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STRENGTHENING SOCIAL PROTECTION FOR FAMILIES AND CHILDREN IN THE REPUBLIC OF CONGO

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Abbreviations

AfDB	African Development Bank
ARI	Acute respiratory infection
CAS	Circonscriptions d'action sociale (social welfare offices)
DHS	Demographic and Health Survey
DPT3	Diphtheria, pertussis and tetanus (3rd vaccine)
ECOM	Enquête Congolaise auprès des Ménages (Congolese Household Survey)
EPI	Extended Programme on Immunization
ESISC	Enquête de séroprévalence et sur les indicateurs du SIDA au Congo (Survey on Seroprevalence and AIDS Indicators in Congo)
GDP	Gross domestic product
HIV/AIDS	Human Immuno-deficiency Virus/Acquired Immune Deficiency Syndrome
ILO	International Labour Organization
ISTS	Institut Supérieur du Travail Social (Higher Institute of Social Work)
IMF	International Monetary Fund
ITN	Insecticide treated net
NGO	Non-governmental organization
PARSEGD	Project to Support the Socioeconomic Reintegration of Disadvantaged Groups
PMT	Proxy means test
PWP	Public works programme
UNICEF	United Nations Children's Fund
WFP	World Food Programme
WHO	World Health Organization

Executive Summary

The Republic of Congo, also known as Congo-Brazzaville, is a country with striking contrasts between its status as an oil-rich, low middle-income country and its high levels of poverty and child deprivations. Social protection provision is largely limited to a small minority in the formal sector of the economy.

This paper presents the results of quantitative micro-simulations on the cost, impact and cost-effectiveness of different policy options for cash transfers in Congo, including universal and targeted child allowances, old age pensions and disability benefits, along with an analysis of the existing social protection system, the policy framework and institutional capacity.

Selecting among a range of different types of cash transfers requires an exercise in weighing the pros and cons of each option, including poverty reduction impacts, affordability, cost-effectiveness, administrative capacity for implementation and institutional risks. While a poverty-targeted child allowance would be the most cost-effective option, in terms of cost per unit of reduction in the poverty gap, institutional and technical constraints make large-scale poverty targeting unviable in a country with very weak governance. Universal categorical approaches would be much simpler to implement, while still being financially feasible, given Congo's substantial fiscal surplus (14% on average in 2006-10). Under the assumptions employed for the simulation, a universal allowance for children under 5 would reduce the national poverty headcount by 9% while costing only 0.7% of GDP.

Resumen Ejecutivo

La Republica del Congo, también conocida como Congo-Brazzaville, es un país de contrastes; por un lado, un país rico en petróleo y con un status de ingreso medio bajo, y por otro, un país con altos niveles de pobreza y privaciones que afectan a la niñez. La extensión de beneficios de protección social se limita en gran parte a aquellos en el sector formal de la economía.

Este estudio presenta los resultados de micro-simulaciones cuantitativas, en términos de costo, impacto y costo-efectividad, de diferentes opciones para la implementación de transferencias monetarias en Congo, incluyendo subvenciones de apoyo infantil universales y focalizadas, pensiones para adultos mayores vulnerables, beneficios para personas con discapacidad, así como un análisis del sistema de protección social existente, el marco de políticas y el nivel de capacidad institucional en el país.

La selección entre un rango de diferentes modalidades de transferencias monetarias requiere de un ejercicio que permita examinar las ventajas y desventajas de cada opción, incluyendo impactos en la reducción de pobreza, viabilidad financiera, costo-efectividad, capacidad administrativa para la implementación, así como riesgos institucionales. Si bien una subvención de apoyo infantil focalizada podría considerarse como la opción mas costo-efectiva en términos de costo unitario de reducción de la brecha de la pobreza, los retos institucionales y técnicos existen hacen que la focalización de pobreza a gran escala sea inviable en un país con estructuras débiles de gobernabilidad. Un enfoque universal y categórico resulta un ejercicio más simple de implementar, y sigue siendo financieramente viable, dado el superávit fiscal en Congo (un promedio de 14% entre 2006-10). Dadas las premisas utilizadas para la simulación, una subvención universal de apoyo infantil para niños menores de cinco años podría resultar en una reducción de 9% en el recuento de la pobreza nacional, con un costo de 0.7% del PBI.

Résumé Analytique

La République du Congo, ou Congo-Brazzaville, est un pays aux contrastes frappants : d'un côté, pays pétrolier à revenu intermédiaire et, de l'autre côté, des taux élevés de pauvreté et de privations chez les enfants. La couverture en protection sociale est presqu'entièrement limitée à une petite minorité dans le secteur formel de l'économie.

Cette étude présente les résultats de micro-simulations quantitatives sur le coût, l'impact et le coût-efficacité de diverses options de transferts en espèces au Congo, y compris des allocations familiales pour enfants (universelles et ciblées), des pensions de vieillesse et des pensions d'invalidité, ainsi que des analyses du système existant de protection sociale, du cadre politique et des capacités institutionnelles.

Le choix entre plusieurs types de transferts en espèces requiert une évaluation des avantages et des inconvénients de chaque option, prenant en compte les impacts en termes de réduction de la pauvreté, la faisabilité financière, le cout-efficacité, la capacité administrative pour la mise en œuvre et des risques institutionnels. Tandis que les allocations familiales ciblées seraient l'option la plus efficace par rapport au coût, mesurée en termes du coût unitaire de réduction de la profondeur de la pauvreté, les contraintes institutionnelles et techniques rendent le ciblage des pauvres non faisable à large échelle dans un pays de gouvernance très faible. Les approches catégorielles universelles seraient beaucoup plus simples à mettre en œuvre, tout en étant faisables en termes financiers compte tenu de l'ampleur de l'excèdent budgétaire du Congo (14% en moyenne en 2006-10). Sous les hypothèses employés pour la simulation, les allocations familiales pour enfants de moins de 5 ans réduiraient l'incidence de la pauvreté de 9% à un coût équivalent à seulement 0,7% du produit intérieur brut.

1. Introduction

This paper shows how it would be feasible for the Republic of Congo, also known as Congo-Brazzaville, to establish a system of social transfers that would greatly improve the wellbeing of families and children. Congo is a country with striking contrasts between its status as an oil-rich, low middle-income country and its high levels of poverty and child deprivations. Progress towards the Millennium Development Goals (MDGs) has been disappointing, partly because of a ruinous civil war in the second half of the 1990s but also due to policy failures.

Following Congo's achievement of the completion point for substantial debt reduction under the Highly Indebted Poor Countries (HIPC) initiative and the Multilateral Debt Relief Initiative (MDRI) in January 2010, UNICEF initiated a programme of analysis and policy dialogue with the Government to chart a way forward for the country to use this new opportunity to improve the financing of the social sectors, while also building a stronger social protection system, and thereby accelerate progress towards the MDGs. In this process UNICEF worked closely with other development partners, including in particular the International Monetary Fund (IMF).

This paper focuses on the opportunities to strengthen the provision of social protection for families and children as a means to reduce child poverty. It draws on the results of quantitative micro-simulations on the cost, impact and cost-effectiveness of a number of different policy options, along with an analysis of the existing social protection system and qualitative assessments of the policy framework and institutional capacity.

This introduction continues with a brief overview of economic and social development in Congo, highlighting the contrast between oil wealth and child poverty, and the new opportunities created by restored security, debt relief and rising oil revenues. Information is also provided on how UNICEF's social policy work has focused on exploiting these favourable opportunities to improve the situation of children.

Section 2 presents the methodology used in this paper. Section 3 then provides an analysis of the dimensions of vulnerability in Congo, focusing in particular on household wealth, geographical residence, ethnicity, gender, disability and chronic disease. Section 4 assesses the existing social protection system in Congo, in terms of policy, institutions, capacity and financing. Section 5 presents an analysis of policy options to strengthen social protection. Section 6 draws out the main conclusions.

1.1. Congo: Oil wealth and child poverty

The Congo is potentially at a turning point in its development. The write-off of most of the country's public external debt as a result of its achievement of the HIPC/MDRI completion point, coupled with the consolidation of peace and security since the end of the civil war, the increase in Congo's oil production and soaring world oil prices have created a context that is more favourable than ever for economic growth, poverty reduction and social development. GDP growth has exceeded 5% a year since 2008 and reached 8.8% in 2010.

A large part of the oil income accrues to the state as royalties and taxes, giving Congo one of the highest ratios of government revenue to GDP in Sub-Saharan Africa. This ratio was 37.4% in 2010 and was expected to exceed 40% in 2011-12. Only Angola has a higher revenue/GDP ratio.

