

**JESUIT CENTRE FOR THEOLOGICAL REFLECTION
(JCTR)**

Analysis of Specific Social Protection Vulnerability and Economic Policies and Laws in Relation to Basic Needs Basket and Cost of Living



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Introduction

The Jesuit Centre for Theological Reflection (JCTR), a faith based organization and a ministry of the Society of Jesus (Jesuits), strives to translate into action Christian principles and values related to promoting social justice in Zambia. The quest to promote social justice is well captured in its vision and mission which reads as follows: a just Zambian society guided by faith, where everyone enjoys fullness of life; and from a faith inspired perspective the JCTR promotes justice for all in Zambia, especially for the poor, through research, education, advocacy and consultations respectively.

According to International Labour Organization, “The term ‘social protection’ is used to mean protection provided by social security systems in the case of social risks and needs. Social protection is often interpreted as having a broader character than social security (including, in particular, protection provided between members of the family or members of a local community). It is also used in some contexts with a narrower meaning than social security (understood as comprising only measures addressed to the poorest, most vulnerable or excluded members of society). Thus, unfortunately, in many contexts the terms ‘social security’ and ‘social protection’ are used interchangeably.”

According to Zambia’s national policy on social protection it is defined as “Policies and practices that protect and promote the livelihoods and welfare of people suffering from critical levels of poverty and deprivation and/or are vulnerable to risks and shocks”.

Vulnerability is defined as susceptibility to the impact of risky events, as a result of particular weakness or lack of defences, and resulting in a worsened situation for the suffer(s). The long-term poor are clearly vulnerable (National Policy on Social Protection, 2014).

A household is said to be vulnerable to future loss of welfare below socially accepted norms caused by risky events. The degree of vulnerability depends on the characteristics of the risk and the household’s ability to respond to risk. Ability to respond to risk depends on household characteristics - notably their asset-base. The outcome is defined with respect to some benchmark-a socially accepted minimum reference level of welfare (e.g. a poverty line \$1.9 dollars/per day). Measurement of vulnerability will also depend on the time horizon: a household may be vulnerable to risks over the next month, year, etc.

Importance of Social Protection

According to food and agriculture organisation of the United States, “Social protection reduces poverty and inequality, protects people from risks they face across their life-cycle, increases human capital and supports economic growth. Social protection helps children to stay in school by ensuring basic family incomes. For example, while improving the availability of schools and quality of education will help get more children to enrol and stay in school, the children of poor families who cannot afford school supplies or who depend on income from child labour are still likely to not enrol, attend less and drop-out early”. In these cases, social protection instruments allow families to buy clothes and school supplies and send their children to school. Social protection slows the spread of HIV/ AIDS because it can help reduce the risk of HIV infection by providing incentives against risky sexual behaviour by teenagers. In terms of agriculture, households that are affected by HIV/AIDS face decreasing labour availability and asset status over time and become less able to produce enough, either for subsistence or for income generation. Money that would otherwise be spent on fertilisers and other inputs is allocated towards paying for medicines. Social protection activities include voucher systems for improving access to farm inputs and promoting labour-saving technologies. Furthermore it narrows the poverty gap by enabling disadvantaged people to protect themselves and their goods against shocks and disasters, by increasing access to public services and investing in human capital, in particular health and education, by supporting the participation of disadvantaged groups in labour markets. For example, in South Africa workers in households receiving social cash transfers are able to better search for work than those in comparable households not receiving these grants and they are more successful in finding employment as a result.

“ Social protection reduces poverty and inequality, protects people from risks they face across their life-cycle, increases human capital and supports economic growth. ”

Poverty and Vulnerability in Zambia

According to UNESCO Poverty is defined in either relative or absolute terms. Absolute poverty measures poverty in relation to the amount of money necessary to meet basic needs such as food, clothing and shelter. The concept of absolute poverty is not concerned with broader quality of life issues or with the overall level of inequality in society. The concept therefore fails to recognise that individuals have important social and cultural needs. This and similar criticisms, led to the development of the concept of relative poverty. Relative poverty defines poverty in relation to the economic status of other members of the society: people are poor if they fall below prevailing standards of living in a given societal context. An important criticism of both concepts is that they are largely concerned with income and consumption.



Zambia's poverty levels have remained high at 54.4% and rural poverty at 76.6%.

