

Policy Brief 15 APR 2023

## Social Protection and Regime Stability in Ethiopia

The Merits of Integrating Formal and Informal Social Protection Systems

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**Ethiopia implements a range of formal social protection programmes that together only cover about 21 percent of the population and largely exclude the most vulnerable and marginalised segments of society. Formal social protection in Ethiopia has largely been used as a political instrument, and specific state-led interventions have often had adverse effects on citizens' equitable access to resources. A functioning social protection system can reduce societal grievances, soften economic shocks, and eventually reduce state fragility by strengthening the social contract. Against this backdrop, this Policy Brief discusses the link between social protection and regime stability in Ethiopia and investigates the merits of existing informal social protection platforms, which are relatively autonomous and often use a self-help approach. The Brief concludes that it is imperative to find pragmatic ways to integrate such mechanisms into Ethiopia's formal social protection activities.**

Ethiopia has been implementing various formal social protection programmes since the 1960s. However, it made social protection an essential instrument in its poverty reduction agenda in recent decades and especially following the endorsement of a comprehensive social protection policy in 2014. The policy envisaged the implementation of social protection with four broad areas of intervention that involve safety nets (targeted social assistance programmes that transfer resources to poor households), social security and health insurance, livelihood and employment schemes, and equality of access to basic services.<sup>1</sup> Given that food insecurity and famine contribute to political instability, one can argue that the reverse holds too and that a link exists between promoting regime stability and launching a social protection scheme that promises to deliver food self-sufficiency.<sup>2</sup>

The main social protection scheme in Ethiopia remains the Productive Safety Net Programme (PSNP), a targeted cash and in-kind transfer programme that was launched in 2005, operating in chronically food-insecure rural localities with the primary objective of improving food security. The PSNP is essentially focused on rural and agricultural communities, linking social protection intimately to agriculture in Ethiopia.<sup>3</sup> Ethiopia does not yet

<sup>1</sup> Ministry of Labour and Social Affairs, *National Social Protection Policy of Ethiopia*, Federal Democratic Republic of Ethiopia, (2012).

<sup>2</sup> Janna Tenzing and Declan Conway, 'Climate Discourses as Barriers to Rights-Based Adaptive Social Protection: How Historical Politics Shape Ethiopia's Climate-Smart Safety Net', *Global Environmental Change* 76, (2022).

<sup>3</sup> Stephen Devereux and Bruce Guenther, 'Agriculture and Social Protection in Ethiopia', *FAC Working Paper* 08 (2009).

have statutory social grants, such as old-age pensions, child grants and disability grants, which limits the accessibility of social protection and is a cause for concern as poverty and inequality remain persistent among children, youth, women, the elderly and persons with disabilities.<sup>4</sup> For instance, youth continue to struggle with high unemployment rates and other forms of social exclusion but remain outside the targeting criteria applied in various social protection programmes. Thus, informal social protection already in place in rural and urban communities, but largely overlooked in the social protection discourse in Ethiopia and elsewhere in sub-Saharan Africa, serves as a vital lifeline for the majority of people that are not covered by formal social protection schemes.<sup>5</sup>

Informal social protection mechanisms are widespread both in rural and urban settings and act as the first line of response to shocks in Ethiopia. Moreover, these mechanisms have a longer history, and their contribution remains significant, especially given the limited outreach of formal social protection schemes. Some estimates indicate that “up to 90 percent of Ethiopians belong to at least one informal group or support system”.<sup>6</sup> In recognition of this fact, the government in its new National Social Protection Strategy (2016) provides a comprehensive definition of social protection as “a set of formal and informal interventions that aim to reduce social and economic risks, vulnerabilities and deprivations from all people and facilitates equitable growth”.<sup>7</sup> Thus, integrating formal and informal social protection mechanisms is crucial for reaching out to the most vulnerable groups and can serve as a means to transitioning to a universal social protection system.

## Why is social protection such an important tool for political stability in Ethiopia?

Over the past two decades, social protection has been an integral part of poverty-reduction and development strategy in Ethiopia. Agricultural development and social protection interventions are closely linked in the Ethiopian context so much so that for decades the political discourse on social protection explicitly reflected policy interventions in the agricultural sector that originated from the ideological rhetoric of Ethiopian People’s Revolutionary Democratic Front (EPRDF) era that ended in 2019. This policy intervention is largely found in the government’s food security programme that sought to both protect and promote rural livelihoods in a high-risk environment.