For the past few years, Congo has had by far the highest overall fiscal surplus of any country in Sub-Saharan Africa. Averaging 13.5% of GDP in 2004-08, this dipped temporarily to 4.4% in 2009, at the height of the global crisis, but has since risen to unprecedented levels and is projected by the IMF to exceed 20% in 2012 (see Table 1). This is far more than other oil-rich countries in the Gulf of Guinea such as Angola and Gabon, while almost all oil-importing Sub-Saharan African countries are permanently in deficit.

Table 1. Congo: Economic indicators, 2000-2012

	Average 2004-08	**2008**	**2009**	**2010**	**Projected 2011**	**Projected 2012**
Real GDP growth (%)	4.3	5.6	7.5	8.8	5.0	7.0
Real per capita GDP growth	1.4	2.6	4.4	5.7	2.0	3.9
as % of GDP						
Overall fiscal balance incl. grants	13.5	23.4	4.8	16.0	19.5	20.3
Government revenue excl. grants	39.6	46.4	29.1	37.4	42.9	43.9
Government expenditure	26.4	23.6	24.7	21.5	23.8	24.3
Government debt	114.4	68.1	57.2	23.8	...	...

Source: IMF, Regional Economic Outlook: Sub-Saharan Africa, October 2011.

Few African countries are so well placed to meet the needs of their citizens, including in particular their children. But the available data suggest that Congo’s people are benefiting very little from this oil wealth. Despite Congo’s status as a low middle-income country with gross national income per capita of $2,240 (at current prices and exchange rates) in 2010, poverty rates are high and human development indicators are generally poor.

A full understanding of the current situation is hampered by the paucity of recent data. The first national household budget survey, the Enquête Congolaise auprès des Ménages (ECOM), conducted in 2005, found that just over half the population (50.7%) was living below the national absolute poverty line, calculated as the minimum required to meet a basket of essential food and non-food items (CNSEE, 2006). It is thought likely that monetary poverty has fallen since then, due to post-conflict recovery, but this will not be known for sure until the household income and consumption data of the second ECOM, conducted in 2011, have been released.

Nonetheless, some preliminary ECOM 2 data on access to basic social services have been released (CNSEE, 2011). These show some improvement. For example, the net primary school enrolment ratio rose from 87% in 2005 to 89% in 2009, and the net secondary school enrolment ratio from 44% to 59%, with almost full gender parity at both levels (see Table 2). In this respect, Congo compares well to the Sub-Saharan African averages. However, ECOM 2 also found low levels of pupil satisfaction, suggesting that the quality of education and learning achievement remain poor. Overall, 66% of pupils were dissatisfied, due mainly to lack of textbooks and school materials (62% of reasons given), teacher absenteeism (39%), the poor state of schools (31%) and lack of teachers (20%).

Preliminary data from the second Demographic and Health Survey (DHS 2), conducted in 2011/12, indicate that there has been little improvement in health and nutrition indicators (see Table 2). Maternal and under-5 mortality rates have not yet been analysed and released. However, while this source provides evidence of progress in maternal health since the first DHS in 2005, and higher rates of use of maternal health services than the averages for Sub-Saharan Africa, the picture is less positive for child health and nutrition (CNSEE and ICF International, 2012).

Table 2. Social indicators: Congo DHS and ECOM data for 2005 and 2011/12 and regional comparisons (%)

	Congo 2005	Congo 2011[1]	Average Sub-Saharan Africa
Education			
Primary school net enrolment ratio	87	89	76
Secondary school net enrolment ratio	44	59	…
Maternal health			
Prenatal care (at least 1 visit)	86	93	78
Delivery assisted by trained health personnel	86	92	53
Delivery in a health facility	82	92	48
Child health			
Complete EPI vaccination (children 12-23 months)	52	46	…
DPT3 vaccination (children 12-23 months)	68	72	77
Polio3 vaccination (children 12-23 months)	69	57	79
Children <5 sleeping under an insecticide treated bed-net	6	26	34
Children < 5 with fever receiving antimalarial drugs	48	25	39
Children < 5 with ARI symptoms taken to health provider	44	52	51
Nutrition			
Children <5 underweight (moderate and severe)	14	12	20
Children <5 wasted (moderate and severe)	7	6	9
Children <5 stunted (moderate and severe)	26	24	39

Note[1]: DHS data are for 2011/12.
Sources: Congo ECOM 2005 and 2011, Congo DHS 2005 and 2011/12, and UNICEF *State of the World's Children 2012*.

EPI vaccination rates remain below the averages for Sub-Saharan Africa and have declined for polio. Although there has been a large increase in the proportion of children sleeping under insecticide treated bed-nets (ITNs), which have been the subject of major campaigns in the past few years, this is still below the regional average. Worse, the proportion of children under 5 with fever receiving antimalarial drugs has sharply declined, from 48% to 25%, a rate far below the average in Sub-Saharan Africa (39%).

The trends in child nutrition are also of concern. Although below the regional averages, the proportions of children under 5 who are stunted or underweight increased between the DHS surveys in 2005 and 2011/12. The slight increase in chronic malnutrition to 24% seems little less than shocking in a low middle-income country with restored security and favourable macroeconomic indicators.

1.2. UNICEF's social policy engagement with the Government and development partners

Given Congo's status as a low middle-income country with substantial oil revenues, external aid plays only a very minor role in the financing of public services. Indeed, few donors have programmes of cooperation with the Government of Congo. Official grants averaged less than 0.2% of GDP in 2004-10, before rising to 0.4% in 2011 as a result of debt reduction (IMF, 2011).

Improvements in results for children therefore depend almost entirely on domestic policy choices, financing decisions and institutional capacity. Influencing these, notably through direct technical assistance to policy analysis and development, has become the main contribution of UNICEF's country programme over the past few years. This has included support for the development of the Education Sector Strategic Plan and the implementation of the government's commitment to fee abolition for basic education, and in the health sector the use of the Marginal Budgeting for Bottlenecks methodology for costing the package of services needed to achieve the health-related MDGs.

At a wider crosscutting level, UNICEF embarked on a series of important social policy studies from about 2007. This began with a multidimensional study of child poverty (Notten et al, 2008a), which was one of the first country studies in a global initiative by UNICEF to apply a deprivations approach to the analysis of child poverty. A follow-on study (Notten et al, 2008b) focused on the potential cost and impact of policy measures to address the deprivations highlighted in the child poverty study. This included the first analysis of social transfer options in Congo, including child allowances and social pensions.

Two years later UNICEF reviewed the economic and social situation in the country, focusing in particular on the financing of the social sectors, in the new context created by the achievement of the HIPC/MDRI completion point (Hodges and Makosso, 2010). This was accompanied by Congo's inclusion as a pilot country in a new global partnership between UNICEF and the IMF, which included the participation of a UNICEF consultant in an IMF review of pro-poor public expenditure in Congo in March 2010.

A subsequent contract with Oxford Policy Management (OPM) in 2010-11 broadened UNICEF's engagement in social policy processes. This covered five work-streams: 1) inputs to the second generation Poverty Reduction Strategy Paper (PRSP); 2) knowledge exchange with Ghana and Rwanda on the development of a national health insurance scheme as a possible means to improve access to health services; 3) training for the strengthening of the medium term expenditure frameworks (MTEF) in the social sectors; 4) scoping for a public expenditure tracking survey in the health sector; and 5) the development of a National Social Action Policy as a framework for strengthened non-contributory social protection.

The rest of this paper provides an overview of the analysis that contributed to the development of the National Social Action Policy, which aims to establish a framework for a 'social protection floor' in line with the UN's response to the global crisis (UN, 2009). The work to prepare the Policy went through three stages: first, a diagnostic study of social vulnerability and risks in Congo, the nature and coverage of existing social protection programmes, and the policy, institutional and financing framework (Hodges et al, 2011a); second, a strategic review, which focused on an analysis of policy options (Hodges et al, 2011b); and third the drafting of the Policy itself (MASAHS, 2011).

The Policy was validated in December 2011 and is now being submitted along with an operational plan for 2012-16 for formal adoption by the Council of Ministers. One of its most striking features, based on the conclusions of the analysis of policy options, is that it proposes the progressive establishment of a system of categorical social transfers, comprising an allowance for children under five, a social pension for persons aged 60 and above, and a disability pension.

2. Methodology

Social protection is fundamentally about reducing vulnerability to risks. This means not only protection in an ex post passive sense, but also strengthening prevention and, as it is increasingly recognised, building household and individual capacity in order to reduce vulnerability – the 'promotional' aspect of social protection.

