

# Poverty and the Role of Social Protection Systems in Africa during the COVID-19 Pandemic

Kibrom A. Abay, Nishant Yonzan, Sikandra Kurdi, and Kibrom Tafere

## Key messages

- ▶ The pandemic increased poverty in Africa by less than expected, approximately 1.5-1.7 percentage points in 2020.
- ▶ Countries affected by Fragility, Conflict, and Violence (FCV) experienced the greatest increases in poverty.
- ▶ An emerging literature establishes that social protection programs in Africa during the pandemic had positive impacts and was generally pro-poor, suggesting a key cushioning role played by the expansion of social protection on trends in poverty.
- ▶ However, delivering shock-responsive social protection in Africa continues to face important challenges related to targeting, coverage, timeliness, and financing.
- ▶ Early targeting analyses for some countries during the pandemic show that targeting was broadly progressive in some countries and regressive in some other countries.

## COVID-19 And Poverty in Africa

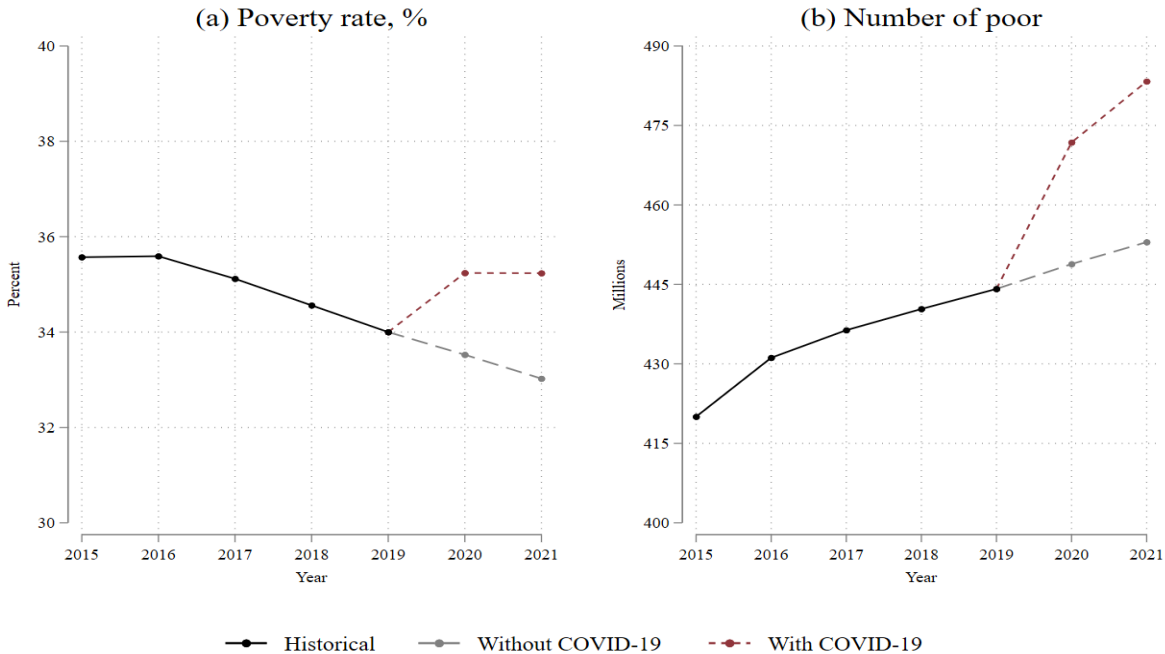
Initially starting as a global health crisis, the COVID-19 pandemic evolved into a major economic crisis. Quantifying the impact of the COVID-19 pandemic on poverty in Africa has been as difficult as predicting the path of the pandemic, mainly due to data limitations. The advent of new data sources, including

national accounts and phone survey data, provides an opportunity for a thorough reassessment of the impact of the pandemic and the subsequent expansion of social protection systems on the evolution of poverty in Africa. The economic impacts of the pandemic were expected to be highest in African countries, however, national accounts data on actual GDP growth for 2020 provide a more positive picture than these early projections. In a recent discussion paper ([Abay et al., 2022](#)), the authors used these recent data to reassess the impact of the pandemic on poverty in Africa for 2020 and reviewed evidence on the degree to which the expansion of social protection programs cushioned impacts of the pandemic on poverty.

