FIN

FINANCING AND FINANCIAL MANAGEMENT OF SOCIAL PROTECTION

BUILDING SOCIAL PROTECTION FLOORS IN AFRICA

TRANSFORM

SUMMARY DOCUMENT

TRANSFORM is the result of an iterative process of co-creation involving experts and practitioners from southern and eastern Africa. This manual is based on a document prepared by Florian Jurgens and Krzysztof Hagemeier (ILO) with inputs from from Luis Frota and Luca Pellerano (ILO).

The editors of the TRANSFORM curriculum series are Luca Pellerano, Luis Frota and Nuno Cunha. Participants to workshops in Kenya, Zambia and Tanzania provided useful comments and inputs. The content of this manual does not reflect the official position of the different organizations supporting the TRANSFORM initiative.

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LIST OF ABBREVIATIONS

ILO	International Labour Organisation
R. 202	ILO Social Protection Floors Recommendation, 2012 (No. 202)
ASPIRE	Atlas of Social Protection Indicators of Resilience and Equity
OECD	Organisation for Economic Co-operation and Development
GDP	Gross Domestic Product
SPF	Social Protection Floor
ADM	Administration and Delivery Systems
ICT	Information and Communications Technology
MIS	Management Information Systems & Approaches to Data Integration
CCTs	Conditional Cash Transfers
VAT	Value-Added Tax
M&E	Monitoring & Evaluation
DFID	Department for International Development
CSOs	Civil Society Organisations
LEG	Legal Frameworks

CONTENTS

1

INTRODUCTION

Irrespective of the type of programme, administration is the backbone of a comprehensive The purpose of this module is to provide a concise and easily understood introduction to critical aspects of social protection financing and financial management with a focus on "non-contributory" social protection schemes.

The module covers a number of important issues, ranging from question of affordability, through establishing determinants of fiscal space, revenue mobilization, measuring costs of social protection in the context of public finance and the national budget process, public expenditure monitoring and evaluation and issues of financial management administration.

While social protection is generally understood to be affordable for all countries at various stages of development and often costs relatively less than other government expenditures, it does constitute a significant monetary investment towards a country's future. To finance social protection, sufficient and sustainable resources must be efficiently raised without detrimental effects to a country's economy, administered professionally and distributed amongst various government and private agencies in way that guarantees high levels of accountability and transparency.

Financial policy and the budgetary process are key government processes in the determination of a country's spending priorities and therefore stakeholders that aim to improve social protection require an understanding of the various processes through which revenue mobilization and expenditure decisions are made and what channels exist to influence them.

More specifically this module on Social protection financing aims to provide:

- Ability to use available data sources to assess costs of social protection programmes and overall social protection systems;
- Understanding of main issues related to the debate of social protection affordability and sustainability and relationships between social protection, public finances and the economy;
- Capacity to identify of determinants of fiscal space for social protection and potential sources of revenue mobilization;
- Understanding of determinants of current and future sustainability of social protection versus its adequacy;
- Understanding of public budgeting process, public social expenditure reviews and social budgeting;
- Understanding of financial administration of social protection.

Having completed this module, the participant will have:

- Capacity to define the scope and analyse levels of social protection expenditure at any given moment;
- Ability to expand the analysis to encompass changes over time and across countries;
- A good understanding of the debates on affordability of social protection;
- An overview of the main challenges of financing social protection from different sources;
- Basic understanding of quantitative tools to be applied for financial governance of social protection.

2

SOCIAL PROTECTION FINANCING: OVERVIEW

Questions of design, adequacy, costs, possible sources of financing, and resulting affordability and financial sustainability of newly planned individual social protection programmes should not be discussed in isolation from the analysis of the finances and performance of the social protection systems already in place. Instead they need to be assessed taking into account:

- the social values, norms and preferences in a society;
- the economic and social needs for alternative public expenditure programmes;
- the situation and prospects of public finance and the economy;
- the costs of planned scheme and sources of its financing in the next budgetary cycle, as well as the longer-term costs and sustainable financing of the planned scheme.

2.1. DEFINING SOCIAL PROTECTION EXPENDITURE & FINANCING

2.1.1. Social Protection Financing: definitions and key information requirements

Finances of individual social protection schemes and overall social protection systems should be regularly monitored. ILO Recommendation No. 202 concerning national floors of social protection states that countries "should monitor progress in implementing social protection floors and achieving other objectives of national social security extension strategies through appropriate nationally defined mechanisms". Such monitoring should include measuring the performance of social expenditure in terms of:

- **Effectiveness:** general performance with respect to social outcomes (poverty rates, income inequality, health status, nutrition, social cohesion); distributional performance – horizontal distribution of coverage and benefits (gender, formal/ informal sector, groups identified as vulnerable) – and vertical distribution (effectiveness in reaching the poorest and closing the poverty gap); administrative performance (administrative costs to total administrative costs; efficiency of particular functions like registration and payment systems, claims and delivery…);
- **Coverage:** scope - range of risks and needs covered (old age and survivors, disability, unemployment, sickness and health, unemployment, maternity, family, infants, children); extent (personal coverage by sex, age, labour market or education status); level of protection (benefit levels compared to national benchmarks of poverty, minimum wages, unskilled wages, mean wages …);
- **Expenditure and financing:** statistical analysis of the costs and financing sources of the national social protection systems.

Every scheme and every country should thus develop a set of indicators for social protection finances monitoring and secure that quality statistics necessary to calculate such indicators is timely produced, compiled and made available to all stakeholders.

Concerning social protection expenditure and financing social protection, those who coordinate national social protection policies as well as any institution administering social protection scheme should have information enabling answering the following questions:

- Who (at least by age and sex) gets benefits and how much?
- Who pays (what are financing sources)?
- How much it does it cost and how much of it goes to costs of administration?

Income and expenditure statements should include the items described in Table 1 (excluding social security contributory elements), and should be provided by scheme or by group of schemes administered by one institution if certain elements cannot be assigned to individual schemes. When one institution administers more than one scheme, each serving different social protection function, it may not be possible to separate costs of administration and/or sources of revenue and assign it to different functions.

Table 1: Information need for a basic financial statement

TOTAL EXPENDITURE	BENEFIT EXPENDITURE + ADMINISTRATIVE COSTS + OTHER EXPENDITURE
Benefit	Transfer (in kind and cash) provided to an individual or household on the basis of an entitlement or need
Administrative costs	Any management and administrative expenditure incurred by the scheme directly responsible for the provision of social protection benefits such as salaries or the costs of running an office.
Other expenditure	All miscellaneous expenditure incurred by social protection schemes such as interest on loans, taxes on income, and others not recorded elsewhere
TOTAL REVENUE	GENERAL GOVERNMENT CONTRIBUTIONS (INCLUDING EARMARKED TAXES + GENERAL REVENUES) + DONOR BUDGET SUPPORT
General government contribution	Contribution by the government to finance the cost of goods and services provided by the government to protected persons in the form of means tested or universal benefits
Earmarked taxes	This is a sub category of the above. They are levies and specially designated taxes raised to finance specific social benefits.
Donor budget support or grant	In countries where this is important part of either benefit or administrative support
Other receipts	Interests on income from deposits, insurance claims, and other revenue not classified elsewhere

Source: Authors

The ILO's World's Social Protection Report annexes include data bases, data and indicators and methodology on social protection coverage and financing. It is mostly based on ILO's administrative survey based Social Security Inquiry. The latest WSPR is available here: http://www.ilo.org/global/publications/books/WCMS_604882/lang--en/index.htm

Box 1: International sources of data on social protection expenditure, coverage and financing

The SSI (Social Security Inquiry) of the ILO, is an online database includes data on social protection expenditure, financing and coverage coming mainly from administrative records and has reached a stage of completeness which enables global and regional estimates. It contains also qualitative statutory information available from ISSA (on institutional parameters and coverage and other sources).

ASPIRE database by the World Bank uses households' survey data from various countries on access to social protection program to produce key performance indicators, as well as aiming to provide detailed description of survey instruments (for 50 countries, to be expanded to 70 shortly). ASPIRE is currently being expanded to contain data from administrative sources.

Help Age maintains a full comprehensive inventory of social pensions that is available here http://www.pension-watch.net.

Other more or less regularly updated (this is part of the challenge) and well established databases (even if regional) exist: European Union's Eurostat ESSPROS (European Integrated System of Social Protection Statistics), OECD Social Expenditure Database (SOCX), IMF Government Finance Statistics (GFS), and Asian Development Bank Social Protection Index (SPI) and the Economic Commission for Latin America (ECLAC) databases.

