International
Labour
Organization

Extending Social Security and Fighting Poverty: A Complex Challenge
Experiences from Africa

Introduction

Fewer that 10 percent of people in most sub-Saharan African countries have social security coverage. This has an enormous impact on their lives and on work itself. What little earning power the impoverished have is further suppressed by marginalization and lack of support systems – particularly when they are unable to work because of age, illness or disability.

Social security – the protection that a society provides to individuals and households to ensure access to health care and to guarantee income security – is an essential means to keeping working people and their families from falling into poverty. In some cases, extending social security coverage to the unprotected can actually lift families out of poverty.

In 2001, the International Labour Conference defined some basic principles and approaches that should guide the process of extension of social security. It considered that there is no single right model of social security, and that priority should be given to policies and initiatives that can bring social security to those who are not covered by existing systems. Social security should also promote and be based on the principle of gender equality. Finally, each country should determine a national strategy for working towards social security for all.

The ILO is testing new approaches to open up access and monitoring initiatives by its member states to extend coverage. Moreover, it is seeking to apply its long experience in promoting social dialogue and tripartite involvement to address the special challenges of expanding social security in countries where coverage is weak and participation in the informal economy is high.
Below are just a few examples of how the challenge is being addressed in Africa – in individual, or groups of countries….

Tunisia: Striving for Universal Coverage in Social Security

Using a variety of initiatives, Tunisia succeeded in raising social security coverage – for health care, old age pensions, maternity and employment injury – from 60 to 84 percent of its workers and their families in just 10 years. Nearly all Tunisians who work in the public and private non-agricultural sectors are now covered. And, while coverage rates are still below 50 percent in the agricultural sector and among the self-employed, the government hopes that all workers will be covered in the years to come.

How is this being done so rapidly? First, Tunisia took measures to limit the under-declaration of income from the self-employed by developing income scales for various occupational groups, and then using them to calculate contributions. This was followed by an extensive informational campaign, in collaboration with employers' and workers' organizations, that brought a large number of new contributors into the system.
Secondly, as the government took vigorous steps to improve compliance among employers and the system was able to improve benefits, working people in Tunisia began to have more confidence in social security as an institution. In increasing numbers, they saw it as an effective tool to protect themselves against rapidly rising health care costs, as well as a guarantee of income security in old age. This change in attitude was furthered by public awareness campaigns and educational outreach by the country's trade unions.

The remaining, uncovered population will undoubtedly be the most difficult to bring into the system. They include casual and seasonal agricultural workers, construction workers in labour-intensive public works programmes, domestic workers and the unemployed.

Chaabane, M. "Towards the universalization of social security: The experience of Tunisia (ILO, 2002, Extension of Social Security, ESS Paper No.4).http://www.ilo.org/socsec/download/esspaper4.pdf

West Africa: Building Health Care Coverage at the Community Level

In Sub-Saharan African countries, where up to 90 percent of working people are engaged in informal employment lacking even the most basic social protection, communities of poor people have been banding together to create micro health insurance schemes to address basic needs for health security.

One example of this phenomenon is the "Wer Werlé" micro-insurance plan, which was launched in Dakar, Senegal, in 1998 and now offers health insurance services to more than 1,000 beneficiaries. Sponsored by an amalgamation of women-led anti-poverty organizations, Wer Werlé collects the monthly equivalent of US$0.25 from its members and, in cases of sickness, reimburses 100 percent of consultation and delivery costs and 50 percent of medical costs. The plan has signed contracts with several health care providers, resulting in price reductions and better quality care for the group. In addition, it organizes awareness raising campaigns on the prevention of hepatitis B, HIV/AIDS and malaria, and it has acquired a limited stock of generic drugs to make treatment more affordable for its members.

Through its STEP programme, the ILO supports the mutual health movement in various ways. At the local level, it supports employers' and workers' organizations, community-based organizations, micro-finance institutions, socio-professional groups, civil society associations from the informal economy with the aim to set up or consolidate micro-insurance schemes. At the intermediary level, STEP supports the federations of organizations, cooperatives and associations as well as mutual organizations unions in order to enhance local capacity and to strengthen the representation of mutual organizations with the public authorities, health care providers and international agencies. At the national level, it is supporting the institutional and political conditions through social dialogue for strengthening the mutualist movement.

Innovative approaches have also been developed, which allow testing and validating of mechanisms and relations between micro finance and micro insurance. This is the case with the micro finance institutions of AssEF in Benin and MECIB in Senegal, which have an integrated insurance scheme.

