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Towards redistributive social protection systems? Insights from Senegal and Morocco

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Social protection has come to feature more and more prominently on international and national development agendas. This quest for social protection in developing countries raises an important question: how can social protection act as an instrument for redistribution of wealth at the national level? The redistributive potential of a social protection mechanism will determine to a great extent its sustainability, ownership and impact on inequality, as well as its contribution to financing development. Assessing and enhancing this redistributive potential requires a multi-dimensional analysis and approach, encompassing political, technical, institutional and financial considerations.

Introduction

Understanding the redistributive potential of social protection systems in a developing country is easier said than done. Existing insights on redistribution through social protection are often based on experiences in high income welfare states. Research looking into the different patterns and dynamics of the development and impact of social policy in low- and middle-income countries is far less advanced (Bender, Kaltenborn, & Pfleiderer, 2013, p. 33).

This policy brief reports on a two-phased research combining conceptual work (Fonteneau & Van Ongevalle, 2015) with case studies in Senegal and Morocco in order to build and test a theoretical framework that can guide the assessment of the redistributive potential of social protection mechanisms in a developing context. The research aims to offer academics as well development practitioners a tool to enhance their insights in redistribution through social protection systems and how to support it.

Introducing decentralized universal health coverage in Senegal

The overall Senegalese social protection system is underdeveloped and presenting significant gaps. Salary workers in the formal sector are best off, with access to social insurance that covers risks related to birth, health, work accidents or work-related sickness, and old age. Some social assistance provisions exist, accessible to different vulnerable groups and mostly aimed at providing access to basic health care and offering in some instances family allowances. However, recently there have been important evolutions in social protection policy.

On the initiative of newly-elected president Macky Sall, anno 2013 the Ministry of Health and Social Action drew up a Strategic Plan for the Development of Universal Health Coverage in Senegal. The plan aims for a major reform in the health pillar of social protection with the introduction of universal health coverage. It is built

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around three axis: 1) improving access to free services (gratuités), 2) strengthening the mandatory health insurance for the private sector, and 3) building decentralized health insurance delivered through mutual health organization. The latter is referred to as the project for 'Extension of the health coverage through mutual health organisations in the context of decentralisation' or DECAM.

Assessing the redistributive potential of DECAM required a multi-dimensional analysis. Technically, DECAM represents a choice for a universal health insurance system. In principle this is a good foundation for redistribution but a more in-depth analysis of its technical dimensions shows that DECAM is specifically designed for the informal sector, meaning the heterogeneity of the insured beneficiaries will be low and hence so will the potential for redistribution. DECAM will mostly cover rural, informal workers confronted with similar precarious working conditions and livelihood risks. Another feature that implies redistribution, is the inclusion of poor and vulnerable groups in DECAM, financed by the state. However, the inclusion of the poor and vulnerable in the same mechanism that covers the informal and rural sector further increases the high risks DECAM is exposed to. The fusion of mechanisms covering the formal and informal workers, or the inclusion of the poor and vulnerable groups in the health insurance covering the formal sector workers, would have distributed risks and increased potential for redistribution between different socio-economic population groups. A mandatory insurance would also have increased heterogeneity and thus the potential for redistribution potential.

An analysis of the **financial** dimension does show potential for redistribution between different socio-economic population groups: DECAM will be financed through a combination of budget reallocation, increased (indirect) tax revenue and improving tax collection capacity, extending membership contributions and the use of aid and transfer. A more concrete and calculated financial plan was lacking. In general terms it can be said that the use of tax income to subsidize the health insurance of the informal sector and poor and vulnerable groups definitely is a strong redistributive element. The significant involvement of different international development partners, although problematic from a sustainability perspective, entails international redistribution. A thorough assessment of redistribution is however impeded by the lack of a more detailed financial plan including figures on the respective weight of these different financing sources.

The **institutional** dimension reveals a challenge for redistribution. There is a complex and tense interplay within and between the different institutional actors charged with the implementation, management and governance of a social protection mechanism. These and other institutional challenges, such as the long-term viability of newly erected mutual health organisations, are underestimated. Yet, the success of DECAM will depend on establishing an actual partnership between the central government agency, the local authorities and the mutual health organisations. Additionally, the relation between DECAM and other social protection mechanisms (e.g. Family Security Grants, free health care) is not being fine-tuned, whereas these measures will interfere with DECAM. This also illustrates that pursuing redistribution in one mechanism does not necessarily

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imply a redistributive social protection system as a whole.