Chapter 3 employs a multidimensional approach to both vulnerability and risk. While it gives a central place to the economic dimension of vulnerability, recognising the important role of assets and income in determining the capacity of households to withstand shocks and cope with risks, it recognises that several other dimensions are also important, either on their own or compounding the economic dimension of vulnerability. These include:

- Geographical residence, due to the disparities in access to public services and markets (by urban and rural areas and by regions, especially in developing countries) and the differing degrees of exposure to environmental risks;
- Age, due to the evolving capacities and types/degrees of risk at different stages of the life cycle (very young children, school-aged children, adolescents, adults of working age and old people);
- Gender, due to socially determined inequalities, discrimination and risks, as well as risks related to the reproductive role of women;

- Ethnicity, in societies where discrimination and exclusion place certain ethnic groups at a disadvantage to others;
- Illness and disability, which by reducing capacity (accompanied in some cases by discrimination and exclusion) exacerbate vulnerability to risks.

Likewise, the approach taken in this analysis recognises that risks are of many types, going beyond the 'classic' risks recognized in the international conventions on social security, such as illness, unemployment, disability and old age. A holistic approach needs to take into account other types of economic risk, such as loss of harvests and livelihoods as a result of natural disasters, wars or global economic shocks, as well as a broader range of 'social' risks such as infant and child mortality, drop out from school, violence, exploitation and abuse.

Chapter 3 draws mainly on the data from ECOM 1 and DHS 1, along with the 2007 population census, to carry out this multi-dimensional analysis of vulnerability to risks. Some preliminary data from the ECOM 2 and DHS 2 surveys in 2011 are also used in the analysis.

More qualitative methods were used for the analysis of the policy, institutional and financial framework for non-contributory social protection, in Chapter 4, although some quantitative data were available to assess the system's administrative capacity, including its human resources, and data on social protection expenditure from the Ministry of Finance were also analysed.

Finally, the analysis in Chapter 5 focuses on the potential cost, impact, cost-effectiveness, targeting efficiency, and administrative and budgetary feasibility of policy options for developing a system of social transfers in Congo. It should be noted that this policy analysis was not exhaustive, notably in so far as it did not cover the strengthening of social welfare services or what might be called the 'non-monetary' branch of social protection. The latter is, however, an important component of the National Social Action Policy and has been budgeted in the Policy's operational plan. Here we focus on social transfers since these are the main novel feature of the Policy and, as will be shown below, have potentially large impacts and for at least some of the options appear to be affordable for Congo to finance from domestic resources.

A large number of different policy options were simulated. To simplify the presentation here, the analysis in Chapter 5 focuses on the following six options:

- A universal allowance for children under 15;
- A universal allowance for children under 5;
- An allowance targeted to children under 15 in households below the poverty line;
- A universal old age pension, for persons aged 60 and above;
- A universal disability pension;
- A public works programme (PWP) benefiting the unemployed in poor households.

The analysis was conducted for the year 2008, as if these various programmes already existed (individually) at full national scale in that year. In other words, these were not simulations of 'projects' implemented in selected geographical zones. The simulations used demographic and economic data for 2008 as well as household data from ECOM 2005, based on the simplifying assumption that the structure of household consumption expenditure (and thus the poverty indicators) remained the same in 2008 as in 2005.

Benefit levels for the child allowances were set at 30% of the food poverty line (equivalent to CFA 5,000 or €6.33 per child), whereas the value of old age and disability pensions was set at the higher level of 70% of the food poverty line (CFA 12,000 or €18.33) on the grounds that there will rarely be more than one pension beneficiary in a household. It was assumed that intra-household distribution is neutral.

To simulate the impact of these transfers on household consumption expenditure and the standard poverty indicators (poverty headcount, poverty gap and poverty severity), it was assumed that the full amount of the transfer is added to consumption expenditure, with no savings, although this is unlikely to be the case in reality. It should be noted that the Foster-Greer-Thorbecke (FGT) indicators for poverty gap and poverty severity were modified slightly, by using as denominator the population in poverty rather than the total population.

The analysis of costs includes both the transfers themselves and the cost of administering the programmes. Drawing on the international experience of administering 'mature' programmes at scale, without the diseconomies of scale associated with pilots and abstracting from the design, set-up and roll-out costs required to start up programmes (presumed here to have been already expended), it was assumed that long-run operating costs would be 10% of transfer costs for the simpler categorical programmes and 15% for the economically targeted child allowance, which requires more complex targeting methods (in this case a proxy means test). Some additional assumptions were required for the simulation of the PWP, due to the special characteristics of this type of programme (see Box 1).

3. Vulnerability in Congo

In accordance with the methodology set out above, this chapter presents a broad profile of vulnerability in Congo along several dimensions: geographical residence, life cycle, gender, ethnicity and illness/disability.

3.1. Economic dimension of vulnerability

As noted above, approximately half of the Congolese population was living below the absolute poverty line in 2005. Households at lower levels of income and assets have lower capacity to cope with risks and manage shocks. This is illustrated by the DHS 1 data for the main risks facing children, which show that these risks are negatively correlated with household wealth (see Table 3). By 'risks' here we mean the risks of various child deprivations or of non-access to essential services. Unfortunately DHS 2 data by quintiles are not yet available for a similar analysis for 2011/12.

Table 3. Social indicators by wealth quintiles, 2005

	Q1	Q2	Q3	Q4	Q5	Total
Mortality rates (per 1,000 live births, 1996-2005)						
Under-5 mortality	135	130	130	124	85	123
Infant mortality	91	96	74	76	56	81
Nutrition (% of children < 5; moderate and severe)						
Stunting (height for age)	31.9	27.2	24.6	23.7	19.7	26.0
Wasting (weight for height)	5.6	9.3	5.8	6.6	4.7	6.5
Underweight (weight for age)	19.3	18.6	14.2	10.5	5.3	14.4
Health (%)						
Assisted deliveries	69.8	79.6	93.7	97.6	98.1	86.1
Children 12-23 months fully vaccinated	29.1	44.7	60.6	61.8	73.0	52.1
Children with symptoms of ARI or fever taken for treatment	38.1	39.7	41.3	50.4	55.6	43.9
Child labour (%)						
Children working 4 hours or more per day	30.4	29.8	19.7	13.5	16.1	22.2
Birth registration (%)						
Children < 10 with a birth certificate	68.7	77.9	84.3	87.9	91.4	81.1

Source: DHS 2005.

It is important to note, however, that for some indicators the risks decline only in the highest quintiles, and that they are still high even in the 5th quintile compared with overall averages in other regions of the world such as Asia and South America. For example, DHS 1 data show that under-5 mortality varies very little across the first three wealth quintiles (in the range of 130-135 per thousand live births), declines slightly in the fourth quintile (124) and falls more sharply only in the fifth quintile (85), where it is still almost four times higher than the average in Latin America (23 according to UNICEF's State of the World's Children 2012). This structure of 'top inequity' (Victora et al, 2005) suggests that a narrow policy focus on the bottom quintile would probably be misplaced as the underlying problems (risks of disease and malnutrition) are much more widely spread. This can be seen for example in the distribution of stunting, which, although decreasing as wealth increases, remains high (at 19.7% in 2005) even in the fifth quintile.

3.2. Vulnerability and the life cycle

Children, especially very young children, are at the highest risk of mortality, along with the very old. The statistics in Table 2 show that one in twelve children do not reach their first birthday and one in eight do not reach the age of 5. The risks of morbidity (especially from malaria) and malnutrition are high. For children of school age, almost all will enter primary school, but the risk of drop out increases as children grow older, especially at secondary level. Children are also more likely to be living in monetary poverty (53.7% in 2005) than adults (47.1%) because of higher fertility levels among the poor.

Given the importance of the family as the natural environment for children's care, development and protection, those children who are deprived of this supportive framework are particularly vulnerable. These include a significant number of abandoned new-borns, as well as child victims of trafficking, both internally and from abroad, in particular Benin and the DRC (UNICEF and MSASF, 2007), and street children, although their number (0.05% of children) is reportedly in decline since the end of the war (Bodin, 2009). It is also noteworthy that 0.6% of households are headed by children, according to the 2007 census (Tchicaya and Mboko Ibara, 2010).