Source: Authors

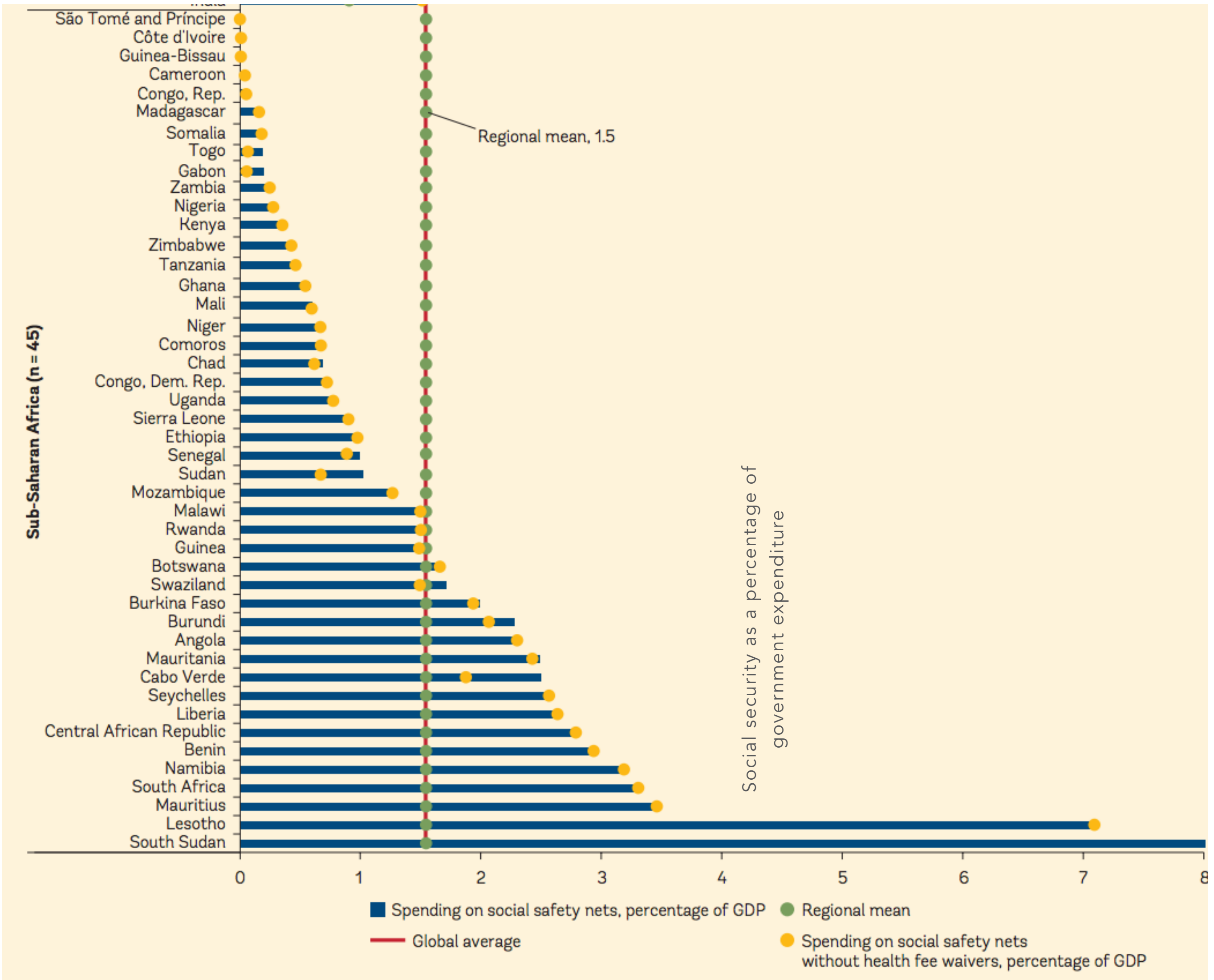
2.2. AFFORDABILITY OF SOCIAL PROTECTION

2.2.1. How much different countries spend on social protection?

According to the ILO estimates presented in World Social Security/Social Protection Reports, on average, on average, countries in the world allocate 11 per cent of their respective gross domestic products to social protection. The size of the population in different countries can also be used as a weight to calculate mean percentages of GDP allocated to social protection: in this case the result shows that for the "average" resident in different countries only 8.4 per cent of the GDP of the country is allocated as social protection benefits in the form of cash and in-kind.

A large portion of social protection everywhere is provided through contributory schemes and financed mostly from social security contributions. Only recently larger scale non-contributory schemes started to develop in different parts of the World. As data from the World Bank ASPIRE database show, in **Sub-Saharan Africa** on very widely defined (including public works and community based programmes but excluding health care) **non-contributory social protection programmes countries spend on average 1.5% of GDP** (globally, in low-income countries – 1.5% of GDP).

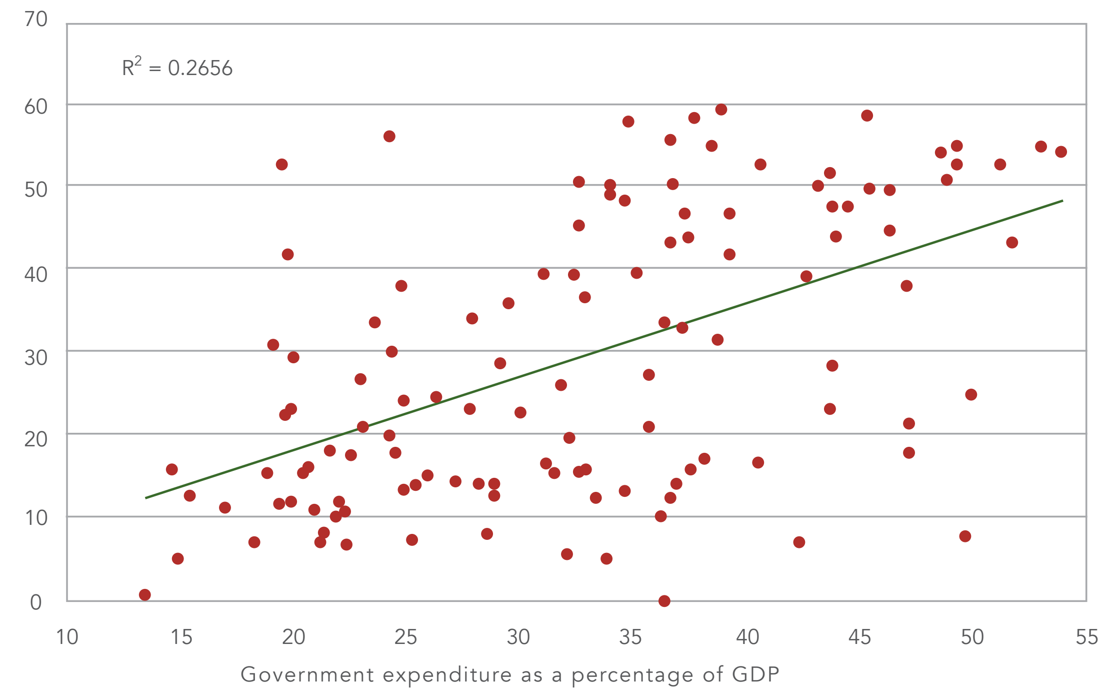
Figure 1: Social Safety Net Spending Variations across Countries and Regions: Africa



Source: State of Safety Nets, World Bank (2018)

After reaching a certain level of fiscal revenue countries can exercise a significant degree of discretion in choosing which public programmes to invest in. Of course this discretion does not mean that choices are easy – there are always opportunity costs behind any such decision and expenditure planning should combine the democratic process, reflecting societal preferences, with a careful quantities analysis of the social cost of benefits for the different alternatives. Figure 6 shows that **at any size of government, countries have some choice as to what portion of public resources to invest in social protection**; and that even countries with relatively very small government (as expressed by government spending in the range of 20–25 per cent of GDP) differ significantly in their decisions on the share of these resources devoted to financing social protection programmes: one-tenth, one-fifth, one-third or more than half. The Safety Nets Report (2018) concludes that "there is no global relationship between a country's income level spending on social assistance as a percentage of GDP."

Figure 2: Share of social protection in government expenditure versus size of the government



Source: World Social Security Report (2010)

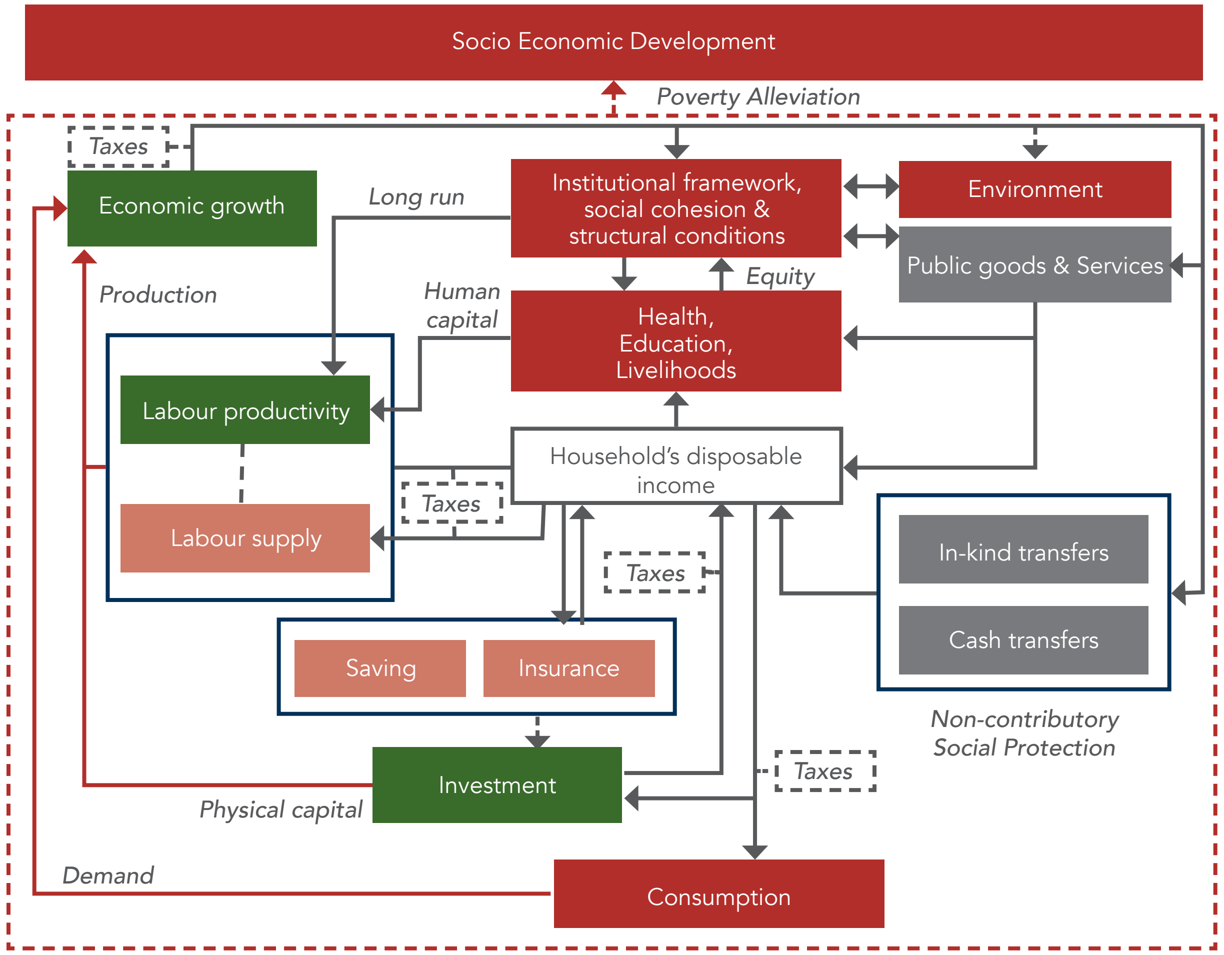
2.2.2. Social Protection as costs and as an investment

