

Improving Synergies between Social Protection and Public Finance Management for Ethiopia

**A Fact-Finding Report based on ILO-Social Security Inquiry (SSI)
Assessment for Ethiopia**

December 2020



Outline

Background

Mapping of social protection schemes

Social protection programs coverage and context in Ethiopia

Challenges

Recommendations

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Brief Country Information



Population

~112M



GDP per capita

\$194



Unemployment rate

19.10%



Poverty rate

23.5%



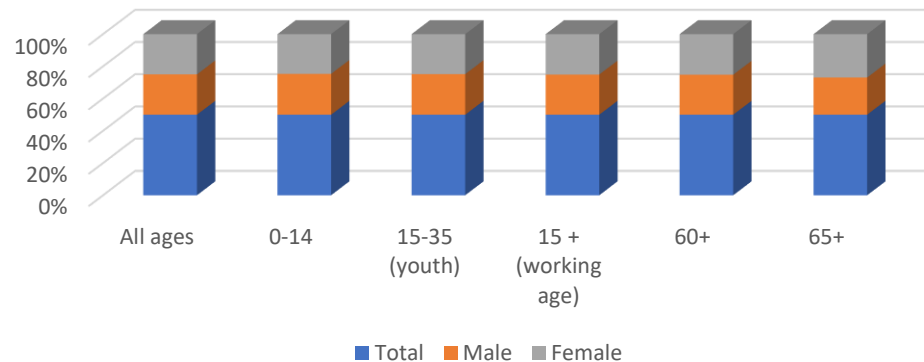
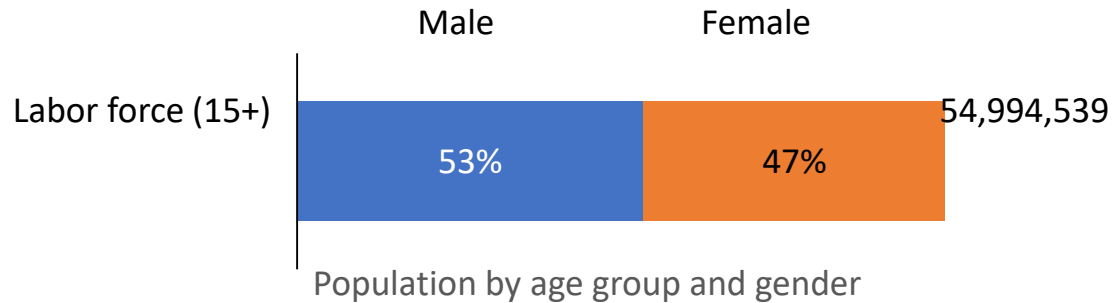
Infant mortality rate

36.5



Dependency ratio

78.10%



The Country has several laws and policies supporting social protection

- 1 Ethiopia promulgated the 'National Social Protection Policy' (NSPP) in November 2014 and National Social Protection Strategy in 2016
- 2 Social Health Insurance Proclamation No. 690/2010
Public Servants' Pension Proclamation No. 714/2011, as amended by Proc.No 907/2015
- 3 Private Organization Employees' Proclamation No. 715/2011, as amended by Proc. No 908/2015
- 4
- 5 National Policy and Strategy on Disaster Risk Management (2013)

International agreements/conventions ratified by Ethiopia:

According to Article 9/4 of the FDRE Constitution, "international agreements ratified by Ethiopia are an integral part of the law of the land"

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Purpose and Methodologies of Social Security Inquiry (SSI) ILO tool for collecting data on social protection

What does SSI do

- Collects data on expenditure, revenue and coverage trends of national social protection systems

How does the tool work

- Questionnaires are filled in collaboration with stakeholders/social partners in all UN member states. Particularly, the SSI questionnaire is tailored for the Ministries of Labour and/or Social Development






Main Objective of SSI

- The SSI aims to provide information on coverage and gaps that help for ILO and Ethiopia Government to monitor progress in social protection in the country and for the Sustainable Development Goals (SDG 1.3.1)

Methodology

1. Identified key partners and focal points for data collection among Ethiopian social protection/security institutions
2. Mapped existing flagship social protection programmes and contacted relevant implementing agencies through different communications channel
3. Held bilateral meetings with focal persons (virtual & physical)
4. In consultation with ILO and MoLSA, organized and facilitated a virtual webinar to build capacity of focal points of implementing agencies on SSI

The Major Flagship Schemes are mapped based on GOE National Social Protection Policy and Strategy: What are the Focus Areas of SP Strategy?