Although the groups mentioned above are likely to be among the most at risk, they are numerically very small. A much larger category of potentially vulnerable children lives within households but without one or more of their biological parents. According to a national AIDS survey in 2009, only 54.2% of Congolese children live with both their biological parents, while 23% live only with their mothers, 8% with only their fathers and 12.5% with neither of their biological parents. This is only partly explained by the large number of orphans (6.9% of children are orphans of one or both of their parents). The more important factors are family break-up, migration and the traditional practice of informal fostering. DHS 1 provides evidence that non-orphaned children living with neither of their biological parents are at higher risk of not attending school than children living with at least one of their parents. The respective school attendance rates for children 10-14 were 86.6% and 93.3%.

As children reach the stages of adolescence and youth, they face difficulties integrating the labour market, with unemployment at 31% in the age group 15-29 in urban areas according to a survey on employment and the informal sector (CNSEE, 2010). This age group is also at higher than average risk of contracting sexually transmitted diseases, including HIV-AIDS. Women of reproductive age are particularly vulnerable to maternal mortality despite the relatively high levels of use of reproductive health services. DHS 1 estimated the maternal mortality rate at 781 per 100,000 live births.

The elderly (aged 60 and above) have a poverty rate (50.3% in 2005) that is similar to that of the population as a whole, reflecting the fact that most are integrated in households with working adults, but there is considerable evidence that a minority of old people (13.2%) live alone, sometimes disinherited in the case of widows (under traditional matrilineal inheritance customs) and in extreme poverty (Dzon, 2010; ADB and MASAHS, 2011).

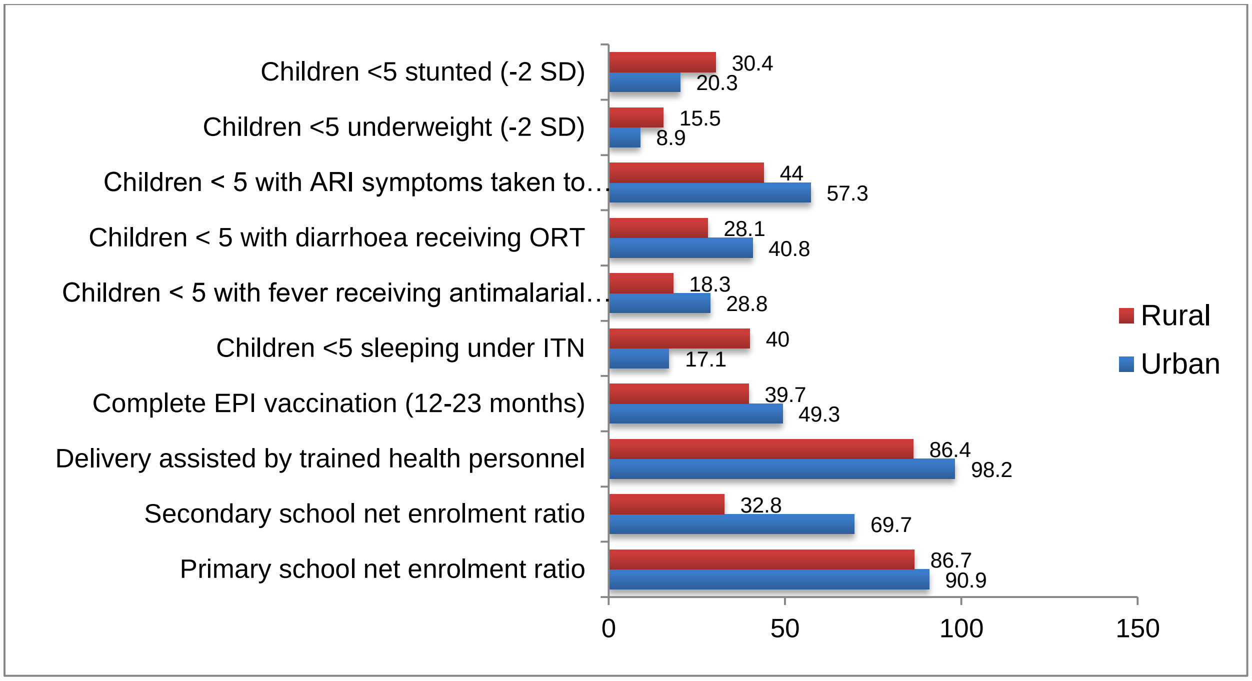
3.3. The geographical dimension of vulnerability

Many rural areas are poorly connected to markets and public services. For example, only 46.5% of rural dwellers live within 30 minutes of a health facility compared with 75.2% for those living in the cities, according to ECOM 2. Certain areas in the valley of the Congo River are more prone to natural disasters from flooding, and the department of Likouala has been the most affected by influxes of refugees (from the neighbouring DRC).

According to ECOM 1, poverty incidence is highest in small towns (67.4%) and the rural areas (64.8%), compared with 42.3% in the capital, Brazzaville, and 33.5% in Pointe-Noire, the second largest city. As noted above, ECOM 2 data on poverty are not yet available. However, geographically disaggregated DHS 2 data for 2011/12 are available for several social indicators, and these show important disparities by urban and rural areas (see Figure 1) and between the 12 departments, the highest sub-national administrative units (see Table 4). For example, the secondary school net enrolment ratio is more than twice as high in urban areas (69.7%) as in rural areas (32.8%). Stunting in children under 5 is about 50% higher in rural areas (30.4%) than in urban areas (20.3%). One striking exception is that far more children in rural areas sleep under insecticide treated nets than in the urban areas, presumably reflecting the pattern of ITN distribution – but if they fall ill they are only two thirds as likely to receive antimalarial drugs.

With respect to the departments, Brazzaville and Pointe Noire stand out as way ahead of all the others on almost all indicators. Sangha and Likouala have the worst indicators for primary and secondary net enrolment ratios. Sangha and Lekoumou have the worst indicators for assisted deliveries and chronic malnutrition. Vaccination coverage rates vary widely, with Plateaux having the lowest level for complete EPI vaccination coverage (only 14.2%).

Figure 1. Social indicators by urban and rural areas, 2011/12



Sources: ECOM 2011 (for education data) and DHS 2011/12 (for other data).

Table 4. Social indicators by departments, 2011/12

	Education: net enrolment ratios		Health			Nutrition
	Primary	Secondary	Assisted delivery	Full vaccination (12-23 months)	Children < 5 with fever taken to health facility	Stunting (-2 SD)
Kouilou	89.8	27.7	85.3	39.0	41.3	32.5
Niari	87.4	40.5	84.6	62.7	36.0	26.9
Lékoumou	84.9	37.1	77.4	49.1	41.3	38.6
Bouenza	89.2	41.6	87.1	41.8	27.3	22.8
Pool	87.2	37.5	94.9	59.8	51.4	28.5
Plateaux	89.6	36.6	86.9	14.2	37.8	36.1
Cuvette	90.8	48.0	91.4	43.4	41.2	24.0
Cuvette-Ouest	86.5	44.9	87.1	25.7	48.2	29.2
Sangha	82.3	35.6	81.4	31.6	43.3	35.4
Likouala	84.3	39.3	88.5	32.9	47.0	28.9
Brazzaville	90.9	75.9	99.4	37.7	46.8	18.9
Pointe-Noire	90.9	65.3	97.9	60.2	56.3	22.7

Sources: ECOM 2011 (for education data) and DHS 2011/12 (for other data).

3.4. Social exclusion: The extreme vulnerability of the non-Bantu peoples

According to the 2007 census, the indigenous (pygmy) population accounts for 1.2% of the population, although there may be significant under-recording of this population, which lives mainly in remote forest areas (Ganga, 2010). The available statistics indicate that this is one of the most disadvantaged groups in Congolese society, suffering not only the disadvantages of distance from public services, but also the decline of its nomadic forest economy and fierce discrimination and exploitation at the hands of the majority population, particularly with respect to land rights on the margins of Bantu villages where many indigenous people eke out a living as agricultural labourers (Munaó, 2009). This amounts to a situation of structural social exclusion. Social indicators for this population are dramatically worse (see Table 5), with a primary school net enrolment ratio (44%) that is only just over half that of the population as a whole, according to the census. Only one third of indigenous people have birth certificates, compared to 93% of the population as a whole.

Table 5. Disparities between pygmies and the population as a whole, 2007

	Pygmies	Overall population
Primary school net enrolment ratio	44.0	81.3
Possession of birth certificates	32.1	93.3

Source: 2007 population census (Ganga, 2010).

3.5. Gender-based vulnerability

Women face increased risks due to their subordinate position in Congolese society, despite guarantees of equality in the Constitution. Although parity has been achieved in enrolment in both primary and secondary education, past disparities in educational access are reflected today in lower adult literacy among women (76.8%) than among men (90.2%). Along with traditional views about the gender division of labour, this results in more restricted employment opportunities for women. According to ECOM 2, 54.8% of women are economically active compared with 61.4% of men. Women are overwhelmingly concentrated in small-scale family agriculture and trading in the informal sector. Only 6.9% of economically active women are employed in the public sector, compared with 15.9% of economically active men.