Making an economic argument for social transfer requires an assessment of cost-effectiveness as well as cost-benefit in both the short and long-term. 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" (Cherrier et al., 2013). Since quite a while research shows (see for example World Bank's World Development Report 2005), that poverty is a risk to security and lack of security is a hindrance to the investment climate. 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.

Alderman and Yemtsov (2012) found **three main channels through which social protection can support economic growth:**

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

Figure 3: Non-contributory social protection and socioeconomic development



Source: Cherrier et al, 2013 based on Mideros et al, 2012. Note: Grey indicates a policy decision; pink a household decision; green refers to economic performance; red represent outcomes. Note that most relations are neither linear nor unidirectional.

The Transfer Project (https://transfer.cpc.unc) has demonstrated impacts of social transfers in social outcomes and economic activity in sub Saharan Africa:

- Cash transfers contribute to noticeable improvements in **consumption and poverty**, such as the ability of households to smooth their consumption within seasons and between year.
- Cash transfers make people happier and give beneficiaries **hope**, a precondition for families to want to invest in the future.
- Cash transfers contribute to **human capital accumulation**. They have a strong and consistent impact across countries on school enrolment, most clearly among secondary age children. They consistently improve food security and nutrition security.
- Cash transfer positively impact beneficiary livelihoods, lead to increased flexibility in household labour allocation and time use and lead to an improved ability to manage risks. Increased investment an engagement in economic activities generates in turn additional income at the household level **(household income multiplier).**
- When beneficiaries receive cash they spend it and the impacts of the transfer are then transmitted to other households that are not eligible who tend to own most of the local businesses. The increase in local demand generates positive **local economy multipliers**. Each dollar transferred to beneficiaries can increase local income by more than one dollar.

2.2.3. Demography trends and costs of social protection

The majority of African countries have a very young population. This often implies rapidly growing school age population, a large proportion of young adults in the working-age population (over 40 percent) and high rates of workforce growth. These dynamics can be associated with high levels of unemployment, informality of the workforce and political instability when economies are not able to provide the necessary basic social services and to harness the productive potential of the growing workforce. On the contrary it can be an opportunity when countries start a demographic transition, with the progressive decrease in child mortality.

If countries manage well the demographic transition, the increase in the working age population and reduced total dependency ratio provides countries with a window of opportunity, which if properly tapped can generate a **"demographic dividend"** in the form of higher growth and funding for social protection. **The demographic transition or demographic dividend is an opportunity. It will allow to increase GDP and consequently stronger funding basis for social protection for non-working populations.** But this supposes that young adults will be effectively employed in productive work.

At the same time, by 2030, **average life expectancy** in Africa is projected to reach 64 years, compared to 57 years in 2010. That means that developing and ageing societies have to do something urgently to ensure the right to retire in dignity and social security for their older members.

2.3. TOOLS FOR FINANCIAL GOVERNANCE OF SOCIAL PROTECTION

Taking decisions about social protection systems today means to make more or less well informed "good guesses" about their future development with and without these decisions. For example, responding to concerns that social assistance or pension entitlements might grow to a burden for future generations, reliable forecasts are needed if one wants to re-balance social and economic policies early, if necessary.

There is a close link between sustainability and adequacy of benefits: inadequate benefits will not find enough willingness on behalf of contributors and taxpayers to finance them and sooner or later scheme or system will become unsustainable. On the other hand, when generous benefit promises are not matched with sufficient and sustainable financing, later these promises will not be actually delivered.

A major reason why social protection was in the past often regarded as an obstacle to higher growth was the "fact that many governments seriously mismanaged the finances of social protection systems that were initially well designed" (Scholz et al., 2000). Often, financial management tools and processes did not adequately address social protection spending and the failure to use instruments such as **Social Budgets** and the information they provide almost inevitably leads to mismanagement of new or existing social protection programmes (Scholz et al., 2000).

Traditionally projections of social protection revenue and expenditure were (in many countries still are) made mainly for individual social protection schemes (or group of closely related schemes administered by single institution. Social budgeting establishes income and expenditure accounts for all existing social protection schemes in the country and then projects – using actuarial methods - those accounts into the future.

"**Microsimulation models** use micro-data on persons (or households, or firms or other micro-units) and simulate the effect of changes in policy (or other changes) on each of these units. Differences before and after the change can be analysed at the microlevel to show the overall effect of the change." (Mitton et al., 2000).

The models apply user-defined tax and benefit policy rules to micro-data on individuals and households and calculate the effects of these rules on household income. The effects of different policy scenarios on poverty, inequality, and government revenues can be analysed and compared.

2.4. TAKE-AWAY LESSONS

- Social protection has major economic impacts and impacts on public finances
- In order to identify and monitor these impacts one needs a sound statistical system
- Investing in social protection in the medium and long-run may lead – through a virtuous circle of higher demand, higher productivity and higher incomes - to enlarged fiscal envelope and increased capacity to meet different social needs
- However, these positive effects materialize only when social protection is adequately designed and its effects and impacts are carefully monitored and evaluated in the continuous process of participative dialogue and reform
- Possibilities of extension of social protection to close the coverage gaps depend to a large extent on the sound financial governance of individual schemes and the overall social protection system
- Affordability can be demonstrated by economic evidence, and with adequate planning including taking into account the demographic evolution and regular monitoring of administrative cost efficiency
- Good financial governance requires monitoring of current and future sustainability of social protection finances through quantitative governance tools like actuarial studies, social budgeting and microsimulation studies

3

SOCIAL PROTECTION RESOURCE MOBILIZATION

This section introduces the reader to the ways governments manage their public finances, raise revenues, collect receipts and borrow in order to finance the expenditures they have decided to finance. A government's fiscal policy can be defined as the combination of measures undertaken to mobilise resources and the allocation of those resources to different sectors and activities.

