare of the people’ and the chapter also identifies some of the policies to be adopted.

Among these are policies with regard to:

- Fair and reasonable access to public facilities;
- Adequate income for the elderly;
- Social benefits and amenities for 'the unemployed, the incapacitated, the indigent and the disadvantaged';
- The payment of a 'living wage'; and
- 'Consistent planning to raise and maintain an acceptable level of nutrition and standard of living ... and to improve public health'.

With regards to social benefits and amenities, in the Constitution it is explicitly stated that benefits will be as determined by Parliament to be just and affordable with due regard to the resources of the state.

The **National Pensions Act (10 of 1992)** makes available to all Namibian citizens and lawfully admitted permanent residents a basic state pension to those aged 60 years or older. It also provides for grants for medically certified blind and persons with a disability,

or an attendant's allowance to those caring for such persons, out of state funds appropriated by law for such a purpose.

Child maintenance, special maintenance, place of safety and orphan and vulnerable grants are currently provided to Namibian citizens and legally admitted permanent residents caring for children under the **Children's Act of 1960** succeeded by the **Child Care and Protection Act (Act 3 of 2015)**, which provides a comprehensive framework for child protection in Namibia.

The **Social Security Act (Act 34 of 1994)** creates the Maternity Leave, Sick Leave and Death Benefit Fund to provide appropriate benefits. This is a compulsory contribution by all employers and employees to provide income for maternity and cover loss of income due to expiry of paid leave or disability or death. The Act also provides for the establishment of the Medical Benefit Fund and the National Pension Fund. Finally, it provides for the funding of training schemes for disadvantaged, unemployed persons and to establish for that purpose the Development Fund.

The **Veterans Act (Act 2 of 2008)**, as amended by **Veterans Act (3 of 2013)**, provides for the registration of veterans defined as a person who was a member of the liberation forces, provided the person was above 18 years of age on 21 March 1990 and consistently participated or engaged in political, diplomatic or underground activity in furtherance of the liberation struggle. Disaster and emergency preparedness, risk mitigation,

response and relief are provided for under the **Disaster Risk Management Act (Act 10 of 2012)** are coordinated by the Office of the Prime Minister and implemented through national, regional, local, constituency and settlement Disaster Management Committees. Relief is provided to people identified as needy through a Vulnerability Assessment and Analysis.

The **Education Act (Act 16 of 2001)** in Section 38 (1) states that all tuition provided for primary and special education in state schools, including all school books, educational materials and other related requisites, must be provided free of charge to learners until the seventh grade, or until the age of 16 years, whichever occurs first. Cabinet Resolution 9th/17.06.14/001 abolished compulsory payment by parents to the School Development Fund.

The **Flexible Land Tenure Act (Act 4 of 2012)** creates an individual title for individual plots in block erf schemes as well as an undivided share in the common property of the block reserves.

4.2 Contributory social protection schemes

Scheme	
Social Insurance: Maternity, Sick Leave and Death Benefit Fund	SSC
Social Insurance: Employees Compensation Fund	SSC
Motor Vehicle Accident Fund	MVA
Private retirement funds	
Private health insurance	
Private funeral cover, life insurance etc.	

4.3 Non-contributory social protection grants

Scheme	Amount per month
Old Age Grant	N\$ 1,300
Disability Grant	N\$ 1,100
Funeral Benefit	N\$ 3,000
Maintenance Grant	N\$ 250
Special Maintenance Grant	N\$ 250
Foster Care Allowance	N\$ 250
Places of Safety Allowance	N\$ 10 per day per child
Veterans Subvention	N\$ 2,200

4. SOCIAL PROTECTION IN NAMIBIA

There were a number of key reforms established since independence including the universalization of the state old age pension (OAP) and the equalization of benefit levels. There was also an expansion of access to the various benefits, especially child grants, through the expansion of the administrative reach.

The establishment of the SSC ensured better coverage for formally employed people while the MVA Fund has also been turned into a more efficient and proactive entity. Efforts were also made to enhance the oversight of retirement funds and medical schemes as well as the reforms of the Namibian Financial Institutions Supervisory Authority (NAMFISA).