In order to fight poverty Zambia has been a signatory to United Nations global goals like the Millennium Development Goals (MDGs) which were set human and economic development goals and targets to be attained between 1990 and 2015. Eradicating extreme poverty and hunger was goal number one, whose specific targets were to reduce extreme poverty and hunger by half by the end of 2015. Unfortunately the MDGs were not achieved by the end of 2015 and by the end of 2015 Zambia was still one of the poorest countries in the world. It is unfortunate that Zambia's Economic growth has not translated into poverty reduction. According to the latest living conditions monitoring survey (2015) "Zambia's national poverty levels have remained high at 54.4% and rural poverty at 76.6%". The chronic nature of the prevalent poverty in Zambia has significantly eroded away people's ability to withstand shocks in the face of vulnerability and risks. As a consequence, traditional poverty reduction efforts have not resulted in significant gains for the fight against poverty. Zambia is now a signatory to the Sustainable Development Goals (SDGs) whose objectives are to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The set targets in the SDGs are to be achieved by the year 2030.

International Legal Framework

Social security is enshrined as a human right in the Universal Declaration of Human Rights (1948) and the International Covenant on Economic, Social and Cultural Rights (1966), as well as in conventions adopted under UN auspices articulating the rights of specific groups, such as the Convention on the Rights of the Child (CRC, 1989) and the International Convention on the Protection of the rights of all migrant workers and members of their families (ICRMW, 1990). In this regard, the Committee on the Rights of the Child dedicated a Day of General Discussion in October 2012 to “the rights of all children in the context of international migration” and adopted a set of recommendations including specifically on ensuring all migrant children’s rights to “effectively accessing services and benefits such as health care, education, long-term social security and social assistance.” A number of ILO Conventions and Recommendation make provisions for the social security rights of migrant workers and their families thus complementing and giving specific form to the provisions in international human rights instruments.

The most prominent of the eight up to date social security instruments are ILO Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Social Protection Floors Recommendation, 2012 (No. 202). Convention No. 102 lays down principles and minimum standards for the nine classical social security branches: 1) Medical care, 2) Sickness benefits, 3) Unemployment benefits, 4) Old-Age benefits, 5) Employment injury benefits, 6) Maternity benefits, 7) Family benefits, 8) Invalidity benefits, and 9) Survivors’ benefits. It establishes minimum standards regarding amongst others personal coverage, level of benefits, qualifying period, duration of benefits.

The Constitution of the International Social Security Association (ISSA) provides a concise definition of social security in conformity with ILO Convention 102. It reiterates the nine branches of social security, highlights that social security comprises “any scheme or programme established by legislation, or any other mandatory arrangement, which provides protection, whether in cash or in kind” and encompasses, benefits for children and other family members, health care, prevention, rehabilitation, and long-term care. The Social Protection Floors Recommendation, 2012 (No. 202), adopted nearly unanimously by the International Labour Conference (constituted of Government, workers’ and employers delegates of the 185 Member States of the ILO) in June 2012 provides useful guidance on building comprehensive social security systems and extending social security coverage by prioritizing the establishment of national floors of protection accessible to all in need. In particular, it assists Member States in providing social protection to the unprotected, the poor and the most vulnerable, including migrants and their families.



**International Covenant on
Economic Social and Cultural Rights**

Types of Social Protection in Zambia

Social Assistance

According to National Policy on Social Protection 2014 “the Government and other stakeholders have been implementing several social assistance interventions targeting specific categories of beneficiaries. These have taken the form of non-contributory transfers either in cash or in-kind, fee waivers, and subsidies with a view of reducing poverty. These interventions specifically target those who lack the inherent capacity to work, rather than those who are failing to meet their needs through shortcomings in various aspects of their circumstances such as limited access to markets, insufficient capital or land.” Programmes of this nature provide some form of assistance to the needy people aimed at mitigating the adverse effects of the socio-economic situation in the country. This is targeted at the neediest persons in society such as:

- Aged persons;
- the disabled or the chronically ill;
- female headed households;
- orphans and vulnerable children;
- displaced or disaster victims;
- All others who are genuinely unable to support themselves.



Community members receiving Social Cash Transfer.

Programmes of this nature include the Public Welfare Assistance Scheme (PWAS), Social Cash Transfer Scheme (SCTS), nutrition and supplementary feeding interventions such as the Home-grown School Feeding Programme, bursaries and scholarships, and the resettlement and rehabilitation of people with disabilities (PWDs) and Orphans and Vulnerable Children (OVCs).