3.1. RESOURCE ENVELOPE, POLICY AND FISCAL SPACE

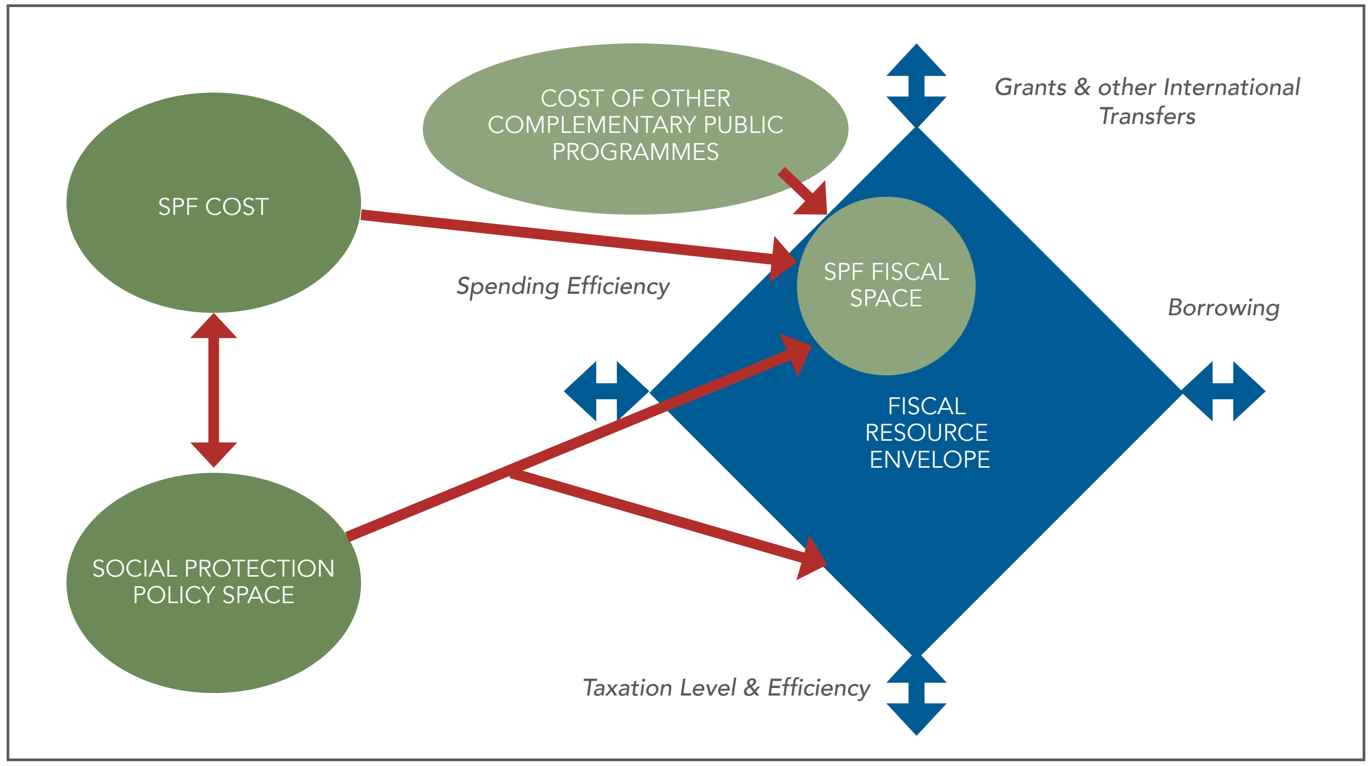
Fiscal policy is defined by the choices a government makes in mobilising resources and allocating expenditures to meet its various obligations. This policy is normally reflected in national budgets that detail broken-down government expenditures in every fiscal year.

Figure 4 below depicts a typical forces at play for determination of fiscal space for social protection. A country is debating completing establishment of its social protection floor (SPF). Careful costing and projections are done to determine how much the full package would cost (SPF cost). However, views of different actors and stakeholders on implementing certain parts of the package are differentiated and there is no consensus – available **policy space** allows only for part of the intended package to be considered for implementation.

Very often ensuring social protection programmes to function effectively requires more fiscal space than to the cost of the specific programmes alone: many social protection programmes function well only when supplemented with **complementary public programmes**. For example: unemployment benefit programmes to function properly requires effective employments services to be put in place as well; means-tested social assistance functions well only if services of well qualified social workers support it.

Actual fiscal space depends on policy space and thus existing willingness to finance certain programmes but it depends also on the overall size of the fiscal envelope – that is how much resources the government can mobilize through different sources of revenue and different fiscal instruments to finance all the necessary publicly financed programmes.

Figure 4: Fiscal space and policy space for social protection – short and medium term



Source: ILO (2013)

The size of the **fiscal envelope** can be changed through various measures and policies:

- changes in **taxation** increasing revenue (not necessarily changes in the level of taxes but also changes structure of taxation and changes in effectiveness of the tax collection);
- increasing efficiency of existing **spending** programmes (including phasing out programmes which are not effectively meeting priority policy objectives) to make space for new programmes;
- borrow or restructure existing public **debt;**
- lobby to receive grants or similar transfers from the bilateral and multilateral **donors.**

Of course applying these different measures involves **trade-offs** and requires consensus often difficult politically to achieve. Increasing taxation very often faces opposition from business, financial markets, rating agencies and international financial institutions. Attempts to phase out ineffective public programmes usually is met with strong opposition of those who benefit from those programmes. Sometimes compensatory measures need to be put in place to avoid **resistance to change** in the reallocation of spending affecting particular interest groups.

A **reform coalition** (formal or informal) is a political mechanism and process utilized and formed by state and non state actors, initiated by either, which enables them to work cooperatively to address specific state and collective action problems through the pursuit and implementation of a specific economic and social reform agenda, while retaining their independence from each other. Reform coalitions often include top officials in the state; they are often initiated in circumstances of sudden and contingent crisis, threat or even opportunity ('critical junctures'). They involve production and sharing of evidence, and building of trust and mutual beneficial relationships.

3.2. THE IMPACT OF TAXES AND SOCIAL SPENDING ON POVERTY AND INEQUALITY

The means through which a government mobilizes resources to finance expenditure and the pattern of this expenditure affect the economic and social conditions of a country's residents differently. For instance the mix of resource mobilization and benefit allocation has varying effects on different age-groups, income segments, gender or regions.

Tax systems are primarily made up of :

- **Direct taxes** levied on incomes (such as personal income and corporate profit), property and wealth;
- **Indirect taxes** levied on goods and services such as consumption taxes (general sales tax/value added tax) and trade taxes (export taxes/import taxes or tariffs).

There is a critical distinction between **regressive** and **progressive** taxation policies. A regressive taxation policy places a proportionately greater burden on the lower income groups than on the higher income groups relative to their consumption, income or assets. These policies are termed regressive as they are often worsening existing inequalities and/or are creating new ones. Progressive tax policies, on the other hand, put a higher proportional burden on wealthier individuals, which leads to more favourable distributional outcomes for lower income groups in the sense of reducing inequities.

It is important to appreciate that the choices a policy maker face between different tax strategies – for instance applying various degrees of progressiveness of regressiveness and determining the relative tax rates of basic consumption goods – have profound implications on a country's equity.

In most cases country's that rely heavily on indirect taxes tend to have more regressive system than countries will fewer or lower indirect taxes. In environments with low savings rates or the potential for capital flight and tax evasion, consumption taxes are most likely to be effective, but also likely to be regressive. In 9 out of 25 countries with household survey data available for circa 2010, the net effect of all government taxing and spending was to leave the poor worse off in terms of actual consumption of private goods and services (Lustig 2016).

However, taxes are only half the story. In order to assess whether a country's fiscal stance is progressive or regressive, one not only has to analyse the revenue mobilization strategies but also examine the distributional effects of expenditures that financed through tax revenues. Expenditure policies have obvious distributional implications as often limited resources are allocated in an environment of numerous competing demands. Expenditure policies can therefore likewise be progressive or regressive, depending on which income segment of a population receives disproportional amounts of government spending.

The fact that **both revenue mobilization policies and expenditure patterns can be progressive or regressive** implies that ultimately neither can be studied in isolation. In order to examine whether a country's fiscal position is beneficial for the poor, one has to capture the combined impact of both taxation and spending policies (hence the importance of tax-benefit micro-simulation models mentioned above in Section 3).

3.3. GRANTS - ROLE AND LIMITS OF FOREIGN ASSISTANCE

In addition to domestic resource mobilization and various forms of borrowing, foreign aid can be an important source of finance for developing countries. While there has been a decline in foreign aid over the last two decades in terms of overall capital flows and as a percentage of gross domestic product (GDP) and investment, foreign assistance remains a significant contribution to most low-income countries and helps finance a large portion of total government expenditure. Essentially, access to external assistance enables governments to spend more, tax less, or borrow less.

Foreign assistance can play an important role for foreign exchange constraint developing countries and ads to domestic savings, thereby allowing governments and the private sector to increase their investments. In addition, **foreign assistance permits greater expenditure in social sectors such as health, education and social protection than some countries could afford on its own**. These donor- supported investments are considered to have positive productivity and growth implications over the long-term. Furthermore, foreign assistance often helps finance much needed imports and run a deficit on the trade and current accounts.

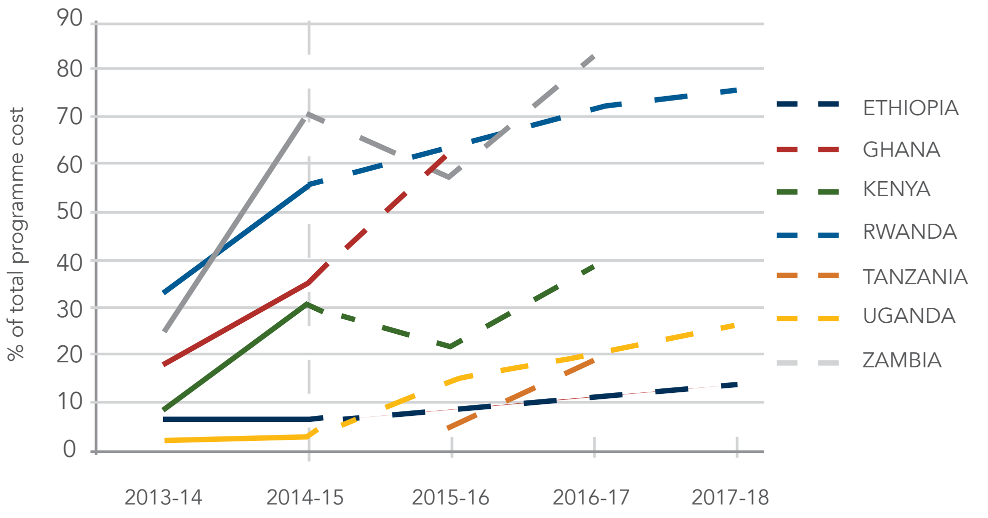
There is an increasing recognition amongst researchers and policy makers that the degree with which development assistance is integrated into nationally owned development strategies is key in determining the success assistance. Traditionally, and to a large extend still, donors have provided aid on a project basis rather than supporting governments directly. Given the large amount of donors operating in many developing countries, this tends to create a number of problems for governments.