From the case study it is clear that **politics** have shaped and continue to shape the policy formulation and implementation of DECAM, and that these political dynamics are crucial to understand the technical, financial and institutional choices. Political factors that have clearly played a role include: 1) the rise of social protection on the international development agenda and the emphasis on universal health coverage in key institutions such as the World Health Organisation; 2) the long track record of donor involvement in the development of mutual health organisations, which contributed to the development of a network (an epistemic community) of professional and community-based mutual health organisations, expert resource persons, favourably-disposed policy makers and financial and technical partners in support of the idea of mutualism; 3) the presidential promise to boost coverage, creating momentum as well as the high time pressure to move ahead; 4) the fact that previously formulated policy documents featuring the development of mutual health organisations were available at the time policy formulation accelerated; 5) the trade unions that did not lobby for the inclusion of the informal sector but instead opted to protect the health insurance in the formal sector from absorbing additional risks and from changes in governance possible weakening union position; 6) the civil society that did not have a strong track record on social protection and possibly lacked capacity and legitimacy to really influence the policy formulation; 7) the importance of the principle of decentralization embedded in Senegalese public policy; 8) the absence of redistribution as a guiding idea in the entire policy process.

Building health insurance and health assistance in Morocco

The Moroccan social protection system is considered fragmented, favouring the wealthiest households, limited in scope and coverage and poorly targeted. Formal private and public sector workers are most protected, through social insurance. Some social assistance is provided for the poor and vulnerable groups. The most significant recent development in Moroccan social protection policy has been the adoption of Law 65.00 in 2002 on Basic Medical Coverage. This law has resulted in the introduction of a mandatory health insurance (AMO) for the formal sector and the establishment of a medical assistance scheme for the economically destitute (RAMED). The expansion of the latter to the national level and the expansion of former to other target groups (e.g. independent workers and students) are still work in progress.

A first striking observation, from a **technical** perspective, is the fragmentation in the Moroccan system. Different target groups (public sector, private sector, independent workers, poor, extreme poor) are served by different mechanisms. The long term goal may be gradual harmonisation and convergence, leading to a unified system, but very few attempts to transcend the different silos and to establish redistribution between the different socio-economic population groups can be observed so far. This resonated with how key officials formulate the government's priorities: "Let's begin with solidarity between the sick and the healthy. Maybe afterward we can work on solidarity between the rich and the poor".

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That redistribution between the sick and the healthy is indeed being increased by the current reforms: social insurance (AMO) in the formal sector has been made mandatory, and the public sector mechanism will come to include students and retirees in its population. This increases the heterogeneity of the different beneficiary groups. But when looking for redistribution that promotes equal rights, another observation comes up. The medical assistance scheme for the economically destitute (RAMED) did indeed increase access to health services for the poor, as the spectacular rise in demand can show. However, the choices made by the Moroccan government have also consolidated a dichotomy between different population groups, giving some population groups more rights and choices, while limiting the rights and choices of others. Beneficiaries of the mandatory health insurance can access private and public health care providers wherever they want, whereas beneficiaries of RAMED can only access the public sector in a specific geographical region. This is especially problematic because of the lack of service in the public sector and because the supply of health services is geographically badly distributed, leaving some areas with hardly any services and concentrating the services in major cities. As one high ranking official chose to phrase it: “We believe it is normal that whoever is credit worthy gets access to the best system and the most options. Whoever is paid for by the state, will have to settle with what is offered”. Although unclear how influential the underlying idea on the respective roles of the state and the individual, it does illustrate the important role of ideas, norms and values in setting the scene for a specific policy.

The analysis of the **financial** dimension reinforces the doubts regarding the redistributive potential of the Basic Medical Coverage as currently being implemented. The health assistance (RAMED) is partially funded by the state budget and can hence be considered tax-funded to some extent. But in the light of the clearly insufficient funding (leading to strong pressure on the public health care providers) and the ongoing discussions on the introduction of a moderating ticket in RAMED, this seems a very half-hearted attempt at redistribution. Additionally, because of the bad image of the public sector the flow of resources in the health insurance is going mostly to the private health sector, further reinforcing the gap between private and public health care providers.

Different **institutional** hitches also affect redistributive potential. Firstly, the fragmentation and the lack of coordination have impeded a smooth implementation of the reform especially during its first decade, and especially with regard to RAMED. Secondly, institutionally, RAMED has not been well-imbedded. It does not have a predictable and reliable funding source, it does not have a regulator, the managing role of the National Agency for Health Insurance is being undermined and the implementation of RAMED on the ground has not been supported by additional resources but has mostly just been added to the work load of local public servants.