The patriarchal culture leads to other social risks for girls and women, including early marriage and sexual violence. According to data from the 2007 census, 7.8% of girls aged 12-17 are already married, divorced or widows (Mboussi, 2010). The abandonment of women by their spouses, without the provision of support for them or their children, is one of the main problems addressed by the social workers of the circonscriptions d'action sociale (see below). There is also a high level of acceptance of wife beating, justified by 76% of women themselves in certain circumstances according to DHS 1. Sexual violence became a weapon of war during the conflict, evolving since then to become largely a community-level problem, often within extended families (Goblet, 2007).

3.6. Vulnerability arising from disability and chronic illness

People with disabilities are more vulnerable not only as a direct result of their physical or mental condition (and the extreme shortage of services), but also due to stigma and exclusion from social life and opportunities (Onka and Poumbou, 2010). The statistics on disability are unreliable and the overall prevalence figure of 1.4% in the 2007 census, based on self-declaration by households, is likely to be an under-estimate. Nonetheless, this source highlights the situation of extreme disadvantage suffered by persons with disabilities, particularly with respect to education. Adult illiteracy is 29.6% among the disabled, compared with 11.2% for the non-disabled, and the primary school net enrolment ratio is only 52.2% compared with 81.3%. This suggests that people with disabilities are in a situation of social exclusion almost as severe as in the case of the non-Bantu minority.

Chronic illnesses such as AIDS, tuberculosis and leprosy likewise render individuals (and the households in which they live) more vulnerable. HIV prevalence in the general population aged 15-49 was 3.2% in 2009, according to a national AIDS survey, ESISC-1 (CNSEE and ICF Macro, 2009). However, only one in six of those with HIV have been tested and are being followed, and there is little information about the number of AIDS cases and the impact of AIDS on the welfare and capacity of affected households. Less than half the 36,000 estimated to require antiretroviral drugs, of whom 40% are also infected with tuberculosis, are currently receiving them.

4. The existing social protection system

Like most Sub-Saharan African countries, Congo has little more than an incipient social protection system, characterized by a small contributory social security system and weak, under-financed and poorly coordinated social welfare services that reach only a tiny minority of the vulnerable. Social transfer programmes barely exist at all. This section provides a brief assessment of the existing social protection programmes and mechanisms, the policy and institutional framework, and the financing of social protection.

4.1. Contributory social protection

The contributory social security system provides protection against only some of the core risks covered by the ILO social security conventions and reaches only the small minority of the population in the formal sector of the economy. This part of the social protection system is overseen by the Ministry of Labour and Social Security, within a legal framework established by the Social Security Code of 1986, and consists of two funds: the Caisse de Retraite des Fonctionnaires (Civil Service Retirement Fund) and, for the private sector and public employees on term contracts, the Caisse Nationale de Sécurité Sociale (National Social Security Fund).

Only about 15% of the population benefits from these two schemes (Villar and Makosso, 2008). The majority of the active population engaged in small-scale family farming and other sectors of the informal economy, along with their dependents, are excluded. Furthermore, these two funds provide only retirement pensions, compensation for work-related accidents, and family benefits for dependent children. They do not offer health insurance, despite the fact that almost all health services in Congo, including those provided by the government, are fee-paying. A national health insurance scheme has been promised but has not yet been set up (see below).

4.2. Non-contributory social protection

Until a recent and very small pilot supported by the World Food Programme (WFP), social transfers were limited to a tiny programme of 'financial, material and medical aid' for the destitute, managed by the Ministry of Social Affairs, Humanitarian Action and Solidarity. As in many African countries, this is essentially a small fund for the provision of one-off assistance to the 'indigent'. The mechanism is so small that, in 2010, expenditure amounted to only CFA 225 million (just under €345,000). At most a few hundred individuals benefit each year. The system is opaque, with no registry of beneficiaries and no consolidated information on the aid provided. However, partial data obtained from the Departmental Directorate of Social Affairs of Brazzaville show that, in the whole of 2010, only 202 requests for aid were received (there is no information on the number approved) in a department that at the time of the 2007 census had a population of 1.37 million.

There are no clear criteria for selecting beneficiaries and, since the local social welfare offices, the circonscriptions d'action sociale (CAS), have no budgets of their own, the approval process is centralized at national level, resulting in long delays before assistance is approved and disbursed. This comes in the form of financial assistance (including some grants for income generating activities) and material assistance (in particular wheelchairs, walking sticks, prostheses, drugs and other items for persons with disabilities).

Early in 2012, the WFP pilot transfer programme began making monthly transfers (of approximately CFA 20,000 or €30 per household) to about 3,000 very poor households in selected districts of Brazzaville and Pointe-Noire. Although the design and set-up have been funded by a donor (Japan), the transfers are funded from the government budget and the local CAS are involved in implementation. These are positive points that augur well for the future development and domestic financing of larger, long-term social transfer programmes in Congo, while the pilot itself provides valuable opportunities for short-term learning.

Congo has also recently had its first experience of PWPs – one of the components of a programme financed by the African Development Bank (AfDB), the Project to Support the Socioeconomic Reintegration of Disadvantaged Groups (PARSEGD). Since 2010, a few small PWP activities, mainly rubbish collection, construction of drains and paving works in Brazzaville, and the construction of CAS offices in four cities, have provided a small number of temporary jobs. However, this is still far from making a significant dent in the unemployment problem, particularly among youth.

Non-contributory social protection, or ‘social action’ as it is known in Congo, also includes a wide range of preventive and responsive social welfare services. These are generally small-scale and fragmented, with many different target groups (street children, victims of trafficking, abandoned elderly, etc.) and public and private actors (CAS, NGOs, churches), and sparse, unstable funding, largely from donors.

4.3. Social protection in the health and education sectors

Social protection provision within the other social sectors, in particular heath, is also weak. The health financing model implemented in Congo since the introduction of cost recovery in the 1990s has been inequitable, with serious implications for the poor in terms of costs and access to services.

According to WHO statistics (WHO, 2011), the government share of total health expenditure fell from 57.7% in 2000 to 49.9% in 2008. In other words, private households account for about half of health expenditure. Furthermore, the WHO data show that 100% of private health expenditure consists of out-of-pocket expenditure. As we have seen above, the social security system in Congo does not include health insurance (and private health insurance covers only a handful of the very rich), so payments are made at the point of service utilization without the cost smoothing and risk sharing that would exist in an insurance system. In passing it should be noted that mutual health organizations barely exist in Congo.

Not surprisingly, health costs fall disproportionately on the poor. A study on poverty in Congo by the World Bank (2007) showed, using ECOM 1 data, that poorest quintile households devote 7.1% of their consumption expenditure to health compared with 4.0% in the richest quintile, despite the fact that the latter spend more in absolute terms and receive more services than the former. As has been noted above, utilization of services is negatively correlated with household wealth levels. This is true for maternal health services (antenatal consultations, assisted deliveries and deliveries in health facilities), as well as the treatment of the most common childhood diseases such as ARI, malaria and diarrhoea (see Table 3).

Almost all health services are fee-paying, apart from some preventive services (notably EPI vaccinations during campaigns), caesarean sections and, since 2007, the treatment of simple malaria for children under 15 and pregnant women, and the treatment of HIV/AIDS. The Congolese experience confirms, however, that fee abolition by itself, without adequate measures to ensure the availability of effective services and drugs, does not guarantee improved access. As the latest DHS data show (see Table 2), the proportion of children under 5 receiving antimalarial drugs sharply decreased (from 48% in 2005 to 25% in 2011/12) despite this measure.

Apart from these disease or service specific exemptions, there is also a mechanism to exempt the ultra-poor from some health charges. But this covers only a handful of destitute in-patients for hospitalization. The local authorities provide a very small number of 'indigence certificates' for this purpose, since the ultra-poor cannot afford the charge of CFA 6,000 (€9) a day for a hospital bed. The indigence certificate provides only an 80% reduction on hospital fees and no exemption for the costs of drugs, and it is valid only for one period of hospitalization. In one department, Pointe-Noire, it was found during this research that even this modest facility had been suspended since 2009 because the local authorities refused to continue paying the hospital bills of indigent patients in the absence of a central government budget allocation to cover the costs.