The poverty analysis follows an approach taken in global estimates by (Mahler et al., 2022) to combine national accounts data on sectoral real GDP growth with information on income distributions taken from the most recent available household surveys. This method allows the creation of a baseline for 2019 for all countries. This facilitates extrapolating the 2019 country distributions forward to 2020 and 2021 under two scenarios: one incorporating the effect of the pandemic (“with COVID-19”), and one without the effect of the pandemic (“without COVID-19”). The former uses the per capita GDP growth rates from the World Bank’s June-2021 Global Economic Prospects (GEP) report, while the latter uses January-2020 GEP forecasts. Comparing the decrease in poverty with COVID-19 to the decrease in poverty without COVID-19 is important because poverty has been declining steadily in Africa since 2000 even as the population and thus total number of people in poverty has risen.

Without COVID-19, the overall poverty rate in Africa was expected to decline from 34% in 2019 to 33.5% in 2020 and further to 33.0% in 2021 (Figure 1). With COVID-19, the poverty rate is expected to increase to 35.2% in 2020 and remain at that level in 2021. Thus, for 2020, the net COVID-19 impact is 1.7 percentage points and for 2021 it is 2.2 percentage points (Figure 1).

**Figure 1: Nowcast of Poverty in Africa, 2015-2021**

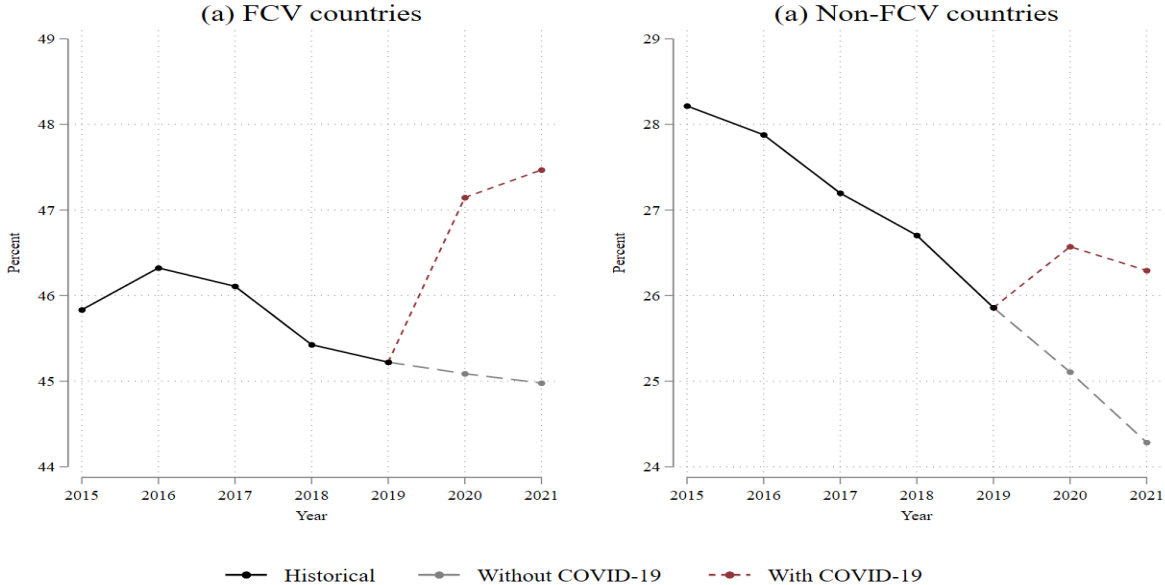


Source : PovcalNet, Mahler et al. (2021b), Global Economic Prospects.