| | | | <i>Focus</i> |
|---|---|---|--------------|
| <i>Promotion of Productive Safety Nets</i> |  | <ul style="list-style-type: none">• Rural Productive Safety Net Program (PSNP)• Urban Productive Safety Net Program (UPSNP) | 1 |
| <i>Promotion of employment opportunities & livelihoods</i> |  | <ul style="list-style-type: none">• Livelihood Component of PSNP• Livelihood Component of UPSNP | 2 |
| <i>Promotion of social insurance</i> |  | <ul style="list-style-type: none">• Public Servant Social Security Scheme• Private Organization's Employees Social Security Scheme | 3 |
| <i>Enhancement of equitable access to and use of basic services</i> |  | <ul style="list-style-type: none">• Community Based Social Health Insurance• School Feeding | 4 |
| <i>Provision of legal protection and support services</i> |  | <ul style="list-style-type: none">• Provision of legal protection and support services for those vulnerable to violence and abuse | 5 |

Agenda

Background of SSI and Ethiopia

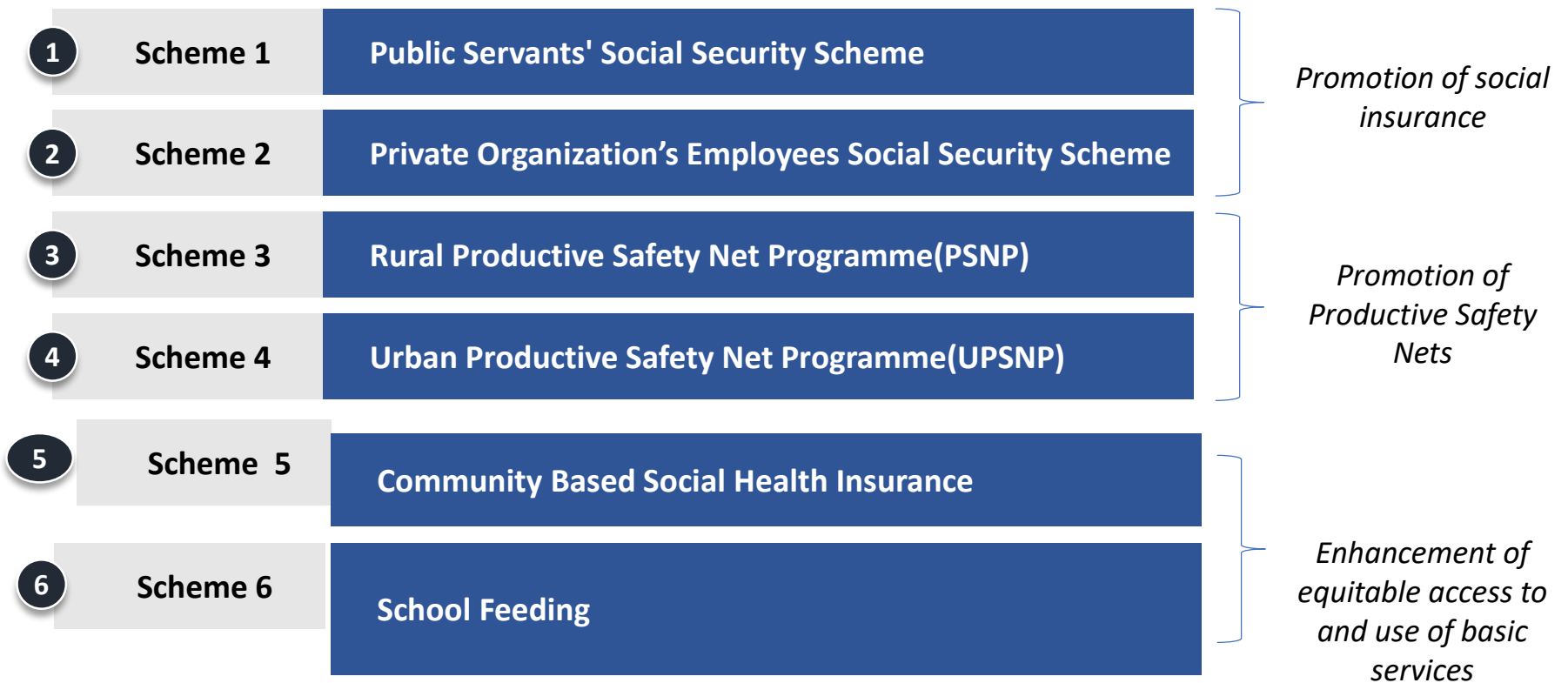
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Six Social Projection Schemes mapped in Ethiopia by SSI



Summary of the findings

Legal coverage

- Ethiopia first introduced Public Servants' Pension Proclamation in 1963 and the revised existing law was amended and endorsed in 2011 (Proclamation No. 714/2011, as Amended)- *Public Servants' Social Security Agency (PSSSA)*
- This proclamation declares that expanding social security system to reach citizens step by step is part of the country's social policy. The beneficiaries are employees in the public service, both civilian and military