Social protection can foster regime stability as it represents a typical element of the social contract between the state and its citizens. In principle, a government’s legitimacy increases when it delivers protection, provides economic and social services and grants participation in political decision-making.<sup>8</sup> The social protection system in Ethiopia, through its major flagship programme, PSNP, can be said to have contributed to regime stability by protecting livelihoods from hunger and averted political crisis.<sup>9</sup> Recent evidence suggests that the PSNP was:

<sup>4</sup> Melisew Lemma and Logan Cochrane, ‘Policy Coherence and Social Protection in Ethiopia: Ensuring No One Is Left Behind’ *Societies* 9, no. 1 (2019): 19.

<sup>5</sup> Maria Stavropoulou, Rebecca Holmes, and Nicola Jones, ‘Harnessing Informal Institutions to Strengthen Social Protection for the Rural Poor’, *Global Food Security* 12, no. 1 (2017): 73-79.

<sup>6</sup> Amdissa Teshome, Dutu Adanech, Teshager Kassa, and Zeleke Terefe, ‘Non-State Social Protection in Ethiopia: Characteristics, Governance and Policy Relevance’, *Partnership for African Social and Governance Research (PASGR) Working Paper* 003 (2015).

<sup>7</sup> Ministry of Labour and Social Affairs, *National Social Protection Strategy of Ethiopia*, Federal Democratic Republic of Ethiopia (2016).

<sup>8</sup> Markus Loewe and Tina Zintl, ‘State Fragility, Social Contracts and the Role of Social Protection: Perspectives from the Middle East and North Africa (MENA) Region’, *Social Sciences* 10, no. 12 (2021): 447.

<sup>9</sup> Esther Schüring and Markus Loewe, *Handbook on Social Protection Systems* (Edward Elgar Publishing, 2021).

“founded as part of a process of a political reimagination of Ethiopia, which, based on some criteria, has been largely successful: currently among the world’s fastest growing economies, the country is known to have made immense progress on human development over the past two decades and enjoyed (until recently) higher political stability compared to its neighbours”.<sup>10</sup>

However, due to authoritarian one-party rule with excessive state intervention and its control over natural resources and rural livelihoods, political participation is highly constrained in Ethiopia and, thus, social protection can easily be thwarted to benefit political motives of controlling votes and gaining political support through insincere political tactics such as clientelism. Moreover, such an authoritarian regime with a vested interest in political stability may not have enough incentive to promote rights-based social protection, which would limit the expansion of social protection.<sup>11</sup> Some observe that “the PSNP and the government’s land policy serve to keep many food-insecure people in rural areas, where they are reliant on food aid, and out of urban areas, in the interests of political stability”.<sup>12</sup>

The government’s interest in using social protection initiatives to promote political stability and support regime legitimacy made social protection subscribe to broader national development targets laid down in its developmental state ideology that is characterised by the state’s strong role in the regulation and planning of economic and social affairs. This instrumental view dissociated social protection from the rights-based approach, causing the most developed aspect of social protection in Ethiopia to be a costly and inefficient scheme. Moreover, food security dominated social protection for decades as the flagship programme, the PSNP, operates in food insecure rural areas. Most of the areas that are eligible for PSNP are also located in regions that the ruling party fully controls. For instance, despite being the country’s main social protection programme, the PSNP was geographically limited and slow to reach out to the most food insecure areas, such as the mainly pastoral and agro-pastoral regions of Afar and Somali, which are politically contested and frequently affected by severe droughts.<sup>13</sup>

Thus, while the implementation of social protection regimes serving as societal glue should be encouraged, the purely instrumental and highly selective approach to fostering social protection risks undermining the state’s authority and encourages clientelism rather than inclusion and equality as evidenced by recent studies in Ethiopia.<sup>14</sup>

The role of contentious politics in shaping social protection in Ethiopia can be explained by looking into how PSNP came into being and expanded over the past 17 years. The programme was a result of decades of negotiations between donors who sought to reform the emergency relief system and the government, which resisted this move (raising concerns about welfare dependency and making the case for self-reliance). The government only changed its position and launched the PSNP when the political crisis that followed the 2005 election threatened its legitimacy. Thus, the desire to promote regime stability greatly influenced the choice of the programme’s instruments, even though promoting productivity and achieving growth have long been part of the government’s social welfare policy objectives.