Politics clearly have shaped and continue to shape the policy formulation and implementation of Basic Medical Coverage reform. Political factors that have clearly played a role include: 1) social unrest and public pressure proceeded different accelerations in the reform process

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(during the 90s in response to the structural adjustment plans; and in 2011 with the Arab Spring); 2) change makers within the administration played an important role in building political consensus on a system for basic medical coverage, and in keeping RAMEED on the political agenda; 3) the support of the King and the trade unions was key to expand the scope of the policy discussion and include coverage of the poor and the informal sector; 4) the existence of strong institutions (mutual health organisations) backed by the trade unions was an important argument in favour of a cumulative reform that would gradually expand coverage and evolve toward a unified system in the long term; 5) aside from trade unions, civil society organisations have played a very limited role. This can be explained because they lacked expertise on the topic, but also because they were not actively consulted or included in the policy formulation process.

Theoretical framework

In line with previous research (Hickey, 2008; Lavers & Hickey, 2015), this study finds that the redistributive potential of a social protection mechanism is determined by technical, institutional, financial factors that are, in turn, largely shaped by politics. This includes formal as well as informal politics at the global, regional, national and local level. This has been summarized and visualized in figure 1.1 below that presents a theoretical framework to analyse the redistributive potential of social protection mechanisms.

The **technical** dimension refers to the choices that have been made to achieve a certain social protection policy objective. These choices relate to the type of mechanism (assistance/insurance/employment) that has been

selected, its scope (universal/targeted), the targeting approach and methodology, the governance structure, and the organization of the service provision and delivery. One important issue to take into account in this dimension is whether a balance is pursued between expanding coverage, improving the generosity and quality of benefits and achieving equity in access to these benefits (Franzoni Martínez & Sánchez-Ancochea, 2014). Another important issue pertains to the risk of eroding the broader public support when mechanisms do not benefit middle-class, referred to as the paradox of redistribution (Cantillon, Van Mechelen, Pintelon, & Van den Heede, 2013; Franzoni Martínez & Sánchez-Ancochea, 2014).

This technical and operational dimension overlaps partly with the **institutional** dimension that covers the different institutions involved in (or strangely absent from) the implementation, management, coordination, and evaluation of social protection policy measures. This includes the task allocation between different institutions, their respective mandate, (financial) autonomy, and power. It also comprises the mechanisms for participation of different stakeholders, the arrangements for ensuring accountability, monitoring and evaluation, and the coordination between the different social protection domains and mechanisms. The role of institutions in development is key, and this goes for social protection as well, but behind institutions lie politics. A too technocratic approach to the institutional dimension will obscure how institutions are in fact the battleground between different interest groups.

Equally key is the **financial** set-up envisioned to finance the social protection mechanism. How will the necessary resources be generated? How predictable and sustainable are these resources

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flows? What is the respective weight of domestic resources and external financial support provided by donors? Although the latter can be seen as a form of international redistribution, the former is key to ensure nationally owned and sustainable social protection systems. This study was not able to include an in-depth discussion of the different fiscal options and their implications for redistribution.

Last but not least, the framework shows the importance of the **political** dimension. Consequently this study subscribes to the argument “that politics need to be at the centre of efforts to understand social protection in low income countries and the evident variation in country experience.” (Lavers & Hickey, 2016). Politics are key to understand the available policy space, the choice for specific policy options, and the ups and downs in the implementation. In that sense, the political dimension is dominant, and present in all other dimensions as well. This emphasis on the political dimension also resonates with the need, put forward by different academics and practitioners, for a better inclusion of politics in development cooperation (Hudson, Marquette, &

Waldock, 2016; Menocal, 2014; Ramalingam & Bound, 2016).