Effective coverage

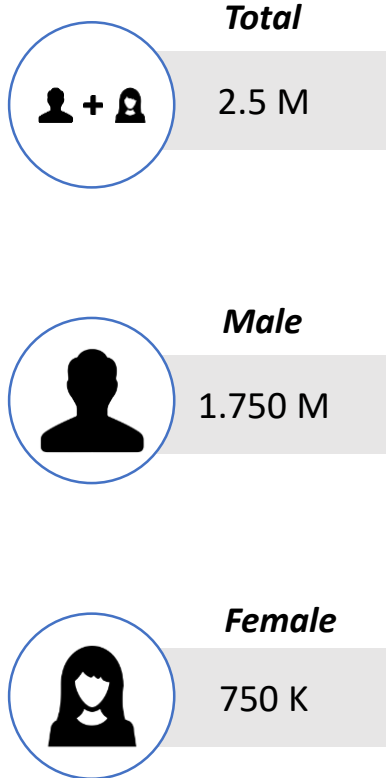
- The function covered by the scheme are **old age, invalidity, survivors and sickness** benefit for working age people in public sectors
- The scheme covers **2.5 Million active employees** in public sector including Military
- Out of the active contributory public servants, **45% of them are female employees, while male beneficiary are 55%.**
- Employers contribute (11% of payroll (civilian) or 25% of payroll (Military) while employee contributes 7%
- Contributory/employment period required to receive a benefit is 10 years

Financing

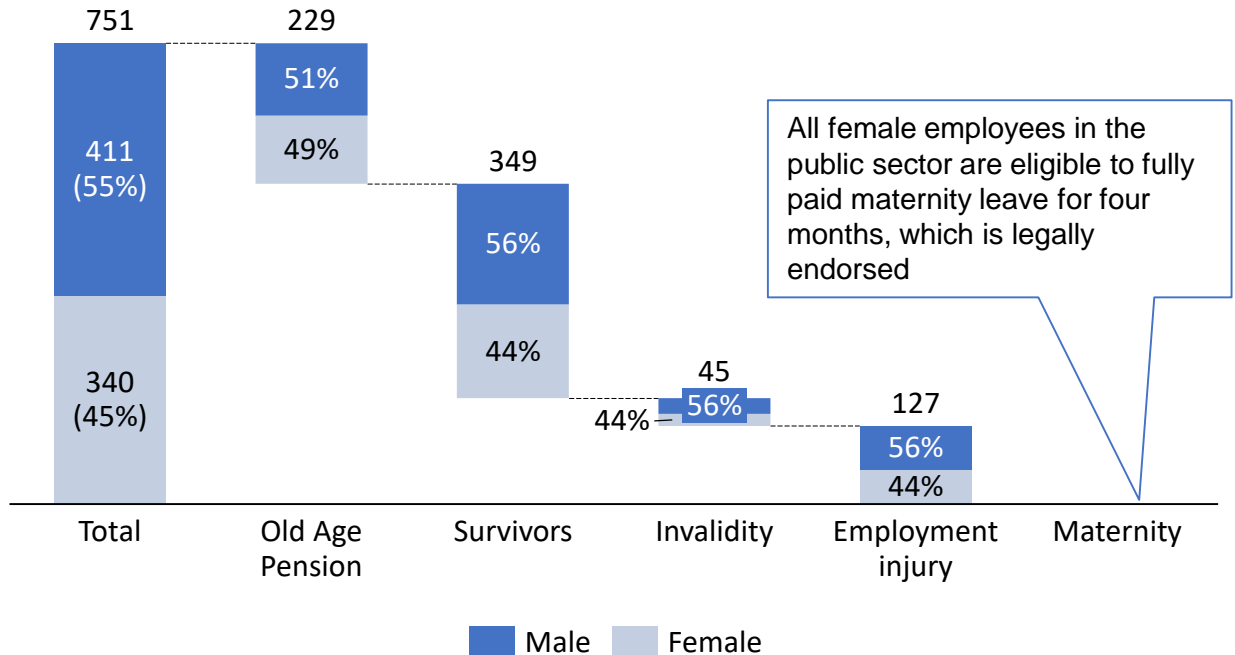
- Public Servant Social Security Agency (PSSSA) collected contributions of Birr 30,540,000,000.00 (30.5 Billion ETB; USD 764.5 million approx.) from the public social security scheme and spent Birr 8,400,000,000.00 (8.4 Billion; approx. USD 210.3 million) for 2019/20 to cover cost of beneficiary including administration

751K Individuals by types of benefits from the scheme, where 45% are women

Number of people contributing into the scheme



Number of beneficiaries by type of benefits (in 000's)



All female employees in the public sector are eligible to fully paid maternity leave for four months, which is legally endorsed

Note: The minimum monthly benefit in ETB is 1,258
Effective coverage of both Social Security Schemes: Cover 14.2% of older person calculated as Percentage of population above statutory pensionable age per SDG 1.3.1 (5M old age)

Summary Findings

Legal coverage

- Ethiopia first introduced Private Organization's Employees' Pension Proclamation in 2011 (Proclamation No.202/2011).