<sup>10</sup> Tenzing and Conway, ‘Climate Discourses as Barriers’.

<sup>11</sup> Andre Nickow, ‘The Political Economy of Social Protection under Climate Change: A Comparative Historical Analysis of Policy Regimes in Bangladesh and Ethiopia’ (2016).

<sup>12</sup> Tom Lavers, ‘Crises and Social Protection in Ethiopia: New Challenges, New Opportunities?’ Effective States and Inclusive Development Research Centre (ESID) blog (2016)

<sup>13</sup> Until 2020 these regions were administered by parties that were not part of the EPRDF coalition and, therefore, had no voice or influence over policy matters that affected their constituencies.

<sup>14</sup> Logan Cochrane and Melisew Dejene Lemma, ‘The Expansion of Social Protection Systems in Ethiopia: Continuity or Rupture of Citizen-State Relations?’ *Afriche e Orientali* 22, 2, (2020): 49–68.

Following the contested 2005 election, PSNP was hurriedly implemented with a focus on its public work component, which requires participants to voluntarily contribute labour to activities aimed at environmental rehabilitation and community asset building complemented by livelihood and credit schemes to help expedite graduation and self-reliance. The adoption of the urban PSNP is also shaped by the 2005 election, in which the ruling party lost votes in major urban centres and had to adopt a populist political strategy to win the hearts of the disgruntled urban poor.

A growing body of evidence indicates that the political motives of extending and deepening political control are at the centre of economic and social policy implementations in Ethiopia. In this regard, even the most benign form of government intervention that is designed to transform the smallholder agricultural sector in Ethiopia through agricultural extension is argued to harbour political motives of securing long-term control over the large and diverse Ethiopian populace.<sup>15</sup> This is also the case in the social protection policy: the involvement of political agencies in the PSNP implementation has led to several instances of preferential allocation of benefits to party supporters as well as the exchange of transfers for votes in a typical exercise of clientelism.<sup>16,17</sup> This clearly has detrimental effects on political accountability and development outcomes.

As indicated before, political constituencies have long been recognised as having influence over social protection and its expansion in Ethiopia.<sup>18</sup> The Ethiopian case clearly supports the argument that the expansion of social protection in Africa is largely the result of political agency that is geared towards fulfilling political objectives that may often result in cronyism.<sup>19</sup> Thus, in the long run, reforming formal social protection schemes along the lines of a rights-based approach is necessary. In the meantime, however, integrating the existing informal social protection systems can be used as a short-term measure to improve the welfare impact of social protection in Ethiopia.

## Expansion of social protection in Ethiopia: The need to bring informal social protection on board

The rise of formal social protection delivered by governments and donor agencies has generally overlooked a range of informal pre-existing social protection mechanisms that are delivered by extended families and communities. In Ethiopia, social protection remains largely informal and administered by community institutions as the great majority of social protection services to persons with disabilities, vulnerable children and the elderly are provided through informal channels.<sup>20</sup>

<sup>15</sup> Kassahun Berhanu and Colin Poulton, 'The Political Economy of Agricultural Extension Policy in Ethiopia: Economic Growth and Political Control', *Development Policy Review* 32, s2, (2014): 197–213.

<sup>16</sup> Logan Cochrane and Y. Tamiru, 'Ethiopia's Productive Safety Net Program: Power, Politics and Practice', *Journal of International Development* 28, 5, (2016): 649–65.

<sup>17</sup> Tom Lavers, Donyat Haile, and Yerosan Mesfin, 'The Politics of Distributing Social Transfers in Oromiya, Ethiopia: Encadrement and the Fluctuation of State Infrastructural Power', *ESID Working Paper* 142 (2020).

<sup>18</sup> Stephen Devereux and Philip White, 'Social Protection in Africa: Evidence, Politics and Rights', *Poverty & Public Policy* 2, 3, (2010): 53–77.

<sup>19</sup> Sam Hickey, 'Conceptualising the Politics of Social Protection in Africa', in *Social Protection for the Poor and Poorest: Concepts, Policies and Politics*, ed. Armando Barrientos and David Hulme (London: Palgrave Macmillan UK, 2008): 247–63.

<sup>20</sup> Amdissa Teshome, 'Informal and Formal Social Protection in Ethiopia', in *Informal and Formal Social Protection Systems in Sub-Saharan Africa*, ed. Stephen Devereux and Melese Getu (Addis Ababa: Organisation for Social Science Research in Eastern and Southern Africa (OSSREA), 2013).