These estimates are relatively smaller than early fears at the start of the pandemic suggested. For example, simulations accounting for negative GDP growth shock of between 5% and 20% suggested that the pandemic could push between 28-120 million people into extreme poverty in Sub-Saharan Africa in 2020 (e.g., Sumner et al., 2020). Overall, macro-based evidence suggests that the economic impacts of the pandemic in Africa have been muted compared to what was feared initially.

The analysis also highlighted variation in poverty changes across countries and within countries. Notably, increases in poverty were highest among the 21 countries affected by fragility, conflict and violence (FCV). As discussed below, this may be related to the greater difficulty of organizing social protection responses to the pandemic in these countries. For the non-FCV group, an additional 11 million people were pushed into poverty in 2020 (equivalent to 1.5 percentage points increase) and 16 million in 2021 (equivalent to 2 percentage points increase) due to the COVID-19 pandemic. For the FCV group, the expected additional poor is about 12 million people in 2020 (equivalent to 2.1 percentage points increase) and over 14 million in 2021 (equivalent to 2.5 percentage points increase).

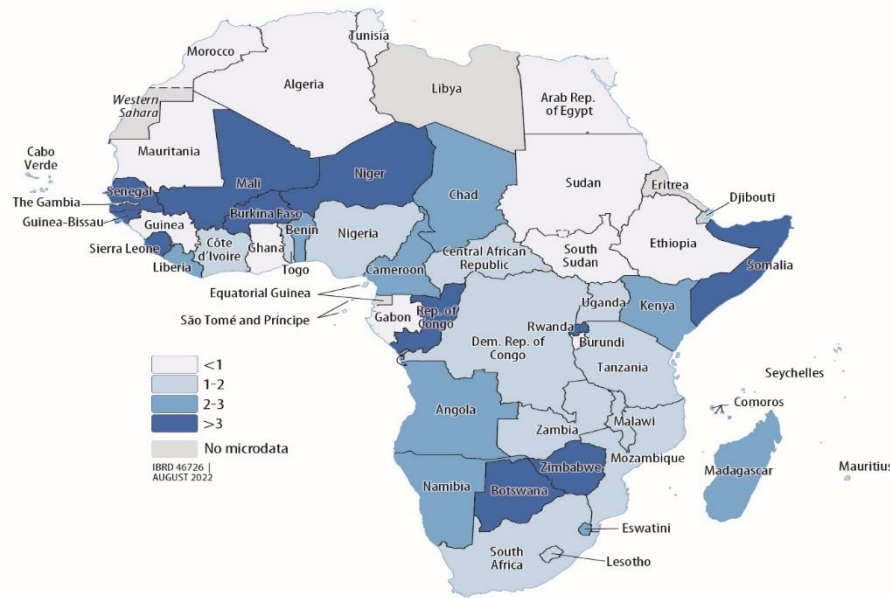
**Figure 2: Extreme Poverty Trends in FCV And Non-FCV Countries in Africa**



Source : PovcalNet, Mahler et al. (2021b), Global Economic Prospects. Fragility, Conflict, and Violence (FCV) list of countries from the World Bank: <https://thedocs.worldbank.org/en/doc/888211594267968803-0090022020/original/FCSListFY21.pdf>.

In general, countries in North Africa had the smallest changes in extreme poverty – likely because they tend to be less poor and hence have less people living close to the international poverty line. Countries in southern and central Africa were moderately affected, while a few countries in west Africa and a couple in southern Africa were most severely affected (Figure 3).