Private Organization Employees Social Security Agency (POESSA)

- This proclamation declares that expanding social security system to reach citizens in private sectors, NGOs etc step by step is part of the country's social policy. The beneficiaries are from private organization's employees and Non-Governmental Organizations (NGOs/CSOs) and other sectors which are not under public servant scheme

Effective coverage

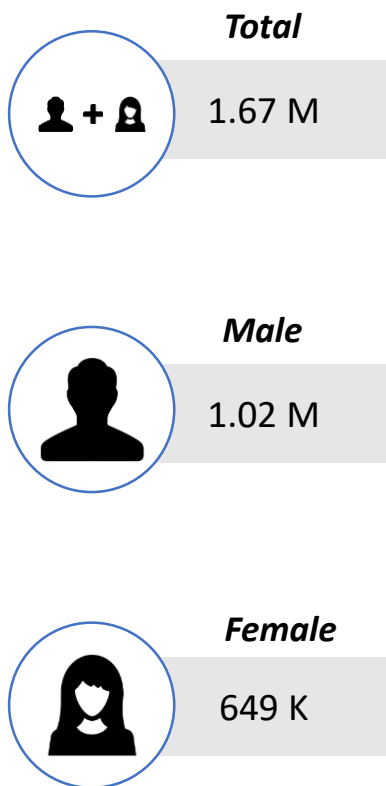
- The function covered by the scheme are old age, invalidity, survivors and sickness benefit for people working in private organizations and Civil Service Organizations (CSOs)
- The scheme covers 1.67 Million active employees in private organizations and CSOs. Out of the active contributing private organization employees, 39% of them are female employees.
- Employers contribute (11% of payroll) while employee contribute 7% of their income

Financing

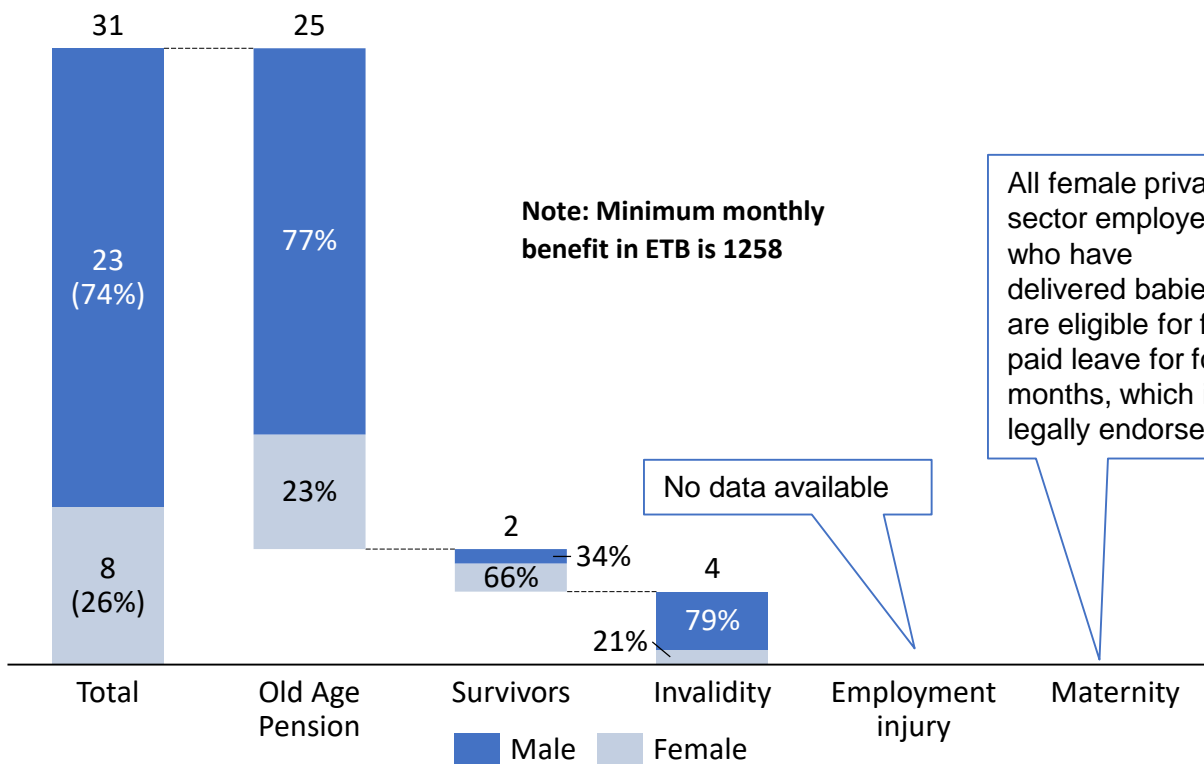
- Contributory/employment period required to receive a benefit is 10 years for pension benefits at age 60
- Private Organizations' Employees Social Security Agency (POESSA) collected contribution of Birr 10,492,697,889 for the scheme and spend annually Birr 576,511,023 for 2019/20 to cover cost of beneficiary including administration