### ***Iddirs* as Development Partners**

*Iddirs* are considered the most democratic and egalitarian social organisations in Ethiopia as membership is open to all, irrespective of wealth, status, sex, religion, and ethnicity.<sup>21</sup> Although the main function of *iddirs* is to support members during bereavement, their involvement in development interventions is increasingly sought both by government and non-governmental entities because:

- There is an enhanced recognition of civil society's role in development; the government views *iddirs* as potential partners in development endeavours.
- Since *iddirs* are embedded into the way of life and culture of people, they are respected, valued and internalised, which makes it easy to recruit and mobilise community members for an activity and ensure popular participation.
- *Iddirs* are promising channels for development activities and funds given their organisational strength, the degree of autonomy they enjoy, their inclusiveness of the poor, and their huge social capital.
- Given their high degree of flexibility, *iddirs* can be quickly mobilised to tackle pressing problems that require full popular participation.

Thus, the government has increased its interest in working with *iddirs* and involves them in HIV/AIDS awareness campaigns through the Ministry of Health and in spreading modern agricultural activities in rural areas. There are also attempts by the government to organise *iddirs* within towns into broader associations.<sup>22</sup> Similarly, certain NGOs (e.g., ACORD, FHI, MCDP) work with *iddirs* as their development partners and project implementers, for instance, in managing home-based care for HIV and AIDS patients and children in need.<sup>23</sup> Additionally, some *iddirs* have begun to actively engage in development activities by using their accumulated money for social service and self-development activities like road construction, the establishment of new schools and clinics to cater to the needs of communities in rural areas.<sup>24</sup>

Informal social protection mechanisms are widespread both in rural and urban settings and are largely guided by religious and cultural principles, as well as family and societal values. Consequently, the principles of reciprocity and exchange feature strongly in informal social protection and may be triggered during normal times or in times of shock. Informal social protection mechanisms have five components in Ethiopia: the extended family, burial societies, traditional savings and credit, asset transfers and child support. These mechanisms differ by agro-ecology or livelihood, operational principles and the social protection roles fulfilled. In terms of agro-ecology or livelihood systems, informal social protection mechanisms that are found in the highland regions differ from those that operate in the low-lands among the pastoral and agro-pastoral communities. Similarly, informal social protection mechanisms have a range of operational principles that involve egalitarian, clan, kinship or blood relations, reciprocity, and/or membership conditional on regular contribution. As in the case of formal social protection, informal social protection fulfils the roles of protection, prevention, promotion or transformation of member's lives and livelihoods.

<sup>21</sup> Dejene Aredo, 'The Iddir: An Informal Insurance Arrangement in Ethiopia', *Savings and Development* (2010): 53–72.

<sup>22</sup> Stefan Dercon, Joachim De Weerd, Tessa Bold and Alula Pankhurst, 'Membership-Based Indigenous Insurance Associations in Ethiopia and Tanzania', *QEH Working Paper Series* 126 (2005).

<sup>23</sup> Francesca Stuer, Francis Ogojo Okello, Medhanit Wube, and Lucy Y Steinitz, 'From Burial Societies to Mutual Aid Organizations: The Role of Iddirs—Traditional Burial Societies in Ethiopia—In Ensuring Community-Level Care and Protection of Vulnerable Children', *Journal of HIV/AIDS & Social Services* 11, 1, (2012): 57–76.

<sup>24</sup> Hatem Elliesie, 'Traditional Forms of Social Protection in Africa: Selected Examples from Ethiopian and Eritrean Societies', *Recht in Afrika* 20, 1, (2017): 58–73.

Informal mechanisms, like burial societies or *iddir*, are the most pervasive and inclusive community institutions, providing significant insurance coverage to their members by covering costs associated with funeral and mourning ceremonies.<sup>25</sup> With their in-built flexibility, *iddirs* have also begun to be involved in the protection of orphans and care and support of people living with HIV/AIDS and are increasingly used by both state and non-state actors as points of entry into their community-targeted development interventions. Several studies indicate that *iddirs* are involved in various social service provisions and take a formal status as community-based organisations and often operate with semi-formal status (see Box 1). This is an opportunity to further integrate the formal and informal social protection systems, thereby improving resource efficiency. But it can also be a threat to the viability and identity of the institution as it will be forced to take multiple roles and subscribe to external conditions that may erode the spirit of solidarity and reciprocity embedded in the indigenous system, including the threat of the state's penetration or attempted mobilisation of informal mechanisms for its own political end.<sup>26</sup>

