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Social Security in Eastern and Southern Africa: Organisation, Issues and Concepts in Modern and Traditional Arrangements

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ABSTRACT

This paper begins by defining social security and examining its major forms. The paper then goes on to examine social security provisions in some countries in eastern and southern Africa, demonstrating that there is no country in this region (excluding South Africa) which has a comprehensive social security system. There are, however, a number of disjointed schemes which offer rudimentary social protection. The paper observes the lack of social protection for the rural population, a situation which only serves to exacerbate the existing inequalities between the urban and rural population. It is suggested that governments in eastern and southern Africa should seriously consider innovative ways of extending social protection to the rural population. Governments should concern themselves more with the need to meet the basic needs of the poor than the need to protect the poor against contingencies that impair their earning capacity.

Introduction

Social security is defined variously by different people hence the lack of total agreement on what constitutes social security. Most definitions of social security put emphasis on protecting employed persons and this assumes that a state of full employment in society is possible. Unfortunately, countries in eastern and southern Africa, like many other developing countries, suffer from serious problems of unemployment. The proportion of those in formal employment usually constitutes no more than 25% of the total labour force. Consequently, if social security is extended to persons in formal employment only, then the majority of the people would remain without any meaningful social protection.

In the interest of standardisation in the conceptualisation of social security, the International Labour Organisation (1984:23) defines social security as:

"...the protection which society provides for its members through a series of public measures against the economic and social distress that otherwise

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would be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, invalidity and death, the provision of medical care and the provision of subsidies for families with children."

Exposure to these contingencies requires the use of resources which are often beyond the capacity of individuals to mobilise on their own. It is clear from this definition that social security refers to statutory provision whose objective is to maintain income in instances where there is involuntary loss or reduction of income.

Forms of Social Security

There are four major forms of social security namely, social assistance, social insurance, social allowances and provident funds. The most common forms of social security in eastern and southern Africa are social assistance and provident funds

Social Assistance

Social assistance, also generally known as welfare assistance or public assistance in eastern and southern Africa, is designed to provide assistance to persons of limited means. Social assistance is a non-contributory form of social security and, consequently, it is financed from general taxation. In addition, social assistance is means-tested in order to ensure that only needy persons benefit.

The form and orientation of social assistance has been greatly influenced by the residual model of social welfare which views the family and the market economy as the accepted channels for the fulfilment of needs. In accordance with this model, welfare assistance should only be provided in circumstances where an individual is unable to make use of the family or the market economy. The doctrine of reducing access or eligibility to benefits ("less-eligibility") which developed during the Elizabethan Poor Laws in England and made poor-relief less attractive than the minimum wage, continues to influence the provision of social assistance, particularly in former British colonies.

Social Insurance

Social insurance provides social protection to workers and their dependents against involuntary loss of income. As pointed out earlier on, one's earning capacity is impaired or cut off by such factors as old age, unemployment, invalidity, occupational injury, sickness, maternity and death. As a result, the ILO identified nine

branches of social security namely, old age benefit, unemployment benefit, invalidity benefit, employment injury benefit, sickness benefit, maternity benefit, survivors' benefit, family benefit and medical benefit. Social insurance is contributory and is based on the principle of risk-sharing and the pooling of resources. This principle makes it possible for a claimant to benefit from the totality of contributions from all insured persons. Contribution to a social insurance fund can either be flat-rate or earnings-related and similarly the benefits can either be flat-rate or graduated according to contributions.

Social Allowance

A social allowance is a non-contributory, non means-tested universal payment granted to a specified category of persons deemed to require support from the State. A common form of social allowance is the child benefit which is paid to parents with dependent children. Because social allowances are non-contributory, they are funded out of taxation and are paid irrespective of one's socioeconomic position. Social allowances, though common in developed countries, are, however, rarely provided in developing countries because of resource constraints.