- Each multilateral and bilateral development agency comes with **different procedures and mechanisms** to identify, plan, implement, monitor and evaluate its activities and different reporting requirements. Dealing with the various agencies' procedural requirements consumes time and resources from recipient country government officials.
- Each donor implements programmes based on its **own policy priorities**, which at times contradict those of other donors or those of the government. As a result governments in low-income countries often find themselves in the middle of inconsistent policy reforms.
- Implementing agencies sometimes take a **joint-but-piecemeal approach**, splitting areas of intervention among them, regardless of the magnitude and reliability of their assistance, which can leave countries with unbalanced support in different areas. For instance, one donor may support the health sector, whereas another funds activates in the education sector. A similar situation of unequal support can emerge when donors allocate their support based on geographic areas or administrative units.
- Each donor has their **own disbursement process and funding cycles**, which sometimes do not match the budget cycles of the recipient development country. Unreliable disbursements and delayed or discontinued funds often further complicate matters for developing counties' governments,

Recognizing these challenges and the inefficiencies created through lack of coordination, the OECD launched an initiative on Aid Harmonization and Alignment in 2003. Further, the donor community developed innovative processes to harmonize financial support towards low income countries, such as General Budget Support (GBS) and Sector Wide Approaches (SWAps), which are coordinated at the national level and are delivered through national budgets.

While social assistance is primarily externally funded in several countries in the region, the level of domestic funding of non-contributory programmes has increased significantly during the last decades in several countries, as depicted in Figure 5 (e.g. in Zambia, Mozambique, Kenya, Ghana).

Figure 5: National governments' percentage contribution to cash transfers in their own countries



Source: UK Independent Commission for Aid Impact (2017). Solid lines represent actual expenditure data. Dashed lines represent spending commitments.

3.4. RESOURCE MOBILIZATION TO CREATE FISCAL SPACE FOR SOCIAL PROTECTION

The uniqueness of each country requires that fiscal space options be carefully examined at the national level and alternatives fully explored in a social dialogue. Most countries adopt a mix of fiscal space policies, usually selected from the combination of the eight options that are available to governments to generate additional resources for social protection, as summarized below:

- **Re-allocating public expenditures:** this is the most orthodox option, which includes assessing on-going budget allocations through Public Expenditure Reviews (PERs) and other types of thematic budget analyses, replacing high-cost, low-impact investments with those with larger socio-economic impacts, eliminating spending inefficiencies and/or tackling corruption.
- **Increasing tax revenue:** this is a main channel achieved by altering different types of tax rates e.g. on consumption, corporate profits, financial activities, personal income, property, imports or exports, natural resource extraction, etc. or by strengthening the efficiency of tax collection methods and overall compliance.
- **Expanding social security coverage and contributory revenues:** in existing social security systems, increasing coverage and therefore collection of contributions is a reliable way to finance social protection, freeing fiscal space for other social expenditures; social protection benefits linked to employment-based contributions also encourage formalization of the informal economy.
- **Lobbying for aid and transfers:** this requires either engaging with different donor governments or international organizations in order to ramp up North-South or South-South transfers.
- **Eliminating illicit financial flows:** Given the vast amount of resources that illegally escape developing countries each year, estimated at ten times total aid received, policymakers should crack down on money laundering, bribery, tax evasion, trade mispricing and other financial crimes are illegal and deprive governments of revenues needed for social and economic development.
- **Using fiscal and central bank foreign exchange reserves:** this includes drawing down fiscal savings and other state revenues stored in special funds, such as sovereign wealth funds, and/or using excess foreign exchange reserves in the central bank for domestic and regional development.
- **Borrowing or restructuring existing debt:** this involves active exploration of domestic and foreign borrowing options at low cost, including concessional, following a careful assessment of debt sustainability. For countries under high debt distress, restructuring existing debt may be possible and justifiable if the legitimacy of the debt is questionable and/or the opportunity cost in terms of worsening deprivations of vulnerable groups is high.
- **Adopting a more accommodating macroeconomic framework:** this entails allowing for higher budget deficit paths and higher levels of inflation without jeopardizing macroeconomic stability.

3.5. TAKE-AWAY LESSONS

- Affordability of social protection in any country does not only depend on the level of economic development but on attitudes of the society towards equity, social justice and redistribution (policy space)
- Fiscal space depends on available resource envelope but also depends on political will – policy space
- There are numerous ways to mobilize resources necessary to create fiscal space for social protection but important trade-offs and policy decisions are always involved;
- Acceptability, authority and ability to implement resource mobilization strategies need to be considered, not only their technical desirability if they are to be effective
- The fact that both revenue mobilization policies and expenditure patterns can be progressive or regressive implies that ultimately neither can be studied in isolation. In order to examine whether a country's fiscal position is beneficial for the poor, one has to capture the combined impact of both taxation and spending policies

4

SOCIAL PROTECTION BUDGET PERFORMANCE AND THE BUDGET PROCESS

National budgets are the product of a repetitive budget cycle process, involving the processes of planning and policy-making, budget formulation, budget execution, budget tracking and performance evaluation (EFR & UNICEF, 2011).

1. The budget formulation stage involves the drafting of the budget by the executive, typically the budget division in the line agencies and the Ministry of Finance.
2. The budget approval stage involves the deliberation of the budget and its passage into law through a legislative process.
3. The budget execution stage is carried out by the executive over the duration of the fiscal period to which the budget law applies.
4. Budget implementation is typically carried out by administration departments in line ministries with oversight from an accounts department in the Ministry of Finance.
5. At the evaluation stage, an independent auditor reviews the final budget documents and checks the consistency of the documents with the authorisations made by the legislature (EFR & UNICEF, 2011).

4.1. BUDGET PLANNING AND PREPARATION

Budget planning and preparation is at the centre of good public expenditure management and requires four forms of **fiscal and financial discipline** in order to be effective:

- Control of aggregate expenditure to ensure consistency with the **macroeconomic** constraints;
- **Effective** means for achieving a resource allocation that reflects expenditure **policy priorities;**
- **Efficient** delivery of public services;
- Minimization of the **financial costs** of budgetary management (i.e. efficient budget execution and cash and debt management practices).

4.1.1. Assessing the soundness of a budget

The soundness of budget systems can be judged by checking it for comprehensiveness, transparency and realism (Potter & Diamond, 1999).

Table 2: Helpful questions in assessing the soundness of a budget

	HELPFUL QUESTIONS IN ASSESSING THE SOUNDNESS OF A BUDGET
Comprehensiveness	1. Is the coverage of government operations complete?
Transparency	1. How useful is the budget classification? Are there separate economic and functional classifications that meet international standards? 2. Is it easy to connect policies and expenditures through a program structure?
Realism	1. Is the budget based on a realistic macroeconomic framework? 2. Are estimates based on reasonable revenue projections? How are these made and by whom? 3. Are the financing provisions realistic? 4. Is there a realistic costing of policies and programs and hence expenditures (e.g. assumptions about inflation, exchange rates, etc.)? 5. How are future cost implications taken into account? 6. Is there a clear separation between present and new policies? 7. How far are spending priorities determined and agreed under the budget process?

Source: Based on Potter & Diamond, 1999

4.2. BUDGET EXECUTION AND THE FINANCIAL ADMINISTRATION OF SOCIAL PROTECTION

After a budget has been approached by the legislature, the government executes the budged by spending funds as allocated. Ensuring that funds are spend effectively and that policy objectives are reached is a challenging task and research on public financial management performance in developing countries indicates that **governments score significantly better on budget preparation than on budget execution indicators** (Simson et al, 2011).

4.2.1. Efficiency in disbursement and payment systems

The flow of funds to social benefits through government systems can be "slow and unpredictable, thus undermining predictable support to poor and vulnerable households" (Republic of Kenya, 2012). As the coverage of social benefits is expanding in many countries, there is a need to address these weaknesses by implementing a number of reforms, some of which are briefly outlined below.

1. **Enhance budget coordination and awareness among the relevant government departments and development partners.** This should ensure that the government's financial management, budgeting procedures, and timelines are appreciated and understood by all. Better coordination would also facilitate improved planning and the allocation of adequate resources to the social protection programmes.
2. **Adopt innovative reconciliation and approval processes** to reduce the delays caused by the manual processes both in the flow of funds to programmes and in the payment cycle to beneficiaries. Automation of the reconciliation process supported by appropriate technology will greatly enhance the timeliness and efficiency of payments.
3. While the type of social benefits provided reflect "each programme's objectives, there is a need to explore the **feasibility of a general shift towards unified cash transfers** to leverage the relative efficiency of most efficient payment mechanisms (Republic of Kenya, 2012). The above mentioned assessment of the Kenyan delivery channels "suggests that cash payments made through banks, agency networks, or mobile phones are significantly more secure, faster, and more cost-effective thanthe other payment systems, including those used for food or vouchers" (Republic of Kenya, 2012).

For more detailed discussion on payments systems for social benefits see the ADM module.

4.3. BUDGET ANALYSIS AND REPORTING: DEMONSTRATING EQUITY AND EFFICIENCY OF SPENDING

Financial reports are an important tool to improve budget compliance and they provide a means for internal and external actors to assess government performance. Financial reporting includes extracting data from the accounting systems and presenting them in easily understood documents. Governments produce a wide range of reports for internal and external analysis. Examples of such reports are: daily flash reports on cash flows, monthly reports on budget execution, revenue reports, mid-year reports and annual financial statements or fiscal reports (Simson et al, 2011). Social protection budget analysis should focus on issues of efficiency, effectiveness and equity.