31K individuals get benefits from the scheme, where 26% are women

Number of people contributing into the scheme



Number of beneficiaries by benefits (in 000's)



Note: Minimum monthly benefit in ETB is 1258

All female private sector employees who have delivered babies are eligible for full paid leave for four months, which is legally endorsed

Summary Findings

Legal coverage

- The National Social Protection Policy includes Promotive Safety Net as one of the its focus areas. Rural Productive Safety Net (RPSNP) has been implemented based on programme implementation manual but not anchored in national legislation
- The unconditional “direct support” transfers for labour-poor households has targeting criteria which includes households without labour such as Person with Disabilities, old age, child headed households and etc.

Effective coverage

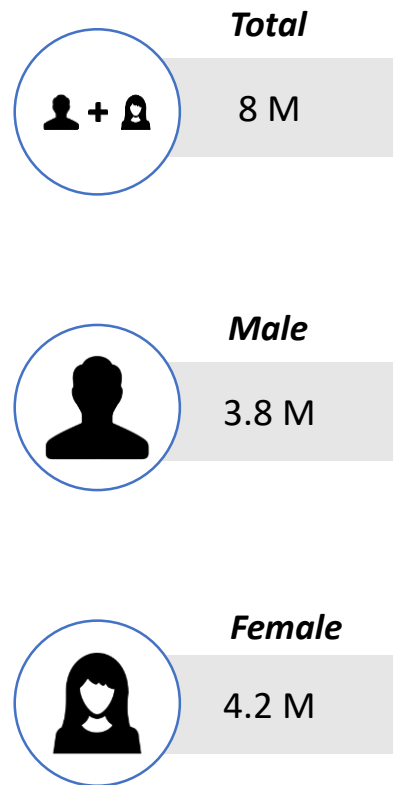
- The non-contributory scheme (PSNP) covers about 8 Million rural food insecure people while 51.7% are female beneficiaries; covered either through Public Works (85%) or for free as Direct Support (15%).
- Ministry of Agriculture is leading the Public works activity while MOLSA is managing the Permanent Direct Support sub-component

Financing

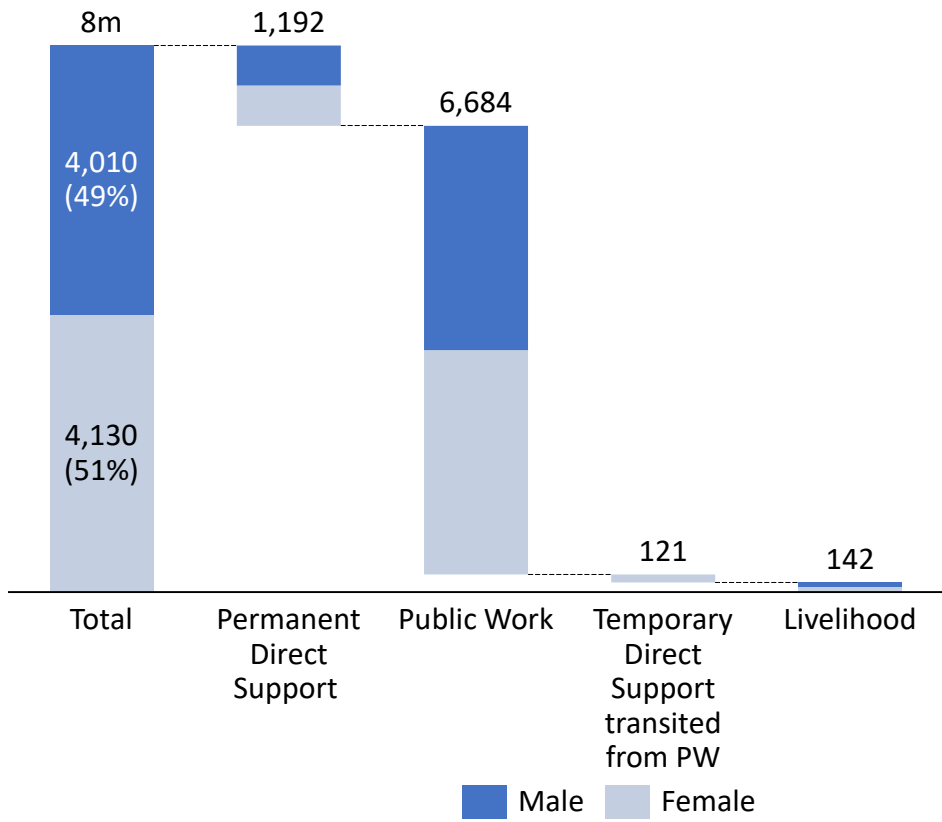
- PSNP is mainly a donor-based financing program with support of 15.6 Billion ETB
- Government of Ethiopia has been increasing financing every year by recognizing the benefits of the PSNP for the ultra-poor.. On average PSNP has a budget of USD 500,000 annually. The government has invested 2.5 Million USD for the last five years . The government has contributed 33% of the total budget allocated for PSNP, while the balance was covered by Development Partners (DPs)