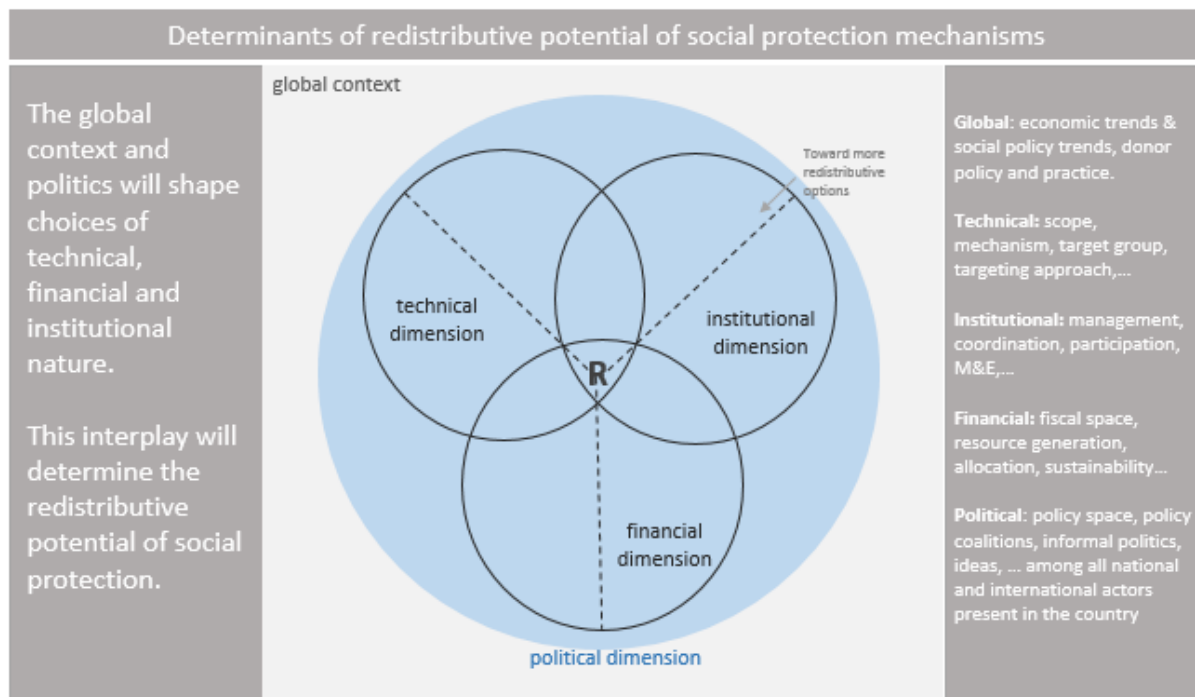
The political dimensions covers the negotiation between different groups in society, leading to the formation of a specific political settlement that will determine the redistribution of resources within society. It also includes the interaction between national policy actors such as the government, administration, political parties, Parliament, the organized civil society (NGOs, trade unions, social movements) and the other ‘unorganised’ social forces (including elites, spontaneous popular movements, influential leaders, etc.), as well as international and actors. The interaction between these actors will determine what policy coalition forms in favour of which social protection mechanisms, and will determine the selection, design and implementation of social protection policy options. These interactions can be formal (consultations, elections, propositions, etc.) as well as informal (lobbying, influencing, etc.), and they are influenced by ideas and mental models.

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Figure 1 A theoretical framework to analyse the redistributive potential of social protection mechanisms
Source Adapted from Fonteneau & Van Ongevalle (2016)



Key observations

Three major observations emerged from this two-phased study on the redistributive potential of social protection:

1. In the case studies efforts are ongoing in the areas of expanding coverage, improving generosity of benefits and improving equity of access, but there is a strong focus on expanding coverage. A better balance with generosity of benefits and equity of access is not explicitly and prominently pursued by national policymakers nor technical and financial partners.

2. Politics are indispensable for understanding social protection policy in low- and middle income countries, and for assessing how the development of redistributive social protection can be supported. Investigating this political dimension requires awareness of the driving role of political settlements, the role of both formal and informal power dynamics and institutions, the role of international and transnational actors, and the role of ideas. There is very little publicly available evidence showing that technical and financial partners supporting social protection reforms are aware and currently engage with these dynamics.

3. Although some possibilities for participation in the development of social policy may exist, the actual involvement of stakeholders is limited: not all stakeholders are included and/or their possibilities for actually influencing policy are restricted. This has to do with a reductive interpretation of what stakeholders are relevant and a lack of proactive stakeholder engagement on the one hand. On the other hand, stakeholders, and specifically civil society organisations, don't have social protection prominently on their radar or lack capacity and expertise to engage in the policy process in a meaningful way.

Recommendations

1. Support a maximalist interpretation of redistributive social protection

Initiate and/or support a transparent reflection on the redistributive potential of different social protection policy options and on the trade-offs being made between coverage, generosity and equity. This can promote a more holistic, balanced interpretation of redistribution in social protection and can avoid a too one-sided and technocratic focus on expanding coverage.

2. Give politically-smart support for social protection reforms

Institutions matter for development and behind institutions lie politics. Efforts to support redistributive social protection need to be politically-smart. This requires a strong analysis of the political environment in which a social protection mechanism is put on the agenda, operationalised and implemented, as well as the development of clear strategies on how to engage with these political dynamics and how to enable the own organization to do so.

3. Promote a more inclusive and meaningful stakeholder participation

Supporting the involvement of all stakeholders in social protection policy processes contributes to a comprehensive and shared assessment of the social protection situation on the ground and promotes a wider debate on the policy options to move forward. This is important for the development and implementation of a suitable and feasible policy options that enjoy public support. Providing tools to guide such stakeholder participation (e.g. the assessment-based national dialogue) or strengthening capacity of stakeholders to participate can contribute to this.

The **theoretical framework** presented in the study has proven to be useful tool to guide the comprehensive assessment of the redistributive potential of social protection mechanisms, which is a crucial first step in putting these recommendations in practice.

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