4.3.1. Demonstrating efficiency and effectiveness of social programme spending

Governments provide a large number of goods and services to their citizens with the aim to achieve various economic and social objectives. Inefficient government spending has serious consequences for the provision of social protection and other pro-poor government services and it implies that "higher budgetary allocations to the social sectors will not necessarily translate into an improvement of social outcomes" (Gupta et al., 1997).

Through the information collected during budget execution, performance budgeting makes use of indicators on the efficiency and quality of government operations (Shah, 2007). Such indicators are described in the table below.

Table 3: Budget Efficiency and Effectiveness indicators

Efficiency relates to how well inputs are converted to the output of interest, which is transfers delivered to beneficiaries	**Effectiveness** relates to how well outputs are converted to outcomes and impacts (e.g. reduction in poverty gap and inequality, improved nutrition, reduction in school drop-out, increased use of health services, asset accumulation by the poor, increased smallholder productivity, social cohesion).
Cost-efficiency analysis focusses on the relationship between the costs of a social transfer programme and the value of the transfers delivered to beneficiaries.	**Cost-effectiveness analysis** measures the cost of achieving intended programme outcomes and impacts, and can compare the costs of alternative ways of producing the same or similar benefits.
A possible measure is total cost-transfer ratio (TCTR) (i.e. ratio of total programme cost to value of transfers) or **cost-transfer ratio (CTR)** (i.e. ratio of administrative costs to transfer costs), **Unit costs** are cost per unit of output; cost per direct recipient (and per beneficiary) per period.	**A possible measure is Cost per measure of outcome or impact** e.g. unit cost of a percentage point reduction in poverty gap, inequality or incidence of severe child malnutrition

Source: Greeenslade (2013)

With regard to cash transfer or social assistance schemes **cost-to-transfer ratio** and **administrative cost per recipient** are generally used as indicators of cost-efficiency.

There are different types of administrative costs (White and Greenside 2013:27):

- **"Set-up costs**, include generally design, planning and major investments (such as the establishment of an MIS); they are fixed costs that should be concentrated mainly at the start of a programme. Set-up costs will be higher where the programme design is complex (e.g. due to multiple objectives or a multilevel targeting system) requiring greater administrative capacity and often significant external technical assistance and training input; or where the existing ICT infrastructure on which to base an MIS is inadequate.

- **Roll-out costs**, which include the identification (targeting) and enrolment of beneficiaries, are also concentrated during the periods of programme launch and expansion, but are not strictly one-off where an established programme is enrolling new beneficiaries or if periodic re-targeting is required. Roll-out costs can be expected to be higher where there is a complex set of targeting criteria, requiring intensively supervised selection procedures involving community committees and/or proxy means tests, and periodic re-targeting.

- Recurrent **operational costs** notably include the costs of delivering transfers to beneficiaries (and in CCTs the costs of monitoring conditionality). These are the long-term running costs of the programme and should become the dominant component of administrative costs as a programme scales up and reaches maturity. Operational costs are likely to be inflated by complex requirements for monitoring compliance with conditions and where there is a lack of a financial infrastructure (e.g. post offices or banks) that can handle payments securely and at reasonable cost and to which the target population has effective access; they benefit from economies of scale with respect to both numbers of beneficiaries and level of transfers." (White and Greenside 2013; p. 19).

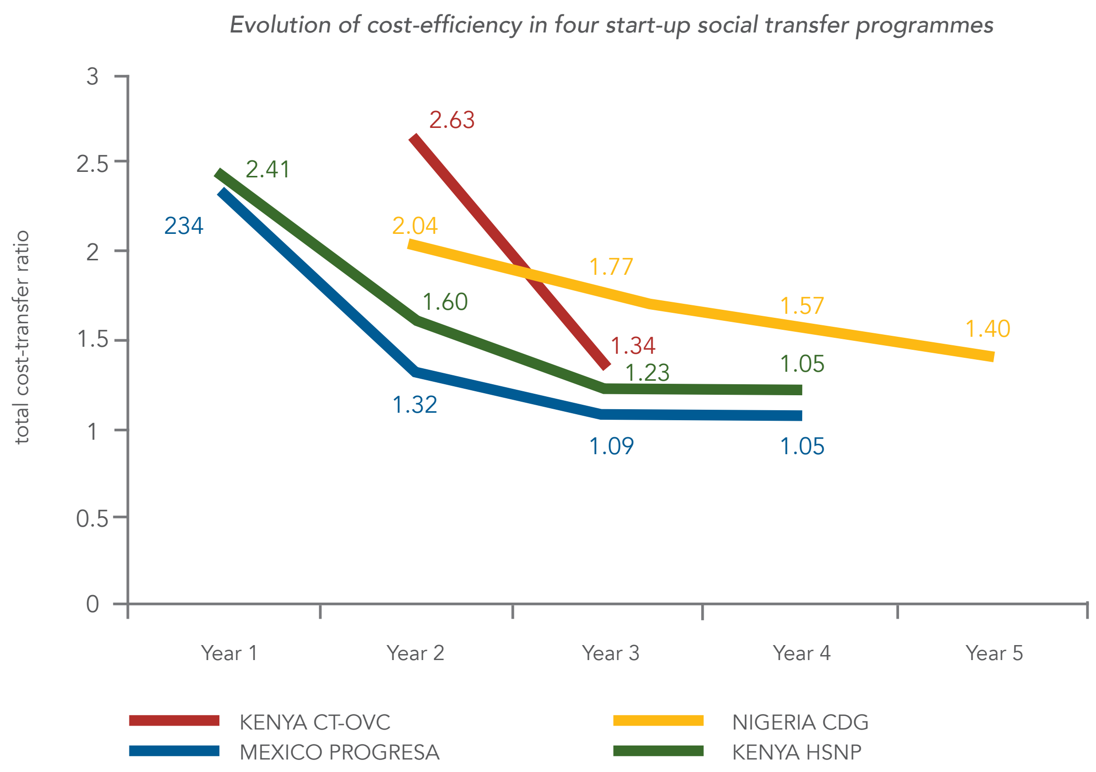
White and Greenslade (2013), however, warn that it is imperative to take into account context, scale, maturity of programme and objectives before making a final judgement on either cost-efficiency or effectiveness. In using these benchmarks, care must be taken with "comparability between different methods of measuring cost:

- Are we comparing like with like? Different contexts with different challenges for delivery (e.g. conflict, geography, government capacity); different programme objectives and designs; difference between pilots and national programmes; difference between different points on the programme cycle – because costs are generally much higher in the early years (see Figure 20 below).

- Are costs too low in relation to total amounts transferred, and likely to reduce performance and cost-effectiveness? Low cost-efficiency does not necessarily mean low cost-effectiveness, and vice versa. Capacity constraints may be key driver of costs. A higher administrative cost may be necessary to improve social outcomes. Choice of programme should not be based solely on cost-efficiency criteria.

- Cost-efficiency analysis faces significant data deficiencies, including a lack of information on government overhead costs.

Figure 6: Cost efficiency measured by the cost transfer ratio declines as schemes mature



Source: White and Greenside 2013; p.32

4.3.2. Demonstrating Budget Equity

A key component of public spending analyses is the benefit incidence analysis, which measures the benefits from public policies that are provided to various individuals or groups of individuals in a society. Such analysis looks at the distribution of government expenditures in its various forms, such as public goods or subsidized goods and services, across different regions, age-groups, genders, or income segments. Essentially, benefit incidence analysis asks who receives what of government expenditure and helps to understand how equitable public spending is (EFR & UNICEF, 2011).

Box 2: Impact of Fiscal Policy on Inequality and Poverty in Zambia

A recent World Bank study assesses the redistributive impact of fiscal policy, and its individual elements, in Zambia. The study uses an internationally recognized methodology developed by the Commitment to Equity (CEQ) Institute.

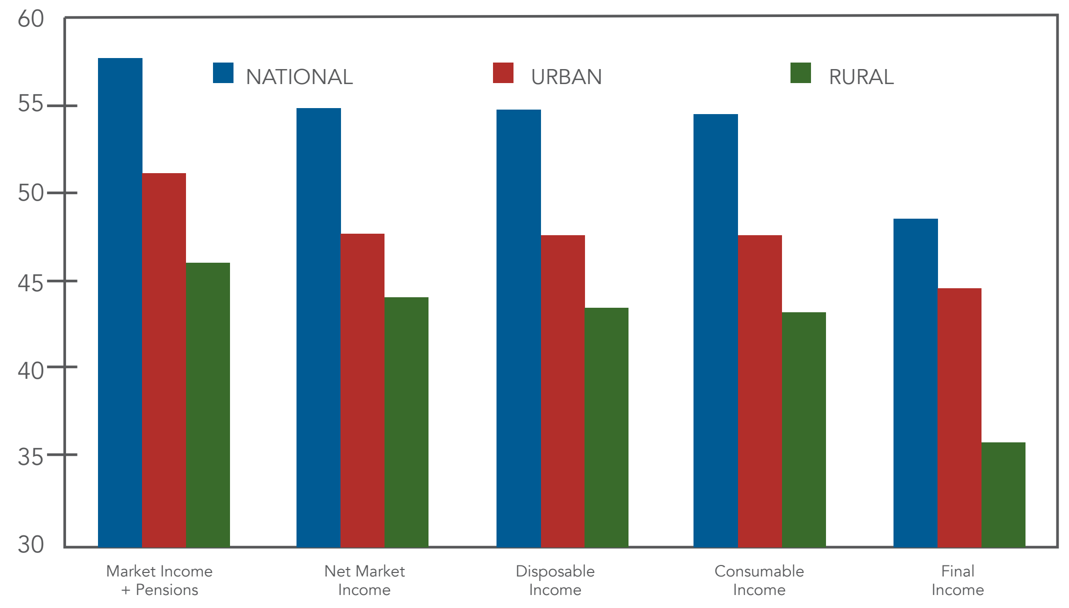
The study estimates the impact of fiscal revenue collections (taxes) and fiscal expenditures — direct cash and near-cash transfers, in-kind benefits, subsidies – on household-level income inequality and poverty.