8M individuals by types of benefits from the scheme

Number of people contributing into the scheme



Number of beneficiaries by type of benefits (in 000's)



Types PSNP beneficiaries and Average monthly payment in ETBirr

| Benefit | Total | M | F | Average monthly payment in Birr |
|--|-----------|--------|---------|---------------------------------|
| Permanent Direct Support | 1,192,014 | | | 280/prsn/month |
| Public Work | 6,683,890 | | | 280/ prsn month |
| Temporary Direct Support transited from PW | 121,314 | | 121,314 | 280/prsn month |
| Livelihood <i>(Selected from the Public work participants)</i> | 141,883 | 71,589 | 70,294 | 8,000 Birr lump sum |

Safety Net Program (Public Work and Livelihood Programs)-

May 2019



Summary of the finding

Legal coverage

- The National Social Protection Policy includes Promotive Safety Net as one of the its focus areas.
- The programme is implemented by Urban Job Creation and Food Security Agency, under the leadership of Ministry of Urban Development and Construction and Ministry of Labour and Social Affairs.

Effective coverage

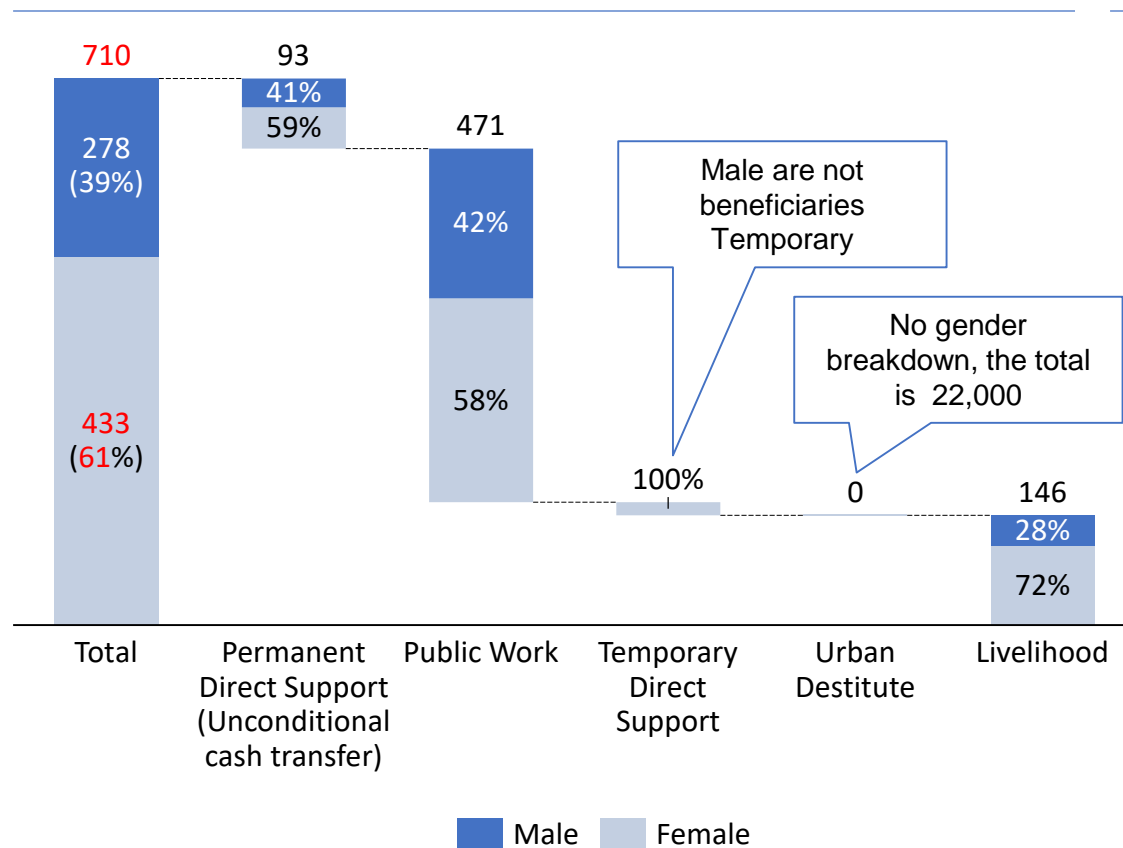
- 604K urban poor people are covered through USPNP and an additional 22,000 homeless people such as children in street situation benefit through service provision.
- Out of the total, 59% of the beneficiaries are female
- UPSNP provides monthly cash transfer to targeted urban poor. Both public work and Permanent direct beneficiaries receive 12 months of support