**Figure 3: Map of Extreme Poverty Changes in 2020 due to COVID-19**



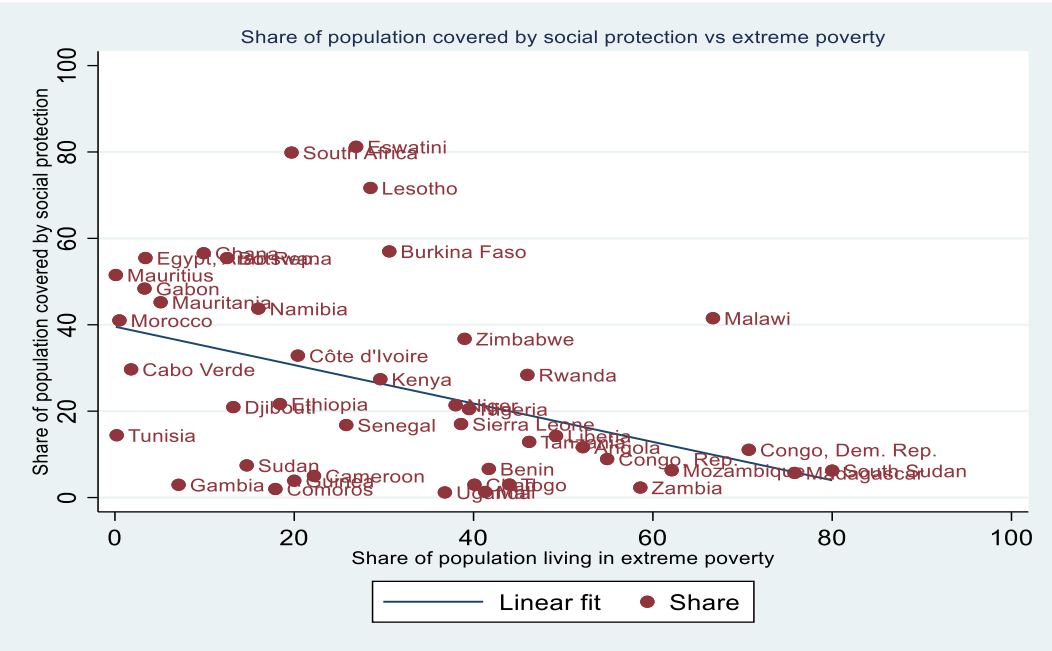
Note: The COVID-19-induced poverty changes are calculated as the difference between with COVID-19 and without COVID-19 scenarios. See Table A1 for country-level poverty estimates for 2020.

Looking forward, although African economies have experienced less than expected effects of the COVID-19 pandemic and agriculture and agri-food systems continue to facilitate post-pandemic recovery of economies in Africa (Zeufack et al., 2021), post-COVID-19 recovery is likely to be prolonged for several reasons. Inequity in access to vaccines and hence Africa’s slow progress in vaccination rates coupled with protracted conflicts and political instabilities in some countries continue to delay recovery of economies and livelihoods. The Russian-Ukraine crisis triggered important ramifications on food security and food prices in African countries that rely on Russia and Ukraine for cereal and fertilizer imports. These continued challenges remind the need to reinforce social protection programs to protect vulnerable households from these conflicts and food crises.

## Access To Social Protection Programs During the Pandemic

While the number of social protection programs in Africa has increased dramatically in the last few decades, their reach remains limited, with only small share of the population covered by the programs. The coverage of social protection programs in Africa is particularly low in countries with high extreme poverty rates. Using the Atlas of Social Protection Indicators of Resilience and Equity (ASPIRE) database at the World Bank, Figure 4 provides the relationships between coverage by some form of social protection program in each country and share of people living in extreme poverty.

**Figure 4: Coverage of Social Protection Programs in Africa**



Source: ASPIRE (Atlas of Social Protection Indicators of Resilience and Equity) database, World Bank. <https://www.worldbank.org/en/data/data-topics/aspire>

The COVID-19 pandemic accelerated the expansion of social protection programs with several governments expanding existing programs as well as establishing new ones to offset the impact of the pandemic on households and firms (Gentilini et al., 2020). There is considerable diversity in the size and administrative design of the programs. The composition of programs, however, varies by income level of countries. In low-income countries, programs are concentrated in cash transfers, public works and emergency transfers whereas in higher income countries programs are delivered primarily in the form of cash transfers and social pensions (Gentilini et al., 2020). During the pandemic, cash transfer programs were used to protect poor and vulnerable households against the risk of falling into poverty; to offset the income losses of informal and self-employed workers due to the pandemic; to compensate for school feeding programs, among others. Likewise, in-kind/ public work programs have been used to protect food security, expand education access, and improve health outcomes.