With respect to education, school fees were abolished at primary and secondary levels (though not for pre-primary education) in 2007, with the aim of tackling demand-side barriers to education and reducing drop out. This measure was accompanied by the free distribution of textbooks. While this is more far-reaching than the demand-side measures in the health sector, two important limitations need to be mentioned. First, other costs remain, for uniforms, school materials and examination fees, in addition to opportunity costs for poor households (the trade-off in children's time between school and work). Second, the payment of transfers to schools to compensate for the loss of official fees has been irregular, leading to schools imposing unofficial charges.

4.4. The policy framework

Although there is at present no real social protection 'floor', leaving the poorest and most vulnerable to fend for themselves as well as they can, the policy framework is favourable, at least on paper, to a major expansion of social protection coverage. The 2009 electoral manifesto of the President Denis Sassou-Nguesso, the Chemin d'Avenir ('The Road of the Future') made a bold commitment to 'restructure social protection so as to extend it, in its basic aspects, to the entire population'. The country's first PRSP, for the period 2008-10, which made social protection one of its five pillars, likewise aimed to 'extend social protection to the whole population' (MPAT, 2008).

These commitments imply a radical overhaul and expansion of the social protection system. However, they were not translated into specific policy measures, apart from the establishment of a national health insurance scheme, which suggests that the main focus would be on extending contributory social security rather than non-contributory social assistance. This can be seen in the declared objective of the Chemin d'Avenir to 'achieve the provision of primary health care for all Congolese against a minimum contribution affordable to all' (Sassou-Nguesso, 2009). In practice, very little has yet been done to establish the proposed national health insurance scheme, apart from conducting an initial feasibility study (GMA, 2008). Meanwhile, the first PRSP, which ended formally in 2010, has not yet been succeeded by a second-generation poverty reduction strategy.

However, the Ministry of Social Affairs, Humanitarian Action and Solidarity has moved ahead to develop a policy framework to develop the system of non-contributory social protection. The draft National Social Action Policy, which is now awaiting approval by the Council of Ministers, has three pillars: first, the strengthening of social welfare services for the protection of especially vulnerable groups; second, the establishment of a system of social transfers and other measures to reduce vulnerability at scale; and third, the strengthening of the legal and institutional framework, administrative capacity and financing for non-contributory social protection (MASAHS, 2011).

4.5. The institutional framework

Considerable progress has been made in rebuilding the network of government social welfare offices, the CAS, many of which had become non-operational during the war. The number of functioning CAS rose from 63 in 2005 to 99 in 2011. The staff of the Ministry of Social Affairs, Humanitarian Action and Solidarity doubled from 1,721 in 2001 to 3,306 in 2009, and the vast majority of these are at the local level, in the CAS and their 'specialized social services' (SSS), which are units attached to other social institutions such as hospitals, schools, prisons and large companies. A large number of NGOs and church organizations are also involved in the delivery of social services for specific vulnerable groups.

These are all strengths on which the further development of the non-contributory social protection system can build. However, there are also some major weaknesses that will need to be addressed if the system is to have wider coverage and greater impact. One of the main weaknesses is that there is no legal framework establishing clearly the services to be provided and the respective roles of the different bodies that comprise the system at national, departmental and local levels. In particular, the CAS, despite their crucial de facto role as front-line service providers, have no legal identity and as such are ineligible to receive budgets of their own. They are in effect mere appendages of the departmental directorates of social affairs and they are starved of resources. This contributes to the excessive centralization of the system. Almost all decisions have to be made at the central level, even for the approval of individual grants of aid to the destitute.

Some critical management systems are more or less completely absent. There is no IT network and no management information system (MIS), even at the central Ministry level, and almost none of the departmental directorates or CAS have any computer equipment at all. They also have virtually no means of transport, making it impossible to reach the outlying villages in some of the larger rural districts. There is no real monitoring and evaluation framework for assessing the performance of the system.

Another critical weakness is the low level of knowledge and skills of the majority of the staff. Despite the expansion in personnel noted above, the skills level has declined due to the closure of the training institutions for social workers that Congo had until the 1990s. Ministry data show that only 45% of personnel have any qualification in social work. This will change, however, following the opening of a new Higher Institute of Social Work (ISTS), due to begin 2-3 year tertiary diploma programmes in the 2013/14 academic year. The establishment of ISTS, along with retraining programmes for existing staff, is being financed by debt relief funds from the French government.

4.6. Financing

An analysis of government expenditure in 2004-08, using the functional classification, found that expenditure on social protection accounted on average during that period for only 1.2% of government expenditure, showing that in practice social protection is a very low priority. Execution rates oscillated from year to year, but averaged only 54% for goods and services and 74% for personnel during this period (Hodges and Makosso, 2010).

As for the core ministry responsible for non-contributory social protection, the Ministry of Social Affairs, Humanitarian Action and Solidarity, its share of total government expenditure is almost marginal – just 0.26% in 2009, declining even further to 0.19% in 2010, according to data received from the Ministry of Finance. The release of funds appears to be so irregular and unpredictable that in 2009 the execution rates for goods and services and for investment were both 0%. The execution rates for these two budget lines rose to 115.8% and 84.1% respectively in 2010, while that for personnel fell from 91.6% in 2009 to 63.7% in 2010.

All government resources for this Ministry are allocated to the central level, except for a tiny amount to the twelve departmental directorates: on average their annul allocations are in the range of CFA 10 to 15 million (or €15,000 to €23,000) each, but the funds released and spent are often much less. As noted above, the CAS do not receive any budget allocations at all.

5. Simulations of policy options to strengthen social protection for families and children

As part of the preparations of the National Social Action Policy, simulations were conducted for a number of different options for social transfers. As has been noted in the methodology section above, these included child allowances under three different scenarios (universal allowances for children under 5, universal allowances for children under 15 and allowances targeted to children under 15 in households below the poverty line), as well as universal social pensions for persons aged 60 and above and universal disability pensions. In addition, simulations were conducted for a scaled-up PWP, which is discussed separately in Box 1.

Under a number of assumptions regarding benefit levels and administrative costs, among others (see methodology in Section 2), the simulations estimated the impact of each type of transfer programme on monetary poverty, along with the cost of the programmes, their cost-effectiveness (the cost per unit of impact), their fiscal affordability (using ratios to GDP and government expenditure), and their targeting efficiency. As noted above, the simulations were for the year 2008, as if the programmes already existed at scale in that year, and assumed that the structure of poverty was the same in 2008 as found in ECOM 1 in 2005.

5.1. Impacts

Impacts were calculated at two levels: the beneficiary households themselves and the population as a whole, assuming in both cases that transfers are shared in a neutral way by all members of the household, not just those for whom they are 'intended' (children in the defined age groups, elderly, disabled). Table 5 shows the results of the impact simulations, focusing on the reduction in poverty and the increase in consumption expenditure.

Under the assumptions employed, the simulations show that all of the options would bring about a substantial reduction of the poverty indices for the beneficiary households, ranging from 9.1% to 16.4% for the poverty headcount, 6.2% to 15.1% for the poverty gap, and 12.8% to 27.8% for poverty severity. In terms of the increase in consumption expenditure, the impact would be very substantial indeed for beneficiary households in the bottom deciles (+40% in the case of the first decile households receiving allowances for children under 15). As can be seen, the impact progressively decreases at the higher deciles for each type of transfer.

However, the impacts vary much more at the level of the population as a whole, reflecting the different weight of the target groups in the overall population. As would be expected, the transfers to children (especially those to children under 15) have the largest impact because of the structure of the age pyramid in Congo. The old age pension and the disability pension have smaller impacts because there are far fewer beneficiaries, even though the benefit amounts were set much higher.

5.2. Targeting efficiency

One noteworthy result is that the impacts on both consumption expenditure (in the lower deciles) and the poverty indices for the population as a whole are higher for the universal allowance for children under 15 than for the targeted version of the same allowance. This might seem counterintuitive, but there is a simple explanation: targeting is not perfect and some of the poor households with children will not be selected. For the simulation of the targeted child allowance, a proxy means test was constructed by Notten et al (2008a), using regressions on ECOM 1 data to derive a weighted formula of a small number of indicators that are potentially verifiable (by social workers in household visits) and that together provide the best predictor of poverty. However, it is difficult to find indicators that differentiate well between the poor and the near-poor, given the relatively flat consumption expenditure distribution across the bottom six or seven deciles in most African countries, including Congo, and these tests therefore tend to produce quite high inclusion and exclusion errors.