The ILO noted some key gaps in Namibia's social protection system as there is no general support for poor households and children. As a result, the system of child grants is inequitable, badly targeted and does not do enough to ensure the future of Namibia's vulnerable children. The ILO notes that the impact of the social assistance system on poverty would have been much greater had there been general support for poor households and children.

Secondly, there are no mechanisms for supporting the unemployed. This is the case for both formal sector workers (there is no contributory unemployment scheme) and informal workers (who typically are not included in contributory systems). Youth unemployment is particularly high and negatively affects the country's long-term growth prospects.

4.4 Future social protection programmes:

4.4.1 Universal Medical Benefit

The Social Security Act, No. 34 of 1994, paved the way for the establishment of a National Medical Benefit Fund (NMBF) to provide for the payment of medical benefits to employees. Actuarial and Analytical Solutions (A&AS) at Deloitte were appointed by the Social Security Commission of Namibia to assist with the design and development of the National Medical Benefit Fund of Namibia. Little progress has been made to implement this Fund.

The NMBF is intended to ensure that all employed persons are members of a medical fund. This is in line with the Bismarck Social Health Insurance (SHI) model where all employed persons form part of a prepaid health arrangement. This is different from more universal health systems such as National Health Insurance which is extended to the unemployed population, and through which everybody has access to healthcare facilities and services irrespective of their ability to pay.

4.4.2 Universal Pension Scheme

The Social Security Commission is mandated to progressively establishing a national social insurance system. It was anticipated that a national pension scheme based on social insurance principles for

all employed persons would commence in 2002, and would have operated in parallel with the State Grant Programme. However, there is little progress with the establishment of the scheme.

4.4.3 Basic Income Grant (BIG)

The Namibian Government's NAMTAX commission of 2002 regarded the reduction of Namibia's income inequality not only as a social justice issue, but as a prerequisite for economic growth. Therefore, the introduction of a Basic Income Grant freeing people from a survival economy was proposed as a matter of urgency. After the Namibian Government did not implement the proposal for a basic income grant, a large network of Namibian civil society organisations, namely the Basic Income Grant Coalition was launched. As part of its lobbying and advocacy campaign, the BIG Coalition decided to launch the BIG pilot project in Otjivero. This pilot project became one of the most renowned points of reference in the discussions

on social protection not only in Namibia and the SADC region but globally.

The BIG pilot project documented the positive social as well economic impact of the grant on food security, education, health, crime and local economic activities. The evidence showed that the high levels of malnutrition amongst children under the age of five are effectively tackled through the payment of the grant. Furthermore, educational outcomes and health standards improved dramatically while economic activities, mostly in the form of small businesses increased significantly. There was also a notable decline of crime rates after the introduction of the BIG.

5. THE SOCIAL PROTECTION POLICY 2020-2030

The policy states that Namibia is committed to reducing poverty, inequality and vulnerability amongst its people.

” Social protection is seen as an important tool not only for poverty and inequality reduction, but for enhancing socio-economic development as well.

The policy has 5 specific objectives:

1. increase coverage and access to social protection services by all Namibians;
2. enhance efficiency and effectiveness of social protection interventions;
3. strengthen the coordination and integration of social protection;
4. enhance the institutional framework for the delivery of social protection; and
5. improve monitoring and evaluation of social protection.

The policy places emphasis on the life cycle approach, thereby ensuring that the different vulnerabilities faced by people from young age, through to old age are addressed, through the following measures:

Child and Disability Grants

Progressively move towards universal child and disability grants by initially targeting all children living in rural areas and informal settlements in all fourteen regions. Both the child and disability grant will be increased by 10 per cent to factor loss of value due to inflation.

Basic Income Grant

Introduction of a Basic Income Grant, following successful pilots in Otjivero-Omitara, targeting the poor and vulnerable that are currently excluded from the existing reforms targeting the age category of 19-59 that are unemployed.