The impact of the fiscal system on poverty and inequality in Zambia is described via an estimation of "pre-fiscal" and "post-fiscal" income measure. The pre-fiscal measure comprises market income before any transfers (including public spending on health and education, farming inputs, fuel and energy subsidies and unconditional cash transfers) or taxes (including personal income taxes, VAT, alcohol and tobacco excises) of any kind have been added.

"Post-fiscal" income takes pre-fiscal income and adds to it a subset of fiscal policies executed: subsidies and direct transfers received, direct and indirect taxes paid, and in kind transfers received through use of services. Poverty and inequality measures then are derived under pre- and post-fiscal income measures and compared.

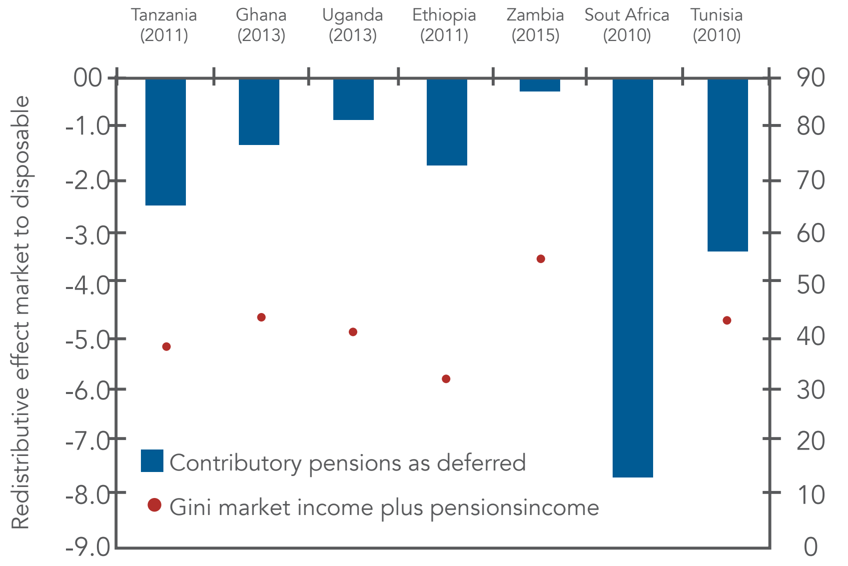
The study concludes (Figure 7) that Zambian fiscal policy, and many of its elements taken individually, reduces income inequality. The largest reduction in inequality is created by in-kind public service expenditures on education, and the overall decrease in inequality is more pronounced in rural areas. However, the poverty headcount ratio rises when fiscal policy is executed. Indirect taxes—most notably, VAT—increase the poverty headcount ratio, and the direct transfers and subsidies received by poor and vulnerable households are too small to counteract this impact.

Figure 7: Fiscal Policy's Impact on Inequality (Gini coefficient), 2015



The redistributive effect of fiscal policy in Zambia is smaller than in other African countries for which comparable evidence exists. Zambia's pre-fiscal level of inequality is second only to South Africa. Nevertheless, excluding in-kind transfers, the redistributive effect in Zambia is small relative to other Sub-Saharan countries (see Figure 8). This is due primarily to a very low impact of direct transfer spending on inequality. In South Africa, for example, direct transfer spending contributes approximately 50 percent of the total reduction in inequality from Market to Consumable Income whereas, in Zambia, direct transfers contribute less than 10 percent of the total reduction in inequality.

Figure 8: Fiscal Policy's Impact on Inequality (bars); Initial Inequality (dots), select countries/years



The contribution of fiscal policy to increasing poverty is shared by other countries in Africa. In most low-income countries in Africa including Zambia, fiscal policy (excluding in-kind transfers) contributes to an increase in the poverty headcount ratio. Zambia's fiscal system is weighted toward indirect taxes. As a result, after direct transfers and subsidies are received and direct and indirect taxes are paid, most Zambian households' net purchasing power is reduced. Without reform, poor households will continue to pay more into the fiscal system than they receive from it in cash.

For information on similar studies on the Impact of Fiscal Policy on Inequality and Poverty consult the Commitment to Equity Institute website a http://commitmentoequity.org/

Source: de la Fuente, Rosales and Jellema (2017), (available athttp://documents.worldbank.org/curated/en/293891511202548979/The-impact-of-fiscal-policy-on-inequality-and-poverty-in-Zambia)

4.4. TAKE-AWAYS LESSONS

- The annual preparation of a country's budget is a large and complex exercise
- Lack of institutionalization of review and negotiation processes and lack of control and oversight may result in more weight given to Informal processes of budget allocations
- Credibility is of key importance to a good budget
- Results-oriented or performance-based budgeting systems are, budgeting systems that link expenditure to specific results
- Effectiveness of social spending measures how well outputs are converted to outcomes and impacts (e.g. reduction in poverty gap and inequality, improved nutrition, reduction in school drop-out..). A key component of public spending analyses is the benefit incidence analysis, which measures the benefits from public policies that are provided to various individuals or groups of individuals in a society

5

PUBLIC EXPENDITURE CONTROL, MONITORING AND OVERSIGHT

Opportunities for maladministration need to be limited through detailed rules on how to public resources are spent and control systems to prevent fraud and abuse. The following section with briefly discuss rules and good practices on public expenditure control, monitoring and oversight.

5.1. INTERNAL CONTROL, MONITORING AND OVERSIGHT

5.1.1 Budget monitoring

To understand and evaluate how governments utilise funds and how those funds contribute to government policies, one needs to monitor the results of expenditures. The need for such monitoring has led to the establishment of government **Monitoring and Evaluation (M&E) Systems**. A common element of such M&E systems is the requirement for line ministries and other spending agencies to send **regular reports** on financial and non-financial performance to the Ministry of Finance. Ideally these should also be made public. Non-financial performance refers to the results of government expenditure, which are usually measured at the levels of outputs, outcomes, impacts or other performance indicators. Governments, in order to assess how far they are progressing on their objectives, need to continuously keep track of these indicators to plan accordingly (Simson et al, 2011).

5.1.2. Internal control

All organisations have systems of internal control, and governments are no exception. Internal or management control systems are policies and procedures implemented by government agencies in order to ensure the agency achieves its objectives while complying with all external laws and regulations. Systems and procedures of internal control are designed to:

- Provide reasonable assurances that the organisation's objectives are achieved effectively and efficiently, in compliance with applicable laws and regulations
- Ensure reliable financial reporting.

According to the South African Public Financial Management Act (PFMA) of 2000, responsibilities of different stakeholders for internal control can be summarised as follows:

- **The departmental management** has the ultimate responsibility for the operation and ownership of the system of internal control
- Members of **legislative bodies**, in their capacity as representatives of the taxpayers, are to exercise governance, guidance and oversight
- **The Auditor-General** will play an important role in making recommendations should any weaknesses in internal control be identified
- **The audit committee** should be able to identify and act on instances where management may override internal control or otherwise seek to misrepresent reported financial results

5.1.3. Internal audit

Internal audit is defined "an independent appraisal function, established within an organisation to examine and evaluate its activities" (National Treasury, 2000). Internal audit exists to support management in carrying out its responsibilities effectively by providing analyses, appraisals, recommendations and advice with respect to the activities of a department. A key element of any internal audit is the requirement to examine and objectively appraise the adequacy and effectiveness of internal control mechanisms in the department, with the aim to highlight potential shortcomings and allow management the opportunity to remedy deficiencies (National Treasury, 2000).

5.2. EXTERNAL AUDIT

External auditing is another mechanism designed to ensure that the budget is executed in accordance with the law and effectively delivers public services. External auditing is often conducted by a Supreme Auditing Institution (SAI), which is a "public body independent of the government with the powers to scrutinise government transactions, systems and practices" (Simson et al, 2011).

External audits usually scrutinize a government's public financial management system in various specific audits, which are usually distinguished as follows:

Table 4: Types of external audits

TYPES OF EXTERNAL AUDITS	
Financial audit	Is the government's financial statement was a fair and accurate reflection of revenues collected and expenditures made?
Compliance audit	Did agencies act in accordance with law and regulations?
Performance audit	Did agencies performance well against its stated goals?