Rotating savings and credit associations (*iqqiub*) are another informal social protection mechanism that is common in Ethiopia. *Iqqiubs* are established by individuals that make regular contributions to a common fund, which will then be provided to a contributor in rotation. These associations are not only established to address short-term financial problems of their members, but also to help members to start or expand businesses serving as a resource mobilisation instrument. It is estimated that in 2005, 21 million people in Ethiopia participated in *iqqiubs*, or around 27 percent of the total population at the time.<sup>27</sup>

Like *iddirs*, *iqqiubs* are transforming and increasingly taking on semi-formal shapes. In this regard, the *iqqiub* used to be chiefly based on pre-established social ties, that is, groups with mutual trust. Nowadays, however, this is changing as more formal structures and contractual agreements replace mutual trust as a binding principle particularly in urban settings. Moreover, *iqqiubs* have recently been the focus of attention from development agencies (both state and non-state actors) as partners in interventions that involve the provision of financial resources to communities. For instance, many *iqqiubs* turn into village savings and loan associations (VSLAs) that are frequently formed by NGOs to implement activities related to women's economic empowerment and making members more credit-worthy and attractive to the formal financial sector.<sup>28</sup>

There are several complementarities between informal and formal social protection mechanisms that could justify the use of both to promote inclusive and adaptable social protection systems in the Global South. For instance, informal social protections are found to sustain greater social interactions and reduce isolation of the elderly in Tanzania.<sup>29</sup> Others indicate that index insurance complements informal risk sharing and leads to higher uptake of rainfall insurance in rural Ethiopia.<sup>30</sup> Similarly, an experimental study on the uptake of index-based insurance in Ethiopia stresses the positive role of *iddirs* as informal

<sup>25</sup> Howlet A. Beshir, Syed M. Alhabshi, and Habeebullah Zakariyah, 'Informal Insurance Arrangements in Ethiopia: A Literature Review', *Asian Journal of Research in Business and Management* 3, 3, (2021): 209–10.

<sup>26</sup> For instance, while most *iddirs* in rural areas operate using existing social sanctions and cultural norms, *iddirs* in urban areas are increasingly formal as they function mainly on the basis of written by-laws, are expected to register as they deposit members' funds in banks, and own and rent properties. This may undermine their autonomy and flexibility and gradually erode their identity as community-based organisations.

<sup>27</sup> Ministry of Capacity Building, 2005, as cited in Teshome et al., 'Non-State Social Protection in Ethiopia'.

<sup>28</sup> Lauren Hendricks and Sybil Chidiac, 'Village Savings and Loans: A Pathway to Financial Inclusion for Africa's Poorest Households', *Enterprise Development and Microfinance* 22, 2 (2011): 134–46.

<sup>29</sup> Rebecca Calder and Tom Tanhchareun, 'Informal Social Protection: Social Relations and Cash Transfers', *Barton: Australian Government-Department of Foreign Affairs and Trade* (2014).

<sup>30</sup> Stefan Dercon, Ruth Vargas Hill, Daniel Clarke, Ingo Outes-Leon and Alemayehu Seyoum Taffesse, 'Offering Rainfall Insurance to Informal Insurance Groups: Evidence from a Field Experiment in Ethiopia', *Journal of Development Economics* 106 (2014): 132–43.



risk-sharing mechanisms in increasing the demand for index-based insurance by addressing trust and information problems.<sup>31,32</sup> A recent study also finds a greater complementarity between formal and informal social protection mechanisms in Ethiopia and asserts that formal insurance does not crowd out informal insurance but rather “appears to crowd in customary risk sharing arrangements”.<sup>33</sup> There are several ways by which complementarity between formal and informal social protection systems can be achieved. For instance, formal mechanisms can employ existing informal structures to reach out to new customers and reduce the transaction costs of promoting contributory social protection services such as health insurance. Formal social protection programmes can also complement informal social protection mechanisms. For instance, an old age grant can lead to more social capital and strengthen existing informal social protection systems as it enables older people to maintain social networks by allowing them to invest resources that would in turn have positive effects on the entire social network by strengthening reciprocity, which is the underlying principle in many informal social protection mechanisms.<sup>34</sup>

Informal social protection mechanisms have the advantages of low operational cost, wider coverage, and being culturally anchored. Thus, informal social protection mechanisms can be used as a springboard to implement more comprehensive and adaptable formal social protection programmes that can easily reach out to vulnerable segments of society. Thus, government or development partners can use informal social protection mechanisms to enhance targeting and achieve efficiency in the implementation of formal social protection programmes. However, one of the challenges of informal social protection is the exclusionary nature of some mechanisms that may marginalise parts of a community, such as women and minority ethnic or religious groups. In such cases, governments need to address the inequalities by providing benefits to excluded groups through formal social protection programmes, which also advance political support and result in regime stability in a more legitimate manner.

