



## **OUTCOME DOCUMENT**

**European Union and African Union  
Capacity Building Workshop  
Social protection in Africa  
*sharing experience on the informal economy***

**10 – 11 March 2011, Nairobi  
Kenya**

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The European Commission and the African Union Commission organised a workshop on "*Social protection in Africa – sharing experience in the informal economy*". The workshop took place within the framework of the Migration, Mobility and Employment Partnership of the Joint Africa-EU Strategy. It was attended by representatives from EU and AU Member States, Regional Economic Committees, international organizations including ILO, UNICEF and WB and civil society organizations, social partners and experts on social protection.

During the plenary session various countries, civil society organizations and international organizations presented their social protection experiences and strategies. Furthermore, two working groups were organized: one on identifying and removing obstacles to effective social protection for informal economy workers, and one on resource mobilization strategies in support of social protection.

From the discussion of the working groups it can be concluded that there is a need to further develop and implement overall social protection policies that particularly address workers and their family members in the informal economy. Political commitment, mobilisation of national resources and the need to address affordability aspects were particularly high lightened for setting up social protection systems. It is also important to enhance data collection and setting up monitoring and evaluation mechanisms for analysing the impacts of social protection.

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<b>Key issues discussed in the Working Groups</b>
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**Working Group 1:**  
**Obstacles to effective and sustainable social protection measures for the informal economy workers and their family members**

Almost 42% of GDP in Africa comes from the informal economy, whereas more than 75% of the labour force is informally employed and does not enjoy adequate social protection. The participants of the working group recommend the following:

- There is a need to develop and implement an overall social protection policy that incorporates the informal sector and enhances its productivity.
- Encourage member states to establish a minimum package of social protection policies for all, including the informal sector.
- *The AU-EU partnership should undertake activities to ensure that this policy provides a networking opportunity between the informal economies across the continent.*
- *The AU-EU partners should put in place a monitoring and evaluation mechanism for the policy with active involvement of all stakeholders at national and RECs level.*
- Encourage member states to organize the informal economy and develop capacity building programmes, linking them to various incentive packages (e.g. credit, markets, banking) available to the formal sector with the aim to formalize the informal economy.
- Stimulate demand for products and services of the informal economy.
- Member states should involve local government in the regulation of the informal economy.
- Evaluate and perform a gap analysis of the existing policies and laws with the aim of embedding the informal sector within these laws and policies.

**Working Group 2:**  
**Resource mobilization strategy supporting social protection in the informal economy**

Sources for financing social protection systems range from international aid and public expenditure by national governments to the private sector, civil society, trade unions and community financing. The key questions are affordability and sustainability. The participants of the working group recommended the following:

- **Social protection as a social contract:** To ensure that social protection receives high priority in national budgeting, it requires the development of a politically sustainable social contract. Besides ensuring that social protection receives public funding it will also encourage different actors to develop and support innovative financing schemes to fund social protection systems. Examples of such schemes include a weather index insurance (protection of smallholder farmers in case of weather perils such as drought and floods).
- **Improving revenue raising capacity and redirecting from other areas of public expenditure:** Social protection can be funded through improved revenue collection, efficient use of public resources (improved public finance management) and continue combating of corruption. Tax exemptions could be applied to private and social insurance contributions.

- **Enhance data collection for an efficient monitoring and evaluation:** Investment in social protection will require sound data and information systems to optimize the design, implementation and continuous monitoring and evaluation of social protection systems. Efforts should be made to enhance a harmonized data collection and information.
- **Enhance partnerships:** Enhanced partnerships avoid wastage and duplication of already existing programmes and therefore lead to increased cooperation between all actors. The cornerstone of such a partnership must stem from a National Social Protection Policy that provides clear directions on the different roles and responsibilities of the various actors and specifies the lead ministry/authority. Governments priorities including good governance should be aligned by development partners, civil society and privates sectors which would optimise the resource allocation and the long term sustainability of social protection systems.
- **Global Fund for social protection:** To ensure donors adopt intersectoral and long term development of integrated social protection system, the establishment of a Global Fund modelled along the lines of the Global Fund for HIV and AIDS and Malaria could be considered.

### **Working Group 3: Follow-up on the Decent Work Initiative**

Activities under the "*Decent Work Initiative*" should be linked with other employment and social protection related initiatives in the Strategy, e.g. MDGs and the Science, Information Society and Space Partnership

The group had a lively discussion on several aspects of this initiative and proposed the following:

- Conduct a gap analysis on social protection in the informal economy. This analysis should be a comprehensive information exercise that takes the existing mechanisms, legal and institutional frameworks into account.
- The need to facilitate and support sustainable capacity building within the AUC and the RECs on social protection and labour market information systems;

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The participants in the workshop support submitting these issues to the next meeting of the joint Africa-EU informal expert group.

An operational follow-up may now be done on this basis by each participant within its level of responsibility including through informal exchanges of experience and the setting-up of networks.

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