Financing

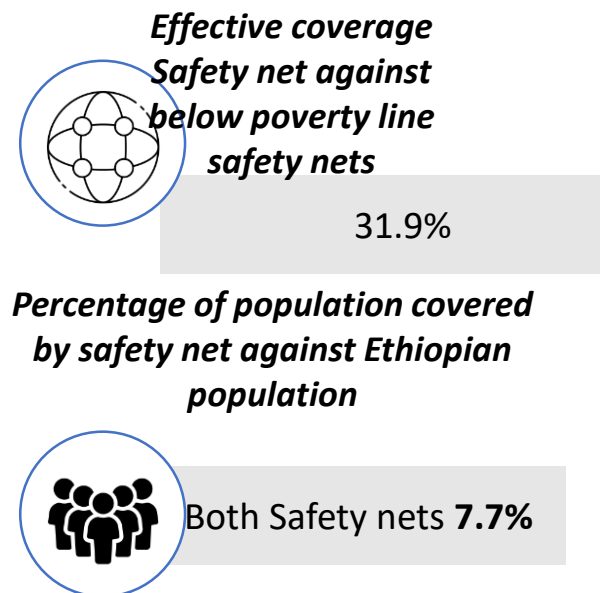
- UPSNP is financed from the World Bank (300 Million USD) and Government of Ethiopia (150 Million USD) for five years (2016-2020)=\$450M. The Government of Ethiopia financed 33% of the existing UPSNP fund of USD 450 Million and is committed to finance the next phase of Urban productive Safety Net and Job Project (UPSJP)

604K Individuals get benefits from the scheme, where 59% are women

Number of beneficiaries by type of benefits (in 000's)



Percentage of population in Ethiopia covered by both Safety Net programmes 2019/2020



UPSNP beneficiaries by types of benefits and amounts of payments

| Benefit | Total | male | female | Average monthly payment in Birr |
|--|---------|---------|---------|--|
| Permanent Direct Support (Unconditional cash transfer) | 93,120 | 37,993 | 55,127 | 315/prsn per month |
| Public Work | 471,420 | 199,460 | 271,950 | 450/ prsn/ month |
| Temporary Direct Support | 17,460 | | 17,460 | 450/prsn/month |
| Urban Destitute | 22,000 | - | - | Contracted out to service providers |
| Livelihood <i>(Selected from the Public work participants)</i> | 146,054 | 40,557 | 105,497 | 14470 /per HHs/lumpsum |

Overall Summary of the Safety Net Programs findings

- Together, the two programs (Urban and Rural Safety Net Programs) have provided a solid foundation for the national safety net system, including core administrative systems to improve effectiveness, efficiency, and accountability of service delivery.
- The two programs have many commonalities in design and implementation, given the different nature of poverty and vulnerability in urban and rural areas of the country.
- Steps are being made to integrate their information systems in the short-medium term. The two PSNP programs' wage rates for Public Works are set marginally lower than market wages to discourage better paid labourer's from participating in Safety Net Program
- Coverage is 7.7%

Summary of the findings

Legal coverage

- While Social Health insurance legal framework was endorsed by government, it has not been implemented yet due to the challenges the program faced from public servant willingness to contribute to the fund (**under the auspices of MOH**)
- The Federal Proclamation on CBHI, as a main policy guideline and legal framework for this social health insurance scheme, is expected to be endorsed in the near future.
- The revised draft proclamation incorporates and determines key policy issues, e.g. designating the Ethiopian Health Insurance Agency (EHIA) as the responsible body and oversight mechanism of the CBHI, determining the adequate proportion of indigents to equate poverty proportions in different regions, a mandatory element of the CBHI as well as providing a legal framework for centralized pooling and alternative ways of funding the existing pools for comprehensive subsidy and indigent provisions of the CBHI.