Source: Simson et al, 2011

5.3. FIDUCIARY RISK CONTROL

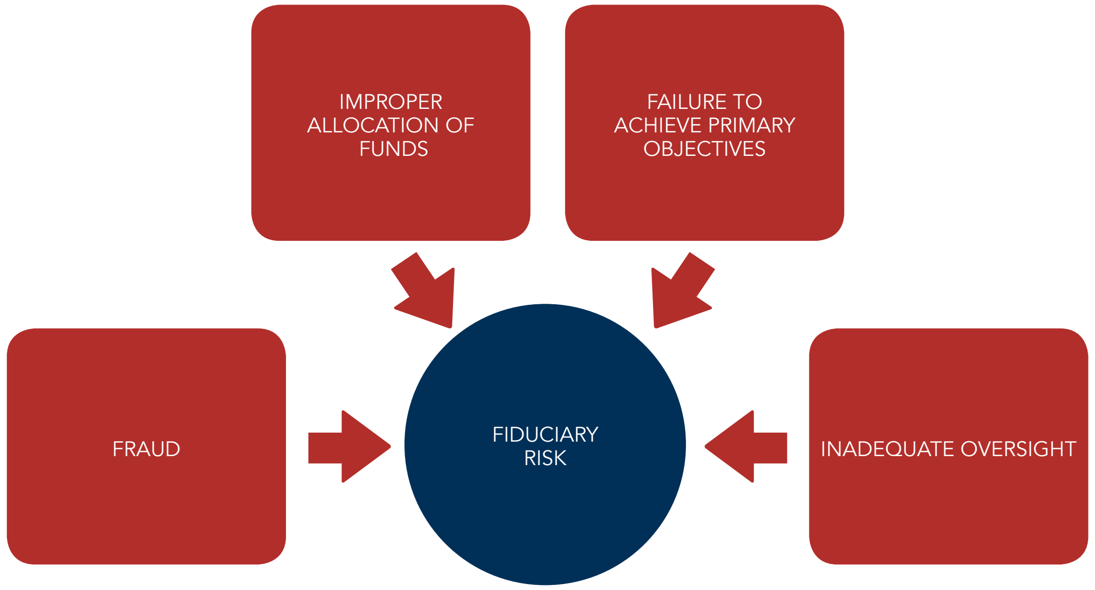
It is of key importance for successful government policy and especially the design and delivery of social transfer programmes to address risks that threaten the effectiveness of benefit delivery and the achievement of the programme's primary objectives. Particularly in fragile states, where there is fraud, corruption or inefficiency, there are possibilities for improper allocation of funds and while well-implemented delivery systems as well as monitoring and evaluation address these risk, there is also the need for explicit strategies to address these fiduciary risks. (Samson et al, 2010).

Fiduciary risk is defined by the UK's Department for International Development (DFID) as the risk that funds:

- Are not used for their intended purposes
- Do not achieve value for money
- Are not properly accounted for

With respect to social protection, fiduciary risk is mainly the "likelihood that social transfer programmes fail to achieve their primary objectives, which is the greatest value-for-money risk" (Samson et al., 2010).

Figure 9: Components of fiduciary risk



Source: Based on Samson et al, 2010

5.3.1. Fiduciary risks and social protection programmes

A policy guidance note by DFID on managing the fiduciary risk associated with social cash transfer programmes (DFID, 2016) highlights the following in regards to fiduciary risk issues that are specific to non-contributory social protection:

- cash transfer programmes have inherent fiduciary risk, which can be mitigated most effectively at the design phase of programmes;
- the greatest risk of loss from error or fraud through cash transfer programmes arises from complexity in the eligibility criteria and operations;
- no standard design for cash transfer programmes will mitigate all risks, but programmes should be designed to be as simple as they can be, while still meeting their objectives (there may be a trade-off between the simplicity of a programme and how well it targets the poorest);
- controls to mitigate fiduciary risk have a cost, both to the administration of the scheme, and sometimes to beneficiaries. There is therefore a balance to be struck in ensuring effective control while meeting policy objectives;
- appropriate monitoring and evaluation of programmes will help to identify any failure in controls; and
- separate fiduciary risk assessments are mandatory for all cash transfer programmes provided from general or earmarked budget support, and should be carried out periodically over the lifetime of a programme.

For social protection programmes to be successful, it is crucial that mechanisms are in place, which ensure that programme delivery is subject to appropriate oversight and redress. Such mechanisms "can offer transparency, reduce corruption and provide avenues for beneficiaries who are denied appropriate benefits" (Samson et al, 2010).

Beneficiaries and the wider public must understand the benefits of social protection interventions and their potential entitlement towards them. In addition, people must appreciate their options for redress when benefits are unjustly denied and understand the channels through which they can do so. Beneficiaries of support interventions often lack the resources to understand and protect their rights and provide necessary feedback to programme implementers and policymakers (Samson et al., 2010). For more on this see Module LEG.

Transparency and effective communications are crucial to ensure that the beneficiaries and the broader population understand and appreciate the objectives of the particular interventions. Increasing the transparency of programme implementation can improve accountability.

5.4. EXTERNAL ACCOUNTABILITY IN THE BUDGET PROCESS

5.4.1. Inclusive budget formulation

The budget can be a major tool of accountability to the legislature, the press and the wider public as it can help hold administrators accountable not only for the funds they received but also for their performance (Shah, 2007).

There are **numerous ways the budget preparation process can support citizens' participation and consultation**, which can foster a sense of ownership and control over the national budget as well as work towards aligning the budget their priorities. Failure to create an inclusive process can alienate the public by making it difficult to participate in the budget preparation or making budgetary information inaccessible (Shah, 2007).

5.4.2. Inclusive budget monitoring

In many governments, external audits are generally conducted and appraised without public participation and audit reports are made available only to the legislature or agencies. These practices mean that most members of the "public have no way of accessing such reports, of knowing what was going on in government, or of helping to improve governance" (Shah, 2007).

The lack of transparency of the auditing process and the absence of mechanisms to demand public accountability for expenditure use significantly reduces the possibility of citizens to participate in financial policies and increases the possibility for corruption, fund mismanagement and ineffective service provision (Shah, 2007).

Fortunately this is changing and in many countries audit agencies, in line with governments' desires promote transparency and good governance, have developed strategies that include "piloting civil society participation in the auditing process or in the scrutinizing of audits" (Shah, 2007). Such reforms, for instance, involved non-governmental actors, such as donors and CSOs, into the budget monitoring process (Simson et al, 2011).

These **participatory audits** are particularly valuable in settings where SAIs lacks capacity to do performance audits. The strengthened participation of citizens in the auditing process, effectively enhances government accountability, transparency and credibility. Civil society participation is in itself an important deterrent against corruption and is expected to "promote more prudence in the use of public resources for projects that would benefit local communities" (Shah, 2007).

Expenditures lie at the core of state accountability. Yet in many countries citizens have relatively little accessible information on government spending. To bridge this gap, some state and non-state actors have started to produce so-called **Budget Briefs**, which are essentially easy to understand analyses of expenditure for public services. In order to ensure that budget briefs are accessible to ordinary citizens they are usually short documents with a limited amount of information and key messages. In addition, good budget briefs tend to include simple visual interpretations of the relevant data.

5.5. TAKE-AWAY LESSONS

- Legislature plays an important role in overseeing public financial management, mainly through ex-ante and ex-post scrutiny of the budget
- Fiduciary risk is concerned with fraud and corruption and risks that budgeted resources are either wasted or spent ineffectively
- Transparency and effective communications are crucial to ensure that the beneficiaries and the broader population understand and appreciate the objectives of particular interventions
- In countries with weak budget execution and monitoring mechanisms, mechanisms for eliciting feedback from citizens can be effective in revealing malpractices such as "ghost schools," defective infrastructure, incomplete public works projects, theft, and waste"
- Although the inclusion of more actors in the decision-making process is not necessarily a guarantee of better decisions, a more contestable policy arena tends to be associated with higher levels of legitimacy and cooperation
- Participatory audits encourage more "more prudence in the use of public resources"
- Budget Briefs, are essentially easy to understand analyses of expenditure for public services with a limited amount of information and key messages and include simple visual interpretations of the relevant data

CURRICULUM
OVERVIEW

The TRANSFORM Learning Package
is organized in a modular structure, and reflects the key building blocks of a holistic & interdependent social protection system.

The TRANSFORM modules that are currently available are listed below.
Other modules are under development and will be added to the curriculum.

LEG	Legal Frameworks
S&I	Selection & Identification
ADM	Administration and Delivery Systems
COO	Coordination
GOV	Governance, Institutions & Organizational Structure
MIS	Management Information Systems & Approaches to Data Integration
FIN	Financing & Financial Management
M&E	Monitoring & Evaluation

All TRANSFORM materials are available at:
http://socialprotection.org/institutions/transform

WHAT IS TRANSFORM?

TRANSFORM is an innovative learning package on the administration of national social protection floors in Africa. The prime objective of TRANSFORM is to build critical thinking and capacities of policy makers and practitioners at national and decentralized levels to improve the design, effectiveness and efficiency of social protection systems. TRANSFORM aims not only at imparting state-of-the-art knowledge that is appropriate for the challenges faced by countries in the region, but also to encourage learners to take leadership on the change and transformation of nationally defined social protection systems.

WHY TRANSFORM?

Many training curricula exist in the field of social protection and thus fundamental ideas, concepts, approaches and techniques are accessible. And yet, institutions and individuals struggle with the complexity of developing a broad, encompassing social protection system.

This complexity requires a transformational approach to teaching and knowledge sharing. It is far from enough to impart knowledge, to fill heads. It requires learners to grapple with the features of complexity, to stimulate creativity, to appreciate diversity and uniqueness, to be involved as a key element of ownership –elements which are at least as important as the

Contact theTRANSFORM initiative at: **transform_socialprotection@ilo.org**
or visit **http://socialprotection.org/institutions/transform**

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