National Medical Benefit Fund for Universal Health Coverage

A statutory National Medical Benefit Fund as envisaged in Part VI of the Social Security Act (34 of 1994) and National Development Plans, will be established with compulsory contributions from employees and employers.

Improved Vocational and Tertiary Financial Assistance

Vocational training and skills development are priorities in the national development plans. The Policy advocates for sustaining and expansion of funding of Tertiary and Vocational education and strengthening internship and apprenticeship opportunities.

Affordable Housing

The Social Protection Policy calls for increased Government support for housing savings and loan groups such as the Shack Dwellers Federation, which play a vital role in enabling people to save, borrow and build affordable houses for themselves.

Establish a National Pension Fund

The statutory National Pension Fund as envisaged in the Social Security Act (34 of 1994) and the Harambee Prosperity Plan will be operationalized, thereby facilitating the participation of informal workers and self-employed persons through incentives such as easy registration regulations. Consultations with stakeholders and design of a National Pension Fund with retirement, social protection and provident components will be expedited to provide an adequate pension for Namibians, especially low-income earners who currently rely solely on old-age pension in retirement.

Increased Food Security and Disaster Risk Reduction

The Policy calls for sustenance and strengthening of food and nutrition measures by sustaining the National School Feeding programme, disaster risk management, regional food for work/public works to enhance regional economic development.

Responding to other shocks

Beyond addressing the longer-term poverty and social vulnerability, the Policy seeks to ensure that the social protection systems is shock-responsive and is better prepared to respond to sudden/ severe crises that often impact many households simultaneously. In that regard, the Policy will strengthen early warning systems, establish a fully funded costed contingency plan; and strengthen early-warning systems and strengthen coordination and synergies with other OMAs with specific mandates to coordinate or respond to covariate shocks, such as the Disaster Risk Management.

Employment Creation, Empowered Women and Youth

The Policy calls for sustained and strengthening of existing employment creation programmes and empowerment of women and youth.

Enhanced Coordination of Social Protection

The Policy will establish a National Social Protection Committee to oversee the implementation of the Social Protection Policy and strengthen the Core Team on Social Protection, of technical experts, to lead the design and implementation of social protection programs and resource mobilisation strategies, whilst at the same time strengthening case managements and support to broader social services.

Improved Monitoring and Evaluation

Capacity for improved monitoring, evaluation and reporting shall be developed to enable officials in all the OMA's to collaborate and work with Namibia Statistics Agency, to collect, analyse and produce appropriate monitoring and evaluation reports to decision making by the government on necessary reforms.

Strengthening Management Information Systems for Social Protection

The Policy will support the development of an Integrated Management Information System (IMIS) for social protection in Namibia, in line with the national e-Government framework. The envisaged IMIS will have the capability of bringing together information on applicants, beneficiaries, and payments of all social protection schemes and will be linked to other government databases – such as the national population register to facilitate verification and referrals of beneficiaries to other social services.

Inclusion of Marginalized People

The Social Protection Policy calls for sustaining efforts to reduce the very high levels of poverty among marginalized people by continuing support for their education, providing food assistance and creating livelihood opportunities to increase their incomes.

Some of the key questions to consider regarding the Social Protection Policy are the following:

The gradual approach towards the child grant

The draft national social protection policy of 2019 acknowledged that the targeted children's grants excluded many of the intended beneficiaries and thus proposed a universal child grant. The 2020 version of the policy now suggests that the targeted approach should be maintained in urban areas and that only children in rural areas and informal settlements should receive the grants. This is likely to perpetuate the problems experienced with targeted grant in the past.

Costly bureaucracy of a means-tested BIG

Unemployment in Namibia is of a long-term nature and many people find temporary paid work from time to time. Furthermore, about 60% of all employed persons in Namibia are what the Labour Force Survey terms "informally employed". Thus, establishing an accurate database for unemployment is a daunting task and it would require a large and costly bureaucracy to continuously test which Namibians are employed and which ones are not. A universal Basic Income Grant (BIG) would be easier to administer and reach everybody.