Effective coverage

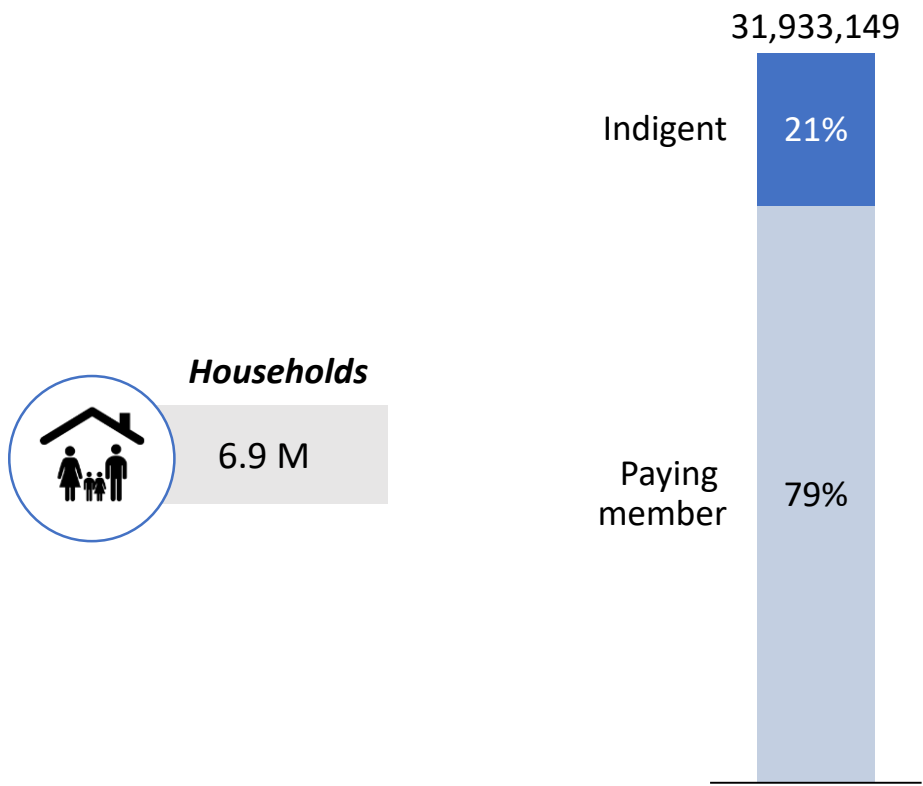
- CBHI scheme covers 31.9 Million or 6.9 Million informal sector households in Ethiopia. Out of this 21% are poor and vulnerable households which are covered by indigent part and this is beyond the expectation of CBHI directive that government was committed to cover only 10% of the non-paying beneficiaries to be enrolled into CBHI.

Financing

- Ethiopia Health Insurance Agency collected contribution of Birr 1,659,092,358 from the CBHI scheme and spent annually Birr 1,136,687,197 (1.13 Billion ETB) for 2019/20

31.9 M individuals are benefitting from the Community Based Social Health Insurance scheme

Number of beneficiaries by types of benefits



- CBHI scheme covers 31.9 Million or 6.9 Million informal sector households in Ethiopia.
- Out of this 21% are poor and vulnerable households which are covered by indigent part and this is beyond the expectation of CBHI directive that government committed to cover only 10% of the non-paying beneficiaries

Summary of the Findings

Legal coverage

- Government in collaboration with Developmental Partners implement Emergency school feeding program (ESFP) to reduce school dropout and absenteeism in areas that are affected by a disaster, poverty and other emergency situations.
- The Ethiopian Ministry of Education (MoE) has been providing school meals in all drought affected regions and currently this has been expanded to Addis Ababa city Administration in 2019/20 for public primary school children.

Effective coverage

- The program had provided emergency school meal for **2,055,623** primary and pre-primary school children in all regions of the country. Schools have been targeted on the basis of national hot-spot priority classification exercise done by National Disaster Risk Management Commission (NDRMC) as well as on the analysis of education performance data report.

Financing

- For the year 2018/19, Federal Government of Ethiopia budgeted 10.72 million \$USD (289,425,983 ETB) in addition to what had been allocated by the pull fund of donors.

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- 1 Ministry of Labour and Social Affairs (MoLSA) lacking data system to track the information on social protection programmes in the country. This hinders MoLSA mandates to coordinate and implement national social protection policy in the country. MOLSA is discussing and working with donors on data base systems and there will be the possibility of developing nation-wide Social registry.
- 2 There is no disaggregated data and information in some implementing agencies. For instance, there is no detailed and processed disaggregated data by type of benefits for POESSA and beneficiaries disaggregated by age-group for Urban and Rural safety net programs which needs due attention for future action. Private Organization's Social Security Agency doesn't have disaggregation of data based on social protection function areas.
- 3 Ethiopia Health insurance agencies only have households' beneficiary data.

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- 1 Support and coaching was provided to Planning, Monitoring and Evaluation Directorate and Social Welfare Directorate team members at MOLSA to collect relevant information from implementing agencies on quarterly and timely basis. Discussions were held with Private Organizational Social Security agency and others to organize disaggregated data-based information on social protection functional areas and types of benefits regularly based on the SSI key items provided to them.
- 2 There is a need to establish a committee drawn from Monitoring and Evaluation teams to have disaggregated data by types of benefits, sex, functions and other information to strengthen the social protection system in the country.
- 3 The SSI tool needs to be installed at MoLSA level for future reference and updates under two directorates namely; Planning, Monitoring and Evaluation Directorate and Social Welfare Directorate.
- 4 Some social programs are under process to develop registry and Management information system (MIS) such as PSNP and UPSNP MIS that will help implementing agencies to collect and organize information on beneficiaries so that SSI has incremental value to feed this MIS.
- 5 The next Urban Productive Safety Net and Job Project in 83 cities and towns of Ethiopia will provide cash transfer to Refugees. ILO needs to collaborate with The World Bank, MoLSA and UJCFSA for the project for further technical support.



Thank You!