The "Association d'Entraide des Femmes (AssEF)" is a network of 27 funds (CEC) and 240 associations (AEC) providing savings and credit in Cotonou (Benin) and its outskirts. The main objective of AssEF is to improve the socio-economic situation of poor women in Cotonou on a sustainable basis by managing the financing of their activities. Since 2002 STEP has supported AssEF by setting up a health insurance scheme. The large demand of the members and the need for securing the credit portfolio gave rise to the setting up of an insurance scheme. Indeed, health expenses represent the main reason for lacking reimbursement of loans.

The health insurance scheme became operational in June 2003. A specific body of AssEF manages the scheme. Depending on the legislative environment, this body might become independent. Since the start of the insurance scheme, a strong growth rate has been achieved. After one year of operation, coverage reaches 10 per cent (2,900 beneficiaries). Similar experiences can be reproduced elsewhere, where health insurance schemes can benefit from the know-how of micro-finance institutions, from their management capacity and from the dynamics created by networks of savings and credit funds and associations.

With regard to MECIB, it is interesting to note that it shares with AssEF similar objectives and management structures and a comparable level of growth (2,044 beneficiaries after one year of operation). It represents a test for the network of savings and credit funds (UM-PAMECAS), which covers the entire city of Dakar in Senegal.

On a long-term basis, the goal is to establish an insurance scheme, managed by an autonomous institution (mutual health organization), which distributes its insurance product through savings and credit funds (28 funds for a target population of around 180,000 people).

In both, AssEF and MECIB, insurance strengthens the savings and credit activities. This is mainly due to the fact that it secures the credit portfolio and protects both income and economic activities of the members. Using savings and credit funds brings the insured closer to registration and contribution collection desks. This also makes it possible to set up effective contribution collection mechanisms (debiting of savings accounts, integration of the contribution into the loans).

At the international level, STEP works closely in partnership with major actors and is one of the key promoters of the "La Concertation" network between development actors and mutual health organizations, mainly in West Africa. The network makes it possible to exchange practical knowledge and to deal more effectively with health providers, support organizations, public services and donors. Now spanning 11 countries, "La Concertation" also helps create synergies between the various mutual health insurance plans, various partner organizations and their communities through concrete activities such as training programmes and information exchange meetings, as well as communications tools such as newsletters and a website. "La Concertation" also organizes a biennial international forum for member organizations to compare experiences

and to develop joint activities. The most recent forum, held in Bamako in 2004, drew more than 400 participants from a variety of African countries.

STEP is also working on national policies and legislation regarding mutual organizations. It aims at setting up national consultative commissions in order to make proposals for policy and legislative reforms in eight UEMOA countries to promote the development of mutual organizations and define their role in extending social security protection.

"West Africa: Building health care coverage at the community level" http://www.concertation.org

Namibia: A Case-Study in Progress on the African Continent

Thirteen years after its independence from South Africa's apartheid government, Namibia still faces enormous development challenges, including one of the world's highest rates of HIV infection and a poverty-rate that encompasses one-third of its population. However, Namibia also inherited an established social security system, which is now gradually being strengthened through social insurance schemes and improved governance.

The backbone of the present system consists of tax-financed benefits, administered by the Ministry of Health and Social Services and paid universally to people over age 60, as well as invalids and disabled people who are younger. Additionally, the ILO has worked with Namibia's Social Security Commission to create a national social insurance scheme, financed by contributions from employers and workers and providing income security in the event of sickness, maternity or death of a breadwinner. Within this system, a pension scheme is being planned to supplement the tax-financed universal pension.

In the meantime, the universal pension of about US$25 a month has proven to be a major source of economic support to Namibia's impoverished communities – particularly since the government took steps to make sure that pensions and other grants are paid on time and reliably and conveniently to eligible beneficiaries. To accomplish this aim, the Ministry issued "smart cards" with the beneficiary's photograph and a fingerprint that can be immediately verified by a machine. Crews headed by a paymaster travel regularly to thousands of "pay points" around the country, carrying with them automated teller machines similar to those found in many banks. Beneficiaries bring their smart cards, have their identification checked, and receive their benefits on the spot.

These pensions are the only regular cash income in many rural households. Often, they provide the source of financing for basic items like school fees and medicines. Namibia's new method for distributing benefits, in addition to bolstering the security and credibility of the pension system, has also greatly improved access to pensions among many elderly Namibians who, for many reasons, previously found it difficult to receive their payouts.

Schleberger, E. "Namibia's universal pension scheme: Trends and challenges" (ILO, 2002, Extension of Social Security, ESS Paper No. 6) http://www.ilo.org/socsec/download/esspaper6.pdf