In the case of this targeted child allowance, 25.8% of children in poor households would not benefit (the exclusion error), and 36.2% of children selected would not be in poor households. It is important to note that these are purely technical (design) errors, residing in the properties of the PMT formula, and do not take into account the likely additional distortions that would result from institutional and operational problems, such as information failings, access constraints and the corrupt manipulation of applicants' data, during implementation.[1]

[1] For a critical assessment of the PMT methodology, see Kydd and Wylde (2011).

Inclusion and exclusion errors could also arise at the implementation stage for the simpler categorical transfer options, especially if documentation requirements (ID cards, birth certificates or medical certification of disability) were difficult for some households to meet or if these documents did not provide reliable proof of age or disability.

5.3. Cost, cost-effectiveness and affordability

The programmes with the largest numbers of beneficiaries, in particular the allowances for children under 15, not only have the greatest poverty impact but also are the most costly, despite the lower benefit amounts for child allowances (see Table 6). This is what would be expected.

It is more interesting to look at the relationship between cost and impact, for which cost-effectiveness ratios are calculated. These measure the cost of a unit of impact (on the population as a whole), making it possible to compare across programmes. For this purpose, the analysis focuses on the cost of reducing the poverty gap (the average distance from the poverty line) rather than the poverty headcount since the poverty gap is a broader measure. In some cases, where households are very poor, the transfers may not be enough to raise them out of poverty, but they will make them less poor and so reduce the poverty gap.

The analysis shows that, despite the targeting errors referred to above, the child allowance targeted with a PMT to households below the poverty line is the most cost-effective. This programme reduces the average poverty gap of the population as a whole at a cost of €12.8 million per percentage point. The universal disability pension is the next most cost-effective option, at €15.2 million per percentage point of reduction in the poverty gap (see Figure 2).

A second critical issue is affordability. To analyze this, it is useful first to compare the total cost of programmes with the size of the economy (GDP) and the size of the government budget (total government expenditure). These calculations show that the individual programmes would range in cost from 0.1% of GDP (disability pension) to 2.0% (universal allowance for children under 15). Given that Congo has the highest overall fiscal surplus of any country in Sub-Saharan Africa, averaging 14.0% in 2006-10 and estimated to have risen to 19.5% in 2011, one or more of these programmes would appear to be easily affordable.

However, social transfers would still compete for fiscal space with other sectors. For the Government of Congo, the main priority, judging by expenditure trends, is public infrastructure (Hodges and Makosso, 2010). There are also urgent needs in the social sectors, which have a low share of government expenditure compared to other African countries, particularly in the case of health. According to WHO, health received only 5.3% of total government expenditure in Congo in 2008 compared to a regional average of 9.6% (WHO, 2011). Although our own calculations, based on data from the Ministry of Finance, give a slightly higher figure (7.5% in 2008), it is still well below the regional average. The fact that the most costly transfer option simulated here, the universal allowance for children under 15, would require spending equivalent to 99% of total health expenditure (see Table 6) says as much about the low level of health expenditure as it does about the high cost of that option. The other transfer options range from 7% to 59% of 2008 health expenditure.

Table 6. Simulated impacts of cash transfer options on consumption expenditure and poverty (% change)

	Poverty headcount	Poverty gap	Poverty severity	Consumption expenditure (by deciles)									
				D1	D2	D3	D4	D5	D6	D7	D8	D9	D10
Impacts on programme beneficiaries													
Child allowance 1 (universal, <5)	-9.1	-6.2	-12.8	17.7	13.9	9.6	7.2	7.0	5.5	5.0	4.2	3.1	2.0
Child allowance 2 (universal, <15)	-16.4	-14.7	-27.1	39.6	27.2	18.1	14.6	13.1	10.5	8.8	7.4	5.4	3.0
Child allowance 3 (poor households, <15)	-14.0	-15.1	-27.8	40.4	27.7	17.8	14.7	13.8	10.1	8.7	8.1	5.5	3.1
Old age pension (universal, 60+)	-13.3	-14.4	-24.5	35.1	23.7	18.4	13.4	13.6	12.7	11.0	10.8	7.9	5.2
Disability pension (universal)	-11.1	-17.8	-27.0	43.1	42.2	13.6	12.6	11.5	10.6	11.0	7.2	7.5	5.2
Impacts on population as a whole													
Child allowance 1 (universal, <5)	-5.8	-3.9	-8.0	11.8	8.6	6.0	4.7	4.5	3.3	3.2	2.4	1.6	1.0
Child allowance 2 (universal, <15)	-15.0	-13.4	-24.9	36.8	24.8	16.3	13.4	12.1	9.5	8.0	6.3	4.3	2.2
Child allowance 3 (poor households, <15)	-9.4	-11.2	-21.8	33.0	19.5	10.8	9.3	7.8	5.1	3.5	2.6	1.1	0.1
Old age pension (universal, 60+)	-3.8	-3.8	-6.7	11.4	5.3	5.6	4.2	3.8	2.8	2.6	2.2	1.6	0.8
Disability pension (universal)	-0.7	-1.1	-1.4	2.4	1.7	1.2	0.9	0.8	0.5	0.3	0.3	0.5	0.2

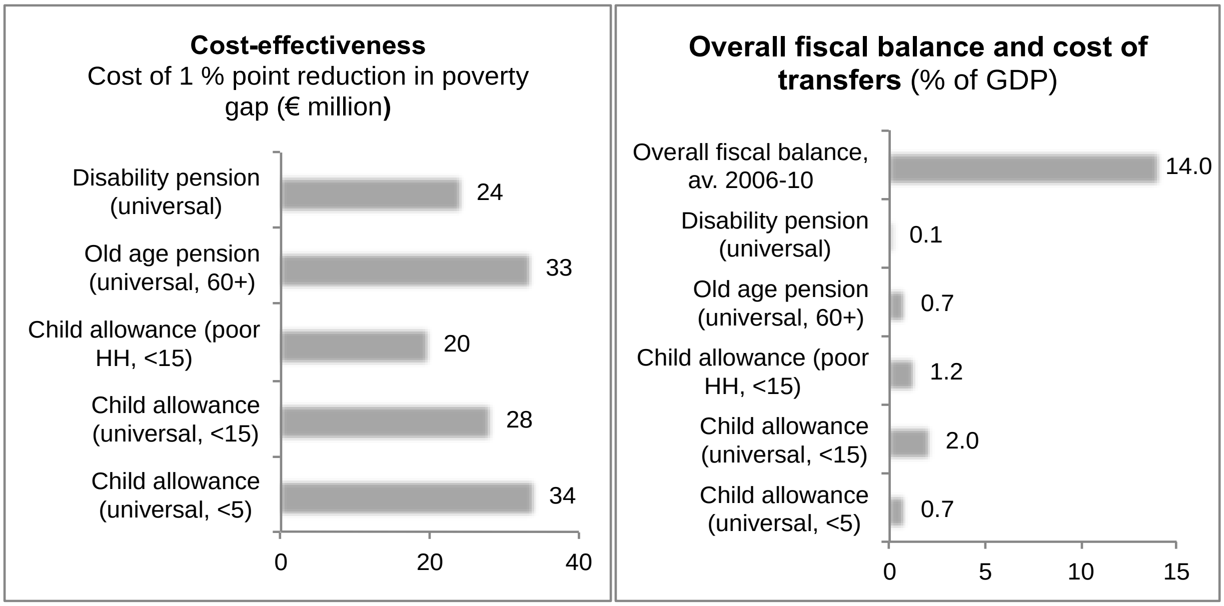
Source: authors' calculations based on ECOM 1 data.

Table 7. Simulated cost and cost-effectiveness of cash transfer options

	Cost in € million			Cost as % of				Cost-effectiveness
	Transfers	Admini-stration	Total	GDP	Government expenditure			Cost of 1 % point reduction in poverty gap (€ million)
					Total	Health	Education	
Child allowance 1 (universal, <5)	44.7	4.5	49.2	0.7	2.6	34.8	29.0	33.7
Child allowance 2 (universal, <15)	127.3	12.7	140.2	2.0	7.4	99.1	82.6	18.3
Child allowance 3 (poor households, <15)	72.1	10.8	82.9	1.2	4.4	58.6	48.9	12.8
Old age pension (universal, 60+)	43.2	4.3	47.6	0.7	2.5	33.6	28.1	21.8
Disability pension (universal)	9.3	0.9	10.2	0.1	0.5	7.3	6.1	15.7

Source: authors' calculations based on ECOM 1 data and official demographic, GDP and public finance data.

Figure 2. Cost-effectiveness and affordability of cash transfer options



Source: authors' calculations based on ECOM 1 data and official demographic, GDP and public finance data.