**Evidence On Impact of Social Protection Programs During the Pandemic**

An emerging literature establishes that social protection programs in Africa protected vulnerable households against food insecurity while also improving physical and mental health. Banerjee et al. (2020) study the impacts of a large scale universal basic income (UBI) experiment in Kenya, and they find that the UBI transfers had significant benefits during the pandemic, particularly in terms of improving food security, physical and mental health. Brooks et al. (2021) implemented unconditional cash transfers to female owned microenterprises in a slum outside of Nairobi and find that the transfer led to increase in reopening of businesses, business profits and household food expenditures. Abay et al. (2021a) evaluates the role of the Ethiopian Productive Safety Net Program (PSNP) and find that participation in PSNP offsets virtually all of the adverse effects of the COVID-19 pandemic. Strupat (2021) show that beneficiaries of the National Safety Net Programme (NSNP) and the Hunger Safety Net Programme (HSNP) in Kenya experienced lower loss of incomes during the pandemic. Other studies from Nigeria, Uganda and South Africa find that beneficiaries of the existing national social safety net and pension programs have

been protected from negative impacts of COVID-19 on food security (e.g., Kimani et al., 2020; Alloush et al., 2022; Abay et al., 2021b).

## **Challenges in Delivering Social Protection Programs in Africa**

Despite the instrumental role of social protection programs in Africa, delivering these programs during a pandemic entailed several important challenges. Targeting is the first challenge. Before the pandemic, social safety nets in Africa mostly targeted chronically poor households rather than vulnerability to shocks. Attempts at developing databases that could allow for shock-responsive social-protection had been made in some countries like Kenya and Uganda, but these were hampered by incomplete data and bureaucratic delays (Doyle and Ikutwa, 2021). Further, even in countries with the most advanced social protection systems, migrants and urban households tended to be excluded from social protection databases in spite of the COVID-19 impacts being worst for workers in the urban informal sector. Finally, rather than even attempting to target households for specific aid, many countries implemented broad measures like utility charge moratoriums that disproportionately benefited better-off households. A review of the limited evidence collected assessing the effectiveness of social protection targeting during the pandemic shows that in spite of these limitations social protection targeting was fairly progressive in some countries, especially those with more established pre-existing social protection systems. Figure 5 compares the targeting performance reported in phone surveys in Morocco, Tunisia, Egypt, Ethiopia, Nigeria, and South Africa. The patterns in Figure 5 show that targeting was broadly progressive in some countries (e.g., Egypt, Ethiopia, Morocco, and Tunisia) and generally regressive in some other countries (e.g., Nigeria).

**Figure 5: Targeting Performance in Selected African Countries during the COVID-19 Pandemic**



Sources: Duchoslav and Hiroven (2022), Kohler and Borat (2020), and Krafft et al. (2021).

A second challenge for the social protection response in Africa was timeliness. In general, there was a tradeoff across Africa between fast registration of new beneficiaries on existing systems, with the associated challenges reviewed above, versus rolling out new programs that targeted the right households but arrived too late.

Lastly, the social protection response to the pandemic was limited by financing constraints. More than half of the funding for social protection programs in Africa came from development partners even before the pandemic (Bossuroy and Coudouel, 2018). This has inhibited expansion of social protection programs because funding from development partners, which were also affected by the pandemic, has significantly declined. In a selected group of African countries for which data was available in 2020, only 23% of spending on COVID-19 expansions of social protection was from domestic financing (Alfemni, 2020). This trend continued during the pandemic response even as selected countries such as Kenya and South Africa ran considerable fiscal deficits in order to fund the COVID-19 social protection responses.

While the social protection response in Africa was considerable and likely played a key role in reducing the economic impacts of the COVID-19 crisis compared to early projections, looking forward, social protection programming in Africa needs investing in data infrastructure to facilitate both the delivery and targeting of shock-responsive social protection programs and countries need to devise sustainable financing sources.



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