Social Security

Social security is defined as “all social transfers in cash or in kind that are provided by the government or private sector organizations which are agreed upon through collective bargaining. The existing social security schemes include contributory pension schemes under the National Pension Scheme Authority, Public Service Pension Fund, Local Authority Retirement Fund and other schemes offered by the private sector. Other social security services include the medical schemes and the Worker’s Compensation Fund that compensates an employee or employee’s family when they stop working because of work-related injury or death respectively.



Be smart, secure your future

Currently, the National Pension and Scheme (NAPSA) is the largest social security scheme with an estimated coverage of eight percent of the labour force.

Livelihood and Empowerment

Livelihood and empowerment programmes seek to provide support to households and groups who lack sufficient capacity to generate adequate reliable income that strengthen their livelihoods. These individuals and households have limited capacity in terms of human and social capital, as well as physical, financial and / or natural resources.

Basic forms of livelihood and empowerment interventions typically include provision of finance, agricultural inputs and entrepreneurship skills including public works to promote community infrastructure and assets. In Zambia, specific programmes implemented include the Farmer Input Support Programme, Food Security Pack, Women Empowerment Fund, Functional Literacy and Skills Training, Community Self Help Initiatives and Micro Bankers Trust.



Government delivering inputs for FISP.

Social Protection Financing

There are a number of alternative means through which countries can mobilize revenues to finance Social Protection. It can be financed through taxes, grants, loans etc. In Zambia the major financing of social protection is done through taxes. Zambia often struggles to generate government revenues for social protection through taxation and social security contributions. This is because tax authorities do not have the sufficient capacity and human resource to fully tax the economy. Relatively a large share of the population is employed in the informal sector, making it more difficult and costly to collect social security contribution or taxes. This limits the means to redistribute income and to develop adequate social protection systems, including floors, to reduce poverty and inequality. Making an economic argument for social transfer requires an assessment of cost-effectiveness as well as cost-benefit in both the short term and long term. Budgetary allocation to social protection have remained low and in 2018 reduced to 3.2% from 4.2% in 2017.

Social Protection compensates for the loss of income and covers for health care expenditures. It facilitates access to social services and fulfils access to basic needs. The social cash transfer for example has helped some recipients increase their purchasing power, through investments made in areas such as livestock rearing. Ripple effects have included increased access to education for children and better health care. Social protection is helping mostly the vulnerable to stay out of absolute poverty and to at least afford some of the basic needs of life. Increasing its coverage and budgetary allocations will most likely reduce poverty levels in Zambia and reduce the income inequality gap.

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

- a) Individual level - Building and protecting human capital and other productive assets, empowering poor individuals to invest or to adopt higher return strategies.
- b) Local economy effects - Enhancing community assets and infrastructure, positive spill-overs from beneficiaries to non-beneficiaries.
- c) Overall economy level - Acting as stabilizers of aggregate demand, improving social cohesion and making growth-enhancing reforms more politically feasible.

Social Protection in Relation to Basic Needs Basket

Zambia's economy started growing and the per capita income started rising following the economic reforms of free market liberalization embarked on in 1991. The economy has since been growing at an average real GDP rate of 6% per annum up until 2015 when it decreased to 2.9%. Economic growth, however, has not benefited the majority of Zambians especially the rural poor largely because it has not generated sufficient jobs, which form a strong link between economic growth and poverty reduction.

According to the 2017 Labour Force Survey, unemployment rate in Zambia was 11.9%, of which 75.2% had informal jobs and 24.8% had formal jobs. The statistics shown prove that economic growth has not created enough jobs thereby not fostering economic development in Zambia. According to the Zambian Government, the failure of the strong macroeconomic position to translate into reduction in poverty, inequality and improved general living conditions for the majority of the Zambians is due to macroeconomic and policy constraints as well as poor governance at all duty-bearer levels. Poor governance can be seen in the type of economic as well as social policies implemented that do not put the needs of a human person first. Increased funding towards social protection will mostly likely translate into improved standards of education, health, water and sanitation and income.

Economic growth that has no bearing on the welfare of the people is not useful as it just perpetuates poverty and inequality. With the desire to promote social justice for all especially the poor, the Jesuit Centre for Theological Reflection through the Social and Economic Development programme carries out a monthly survey called the Basic Needs Basket (BNB).