A more general caveat is that Congo has a largely undiversified economy, depending on oil for 93% of its merchandise exports, 85% of government revenue and 66% of GDP in 2008, and that oil is a finite resource with prices that are notoriously unstable. According to a comparative study of oil producing countries (Villafuerte and Lopez-Murphy, 2010), the ratio of oil reserves to annual oil production is quite low in Congo: 21 years compared to over 100 in countries like Iran, Kuwait, Qatar and Venezuela. Although new discoveries may well add to reserves, it is vital for Congo to diversify its economy and to reduce its still large non-oil primary fiscal deficit. However, it can also be argued that social transfers would help to stimulate growth in the non-oil sectors of the economy by enabling households to improve their productivity. Transfers to households with children would also have positive human capital impacts, contributing further to long-term productivity and growth.

5.4. Administrative feasibility and institutional context

Section 4 of this paper shows that Congo has some of the basic requirements in place to launch successful cash transfer programmes: a network of about 100 social welfare centres, covering almost the whole country, and a substantial cadre of social welfare workers, the vast majority of whom are at local level. The personnel, who have doubled in size over the last decade, are in fact substantially under-employed at present since they have few resources with which to work. Although the skills level at present is low, substantial investments are already being made, with French government assistance, to retrain existing staff while also re-establishing a national capacity for the initial training of social workers, through ISTS.

In addition to these investments in the human resources of the system, the most important capacity gaps that would have to be filled before launching large-scale transfer programmes include: (1) the computerization of the Ministry of Social Affairs, Humanitarian Action and Solidarity, from national to local levels; (2) the provision of operating budgets and basic equipment, including means of transport, to the CAS; (3) the establishment of a management information system, including a registry of transfer beneficiaries; (4) the development of rules and procedures for managing transfer programmes, codified in a manual of procedures; and (5) the development of a robust monitoring and evaluation framework and procedures.

Box 1. The option of a scaled-up public works programme

PWPs can be justified by four main arguments. They allow poor households with labour capacity to increase their income and expenditure, and can also increase access to basic social services (through their income effect). If well designed, they can also contribute to on-the-job training and improve longer-term employability, although the impact on aggregate employment is likely to be small in countries with large structural unemployment. The public works carried out usually contribute to social and economic development and so have broader, long-term poverty reduction impacts. Finally, the PWP technology is cost-efficient compared to capital-intensive methods in a wide range of fields, from the rehabilitation and maintenance of secondary roads to urban sanitation and reforestation.

Congo has had some experience of PWPs through the PARSEGD project financed by AfDB, and it has prepared a draft National PWP Strategy with ILO support. A scaled-up programme would be relevant in a country where unemployment rates are high, especially among youth in the urban areas. According to a survey in the urban areas (CNSEE, 2010), unemployment is 16.1%, rising to 31% among youth aged 15-29.

As part of the research for the National Social Action Policy, simulations were conducted on the cost and impact of a scaled-up PWP. The scenario simulated would create 6.4 million days of work, equivalent to full-time jobs for about one quarter of the 106,000 unemployed youth aged 18 to 39 in poor households (or less days of work for a larger number). It was assumed that self-selection would apply: Only youth in poor households would be attracted by the type of work offered and by the wage level, which was set at the official minimum wage (at present CFA 2,850 or €4.35 a day). It was presumed that, although theoretically ‘unemployed’, many of those attracted to the programme would in practice be partially self-employed in the informal sector and that there would therefore be some opportunity cost to participation. This was set at an average of 25% of the wage, a low level that reflects the saturated nature of the informal market. Finally, the share of wages in total PWP costs, including the costs of materials and equipment as well as administration, was set at 45%, which is close to the average for PWPs in Sub-Saharan Africa (McCord and Slater, 2009).

The simulations found that, on these assumptions, a scaled-up PWP would directly reduce the poverty headcount (of the population as a whole) by 4.3% and the poverty gap by 3.3%, without taking into account the indirect poverty reduction impacts of the works themselves (in terms of improved transport communications, environmental protection or sanitation, for example). The direct impacts on beneficiary households would be much higher (a reduction of 16.6% in the poverty headcount and 13.8% of the poverty gap of these households). The programme would cost 0.9% of GDP or 3.2% of government expenditure, which would be feasible in Congo, given the large fiscal surplus, while contributing to diversification of the oil-dependent economy.

Given the capacity weaknesses and the broader governance context in Congo, it would be wise to keep the design of social transfer programmes as simple as possible, particularly with respect to targeting. Complex procedures for selecting and enrolling beneficiaries of transfer programmes are not only demanding in terms of administrative capacity, but create opportunities for rent-seeking and manipulation of data for determining eligibility. In this context, it is worth bearing in mind that Congo ranks very low, at 154th out of 182 countries, on the 2011 Corruption Perceptions Index (Transparency International, 2011).

From this perspective if not others (cost-effectiveness), simple categorical targeting may be preferable to more complex forms of economic targeting through a PMT. PMTs require survey-type procedures, for which large numbers of programme staff need to be trained and deployed, and this eligibility testing needs to be updated regularly. Selection and graduation are much simpler in categorical programmes, which can use on-demand enrolment, supported by documentary proof of age (or disability), and automatic graduation (based on age or death). Since they are also less directly transparent than categorical targeting, PMT-based targeting systems also need strong grievance systems for complaints.

Community based targeting mechanisms for the selection of beneficiaries would seem unlikely to work well in the Congolese context. Quite apart from general concerns about subjective bias and the risks of local elite capture, this approach presupposes that community structures are strong. This appears not to be the case in Congo, partly due to the fact that this is one of the most urbanized countries in Sub-Saharan Africa. With 62% of the population living in large urban areas, 12% in small towns and only 26% in rural areas, according to the 2007 census, only about a quarter of the population can be said to live in the kind of ‘tight-knit’ communities required for successful community based targeting approaches.

This leaves categorical targeting as probably the most practical in the Congolese context, although even this is not without practical challenges, given the difficulty that some applicants may have in proving their age. This is not as large a problem as in some African countries, but, according to the 2007 census, 8.3% of children do not have birth certificates. This could be a significant barrier, especially for the poorest, given the high cost of late registration (up to CFA 12,500 or €19 according to information received in the department of Niari), and suggests that a system of cash transfers would need to be accompanied by measures to facilitate civil registration.

6. Conclusions

The analysis in this paper shows clearly that cash transfers of various types would have positive impacts on poverty and would be affordable in Congo, given the substantial fiscal space in this country with large oil revenues and a relatively small population (about 4.2 million in 2012). Selecting among these options requires, however, an exercise in weighing the pros and cons of several different factors, all of which need to be taken into account. These include in particular the impact on poverty reduction, cost-effectiveness, affordability, administrative capacity and institutional risks.

From the standpoint of impact on poverty reduction (at the level of the population as a whole), the universal allowances to children under 15 come out ahead of the other options because of the large population group that would benefit. The targeted allowances to children under 15 in poor households come in second place. The other options have smaller impacts – much smaller in the case of the disability pensions, though these have a large impact for the beneficiaries themselves.

In terms of cost-effectiveness (the cost of a 1 percentage point reduction in the poverty gap), the targeted allowance to children performs best, despite the fact that there are high inclusion and exclusion errors from the technical properties of the PMT. These errors may be exacerbated in practice by institutional and operational factors, but those distortions are not possible to model. Among the universal categorical options, the disability pension is the most cost-effective, followed by the universal allowance for children under 15.

Not surprisingly, the universal allowance for children under 15 is the most expensive option, although it is arguable in the Congolese context that it would be affordable at 2.0% of GDP. The targeted child allowance for the same age group is less expensive and clearly affordable (1.2% of GDP), as would be the universal allowance for children under 5 and the universal old age pension (both 0.7% of GDP) and even more so the disability pension (0.1% of GDP). With a view to ensuring sustainability, it would be advisable to complement these initial simulations with long-term scenarios taking into account future expected oil production levels and different oil price assumptions.

Finally, the practical issues of administrative capacity and operational risks need to be factored into decisions. While the targeted allowance for children under 15 in poor households is found to be the most cost-effective option, and is also relatively affordable in fiscal terms, it has a number of disadvantages that cannot easily be ignored: high inclusion and exclusion errors resulting from the properties of the PMT; high administrative capacity requirements; and risks that a complex targeting methodology would be prone to corruption and manipulation, thereby exacerbating targeting inefficiency and undermining the programme’s credibility. Community based targeting methods seem unlikely to be a viable alternative in the Congolese context, suggesting that universal categorical approaches would be more realistic even if they are less cost-effective from a poverty reduction perspective.

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