Likelihood of new gaps/corruption

As experienced with the targeted grant for orphans and vulnerable children, unintended exclusion of beneficiaries is likely to happen and thus lead to new gaps in social protection. Also, giving power to bureaucracies to decide who should receive grant and who should not is likely to create possibilities for corruption. It is against these concerns that universal grants are a better option.

6. FINANCING OF SOCIAL PROTECTION

6.1. Social Protection as cost and as an investment

Social protection has direct impacts on social outcomes and human development, but it is also linked with economic development and can thus be characterized as an economic investment. Social protection is increasingly seen as a source of resilience in tough times, as a support for growth and productivity in good times, and

as a general mechanism for socioeconomic inclusion.

Evidence shows that without basic social transfer schemes that foster health, adequate levels of nutrition and social stability, a country can simply not unlock its full productive potential.

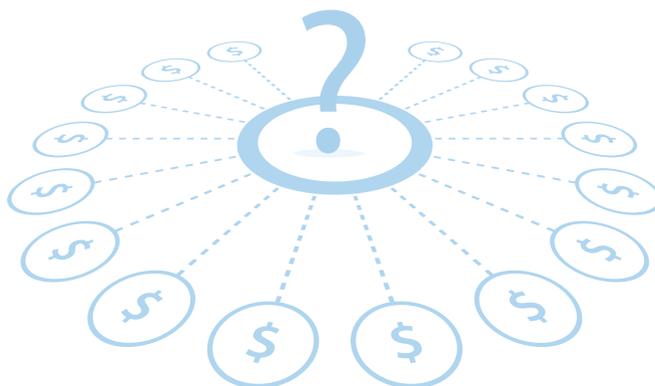
There are three main channels through which social protection can support economic growth:

- i. **Individual level** – building and protecting human capital and other productive assets, empowering poor individuals to invest or to adopt higher return strategies.
- ii. **Local economy effects** – enhancing community assets and infrastructure, positive spill-overs from beneficiaries to non-beneficiaries, generating a multiplier effect at the local economy.
- iii. **Overall economy level** – Social protection act as stabilizers of aggregate demand, improving social cohesion and making growth-enhancing reforms more feasible.

6.2. Sources of Financing for Social Protection

In most cases, non-contributory social protection has been financed through the following:

- i. **General government revenues** – Contribution by the government from its budget revenues to support social protection programs.
- ii. **Earmarked taxes** – This is a subcategory of government revenues. But here, the government may introduce a specific tax designated to raise finance for specific social benefits.
- iii. **Donor budget support or grant** – In countries receiving substantial donor support, this can be a major source of financing social protection. However, for Namibia given its Upper Middle-Income Status, donor support is limited, and government budget revenues remains the main source of financing.



6.3 Options for Increasing Fiscal Space for Social Protection

Given growing needs for social protection, there is need to enhance fiscal space or the government's ability to resource mobilise and finance its social protection interventions. Different countries have applied different approaches depending on country context. Some of the options, based on what is commonly referred to as the Fiscal Space Diamond, includes:

- i. **Re-allocating public expenditures** – this includes replacing high-cost, low-impact investments with those with larger socio-economic impacts, eliminating spending inefficiencies and/or tackling leakages of resources, including dealing with illicit financial flows (such as money laundering, bribery, tax evasion, trade mispricing and other financial crimes), which deprive governments of revenues needed for social and economic development.
- ii. **Increasing tax revenue** – this is the most commonly used option by altering different types of tax rates e.g., on VAT, corporate profits, financial taxes, personal income, property, natural resource extraction, etc. or by strengthening the efficiency of tax collection and administration to collect more revenues, which can be channelled towards social protection.
- iii. **Lobbying for External Development Assistance** – this requires greater efforts to engage different donor governments or international organizations in order to ramp up support towards social protection. In addition, government could also explore foreign borrowing options at low cost, including concessional loans, to finance its social protection.
- iv. **Deficit Financing** – this involves adopting a more accommodating macroeconomic framework to create room for funding social protection, by allowing for higher budget deficit paths without jeopardizing macroeconomic stability.

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