## Conclusion and recommendations

Given the merits of informal social protection mechanisms, such as their cultural relevance, inclusivity, and effectiveness in addressing idiosyncratic (household-specific) risks, it is imperative to find pragmatic ways to integrate such mechanisms into the existing formal social protection activities in Ethiopia. Integrating informal and formal social protection would help improve the effectiveness and efficiency of social protection interventions and enhance greater ownership by the public. This would result in progressive complementarity and ensure the extension of sufficient levels of social protection for all citizens in a sustainable manner. In this regard, there is a clear policy direction that supports integration of formal and informal social protection mechanisms as the National Social Protection Policy recognises the significance of informal social protection mechanisms particularly *iddir* and

<sup>31</sup> Temesgen Belissa, Erwin Bulte, Francesco Cecchi, Shubhashis Gangopadhyay, and Robert Lensink, ‘Liquidity Constraints, Informal Institutions, and the Adoption of Weather Insurance: A Randomized Controlled Trial in Ethiopia’, *Journal of Development Economics* 140 (2019): 269–78.

<sup>32</sup> Index insurance is a recent innovation that compensates for losses due to covariate weather shocks. Index insurance insures the losses predicted by objective measures strongly correlated with covariate shocks, rather than the actual losses experienced by policyholders, without the need for individual loss verification.

<sup>33</sup> Kazushi Takahashi, Christopher B. Barrett, and Munenobu Ikegami, ‘Does Index Insurance Crowd in or Crowd out Informal Risk Sharing? Evidence from Rural Ethiopia’, *American Journal of Agricultural Economics* 101, 3 (2019): 672–91.

<sup>34</sup> Melese Getu and Stephen Devereux, *Informal and Formal Social Protection Systems in Sub-Saharan Africa* (Addis Ababa: Organisation for Social Science Research in Eastern and Southern Africa (OSSREA), 2013).

*iqqjub* in the provision of saving and insurance services to the majority of the population. The policy also indicates the government's commitment to expanding social protection coverage and integrating formal and informal social protection mechanisms: "the government shall facilitate every condition to progressively increase insurance service system to increase coverage and accessibility for the formal and informal sectors".<sup>35</sup>

In the current context of rising vulnerability associated with climate change risks, conflict and global inflation, there is an urgent need to develop a more affordable, comprehensive, equitable and sustainable social protection system in Ethiopia. Environmental and political crisis largely determined the nature of social protection and its expansion in Ethiopia and for close to two decades, social protection contributed to poverty reduction and regime stability. However, with the intensification of environmental challenges following the changing climate and related social, economic and political challenges, the current social protection system is not adequate to address the needs of the growing population and could adversely contribute to regime instability. Thus, the following recommendations can be offered for policy-makers and development partners:

1. National and international policy-makers need to take account of the rich variety of institutions engaged in providing social protection services outside the formal or public realm and engage with informal systems to tap their potential for the provision of social protection services.
2. Development partners that have hitherto been focusing on financing formal social protection programmes in Ethiopia, mainly the PSNP, can help engage informal social protection mechanisms, such as *iddir* and *iqqjub*, to provide social protection for children and the elderly. Development partners can do this by using strategies that range from building their capacity through technical assistance to using a matching fund that is conditional on members' and government's contributions. Since the financing requirements of the social protection sector are substantial, the latter strategy can be particularly effective in expanding contributory social protection schemes for informal workers and can serve as an alternative source of finance for implementing comprehensive social protection in the short and medium run.
3. In the medium run, integrating informal and formal social protection mechanisms can be used as a springboard to gradually extend social protection coverage to more people and may usher in the development of statutory universal social protection schemes that are rights-based and relatively free of manipulation by political elites.

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<sup>35</sup> Ministry of Labour and Social Affairs, *National Social Protection Policy of Ethiopia* (2012).

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