The JCTR conducts BNB monthly in 15 towns throughout Zambia to assess the cost of living.

The contents of show the realities and the aspirations of the people to meet basic needs for decent human living. The importance of the work of the BNB research primarily lies in the question of how people's progress is measured from conditions that are "less human" to those that are "more human". The BNB is a very fundamental observatory tool that consistently measures the quality of life indicators such as people's ability to have food, good health care and education, adequate food at household level, adequate incomes, improved levels of trust in governance and social service delivery. Available evidence on BNB use shows enormous potentials in influencing policy choices and directions for improved living conditions in countries where it has been conducted. The BNB is done in 15 towns throughout Zambia to assess the cost of Living. Cost of living has remained high and is preventing people from living a dignified life for example the latest JCTR basic needs basket for Lusaka August 2018 is at K5,402.31. Furthermore according to the 2015 Living Conditions Monitoring Survey, the average monthly income for Zambian households was K1, 801.3. JCTR notes that the gap between cost of living and income is too wide and it's contributing to increase in poverty levels within the country.

Challenges in Social Protection

- a) Inadequate funding and low budgetary allocations to social protection programmes has impeded its full implementation. The total allocation for social protection in 2018 reduced to 3.2% in 2018 from 4.2% in 2017. The decrease in SP spending seems inconsistent to national objectives and commitments the Government announced in the 7NDP to reduce poverty and vulnerability on the extreme poor. With reduced budgets it is certainly difficult to reach as many people as pronounced which leaves many vulnerable families with no hope of living a better life.
- b) Targeting of the most vulnerable has proved to be a challenge and many are left out from benefiting. This is because government information system that retrieves data from a program's database into information that can be used for efficient and effective management has not been well established.
- c) Shortage of human resource in the ministry of community development and social service has hampered the progress of social protection.
- d) Lack of a legal framework that protects social protection and endorses accountability has contributed to it not being effective.
- e) Poor coordination among donors, NGOs and government in program implementation has impeded the progress of social protection.

Conclusion

Social protection has emerged as a policy framework employed to address poverty and vulnerability in the world. It is without doubt that over 50% of Zambia's population are living in poverty and have inadequate access to quality social services. Examining the implications of following different social protection pathways to reduce poverty and vulnerability and to establish long-term social protection institutions remains an urgent need for our country. Increased investment in social protection and social assistance can be extremely effective in reducing poverty and vulnerability, as well as poverty persistence across time and generations. Countries with stronger social protection and assistance institutions show lower rates of poverty and vulnerability, and are more resilient in the face of economic and social transformation. China has an unmatched record of achievement in poverty reduction over the past three and a half decades, accounting for 72% of the global reduction in extreme poverty. China's success in

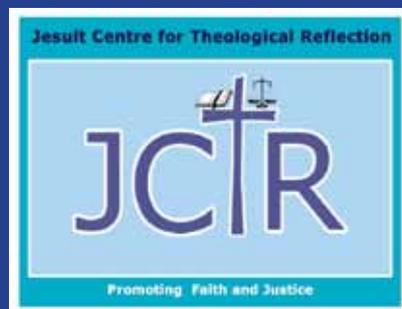
poverty reduction is the result of a combination of factors, including strong economic growth, attention to antipoverty programs, and improved access to social services and social protection. It therefore remains fundamental that Zambia should copy from China by investing more in social protection and ensuring that social protection programmes get fully implemented. Government should prioritise having a strong legal framework that guides social protection in Zambia. Government should also ensure that Economic Social and Cultural rights are included in the bill of rights of the Zambian constitution. If the ESCR are included in the constitution it will allow the general public to hold government accountable and ensure that these services are provided to people.

Recommendations

- a) Government should increase budgetary allocations to social protection to at least 1.7% of GDP which is the average of Sub Saharan African countries.
- b) There is need to develop an effective and efficient Management Information System (MIS) to reduce challenges faced when selecting beneficiaries.
- c) There is need to build synergies among existing programmes in social protection to maximize the impact on poverty reduction and enhance collaboration among key stakeholders.
- d) Government should enact a comprehensive social protection policy and should put in place a legal framework that will ensure accountability in the delivery of social services.
- e) Strengthening monitoring and evaluation system in social protection should be prioritised to ensure effective and efficient delivery of social services.

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