Provident Funds

A provident fund is a scheme, "*designed to provide for the payment of lump sum retirement benefits consisting of the accumulated savings of the members together with contributions of the employer and the accrued interest*" (Midgley, 1984:142). Unlike social insurance, provident funds are not based on the principle of risk-sharing and the pooling of resources, but operate as compulsory saving schemes. Because benefits are paid as a lump sum, provident funds do not guarantee regular income maintenance. The lump sum payment can be exhausted within a short period of time leaving the beneficiary without any social protection. Provident funds do not therefore meet the objectives of social security as defined by the International Labour Organisation.

The Social Security Situation in Eastern and Southern Africa

There is no country in eastern and southern Africa (excluding South Africa) which has a comprehensive social security system. Although some social security schemes do exist in this sub-region, they are however disjointed and offer only rudimentary forms of social protection. The provisions that exist in the sub-region are as follows:

Traditional Forms of Social Security

The extended family has traditionally been regarded as a social security institution providing support to its members in the event of exposure to contingencies such as sickness, invalidity, old age, death and drought. Mukuka (1995:12) observes that:

"the collective solidarity through mutual assistance within the family, clan and the tribe, as well as the care by the extended family for one another in times of crisis or old age, constituted the measures of traditional social security systems."

In the case of Tanzania, Ishengoma (1995) notes that traditional social security centred on the need for reciprocity and redistribution and served to strengthen kinship ties and reinforced the need for interdependence among members of the family, clan and tribe. These traditional arrangements were a common feature in almost all the countries in eastern and southern Africa. However the development process has resulted in the gradual weakening of the cohesion of the extended family. Consequently, some individuals no longer feel obliged to extend assistance to members of the extended family. Furthermore, the harsh economic realities in eastern and southern Africa make it difficult for individuals to provide assistance to their extended families even though they may be willing to fulfil their obligations.

In some countries in the region, such as Zimbabwe, there were other traditional arrangements for meeting the social security needs of the rural people, particularly needs arising from drought or famine. Villagers were required to contribute grain to the chief who would store it in trust to be distributed to the needy people in his area in the event of drought or famine. Children have also traditionally been regarded as a source of social security for aging parents, hence the propensity for larger families. However, the escalation in the cost of living is forcing many African parents to revise their thinking on the issue of large families. This therefore points to the need for formal social security provision.

Non-Contributory Social Security

Social assistance in this sub-region is provided as social protection against destitution arising from such factors as unemployment, disability, invalidity, old age, death or desertion of a breadwinner and drought. The target groups are the elderly, the handicapped, the chronically ill and children in need of care. The assistance provided can be in the form of medical care, maintenance allowance, old age pension or drought relief. The trend in the sub-region is that social assistance is provided under the auspices of a government department, usually the Depart-

ment of Social Welfare (also called the Department of Social Services). Because the tax base for governments in eastern and southern Africa is small and given the many competing demands on the limited resources available, governments are unable to channel adequate resources for social assistance. Consequently, there is a tightening of eligibility criteria to ensure that only the most needy persons are assisted. This tightening of eligibility criteria also means that some needy persons do not benefit from the social assistance programmes.

In the case of Malawi, Kutengule (1995) points out that public assistance provides short-term assistance and coverage is small because of resource constraints. The same situation prevails in the majority of countries in the region. Due to inadequate resources, the allocation for social assistance is usually thinly spread resulting in inadequate benefits being paid to recipients.

During the colonial era the provision of social assistance had an urban bias as it catered mainly for the settler population and a few urbanised blacks. Midgley (1984:106) writing about social security in the Third World points out that, "*in most cases, colonial social security measures were introduced not for the benefit of local people but for Europeans and especially for those in the public services.*" The urban bias continues to be evident in independent eastern and southern Africa. Although on paper the rural poor are eligible for assistance the services are however not readily accessible to them. The poor have to travel long distances to district offices yet they do not often have the means to travel. As a result they are automatically excluded from the social assistance schemes (Kaseke, et al, 1997). It is also observed that the rural poor are often ignorant of the provisions and they do not therefore avail themselves of the services. Consequently, those who benefit from social assistance are not always the most needy.

Contributory Social Security Schemes

There are few contributory social security schemes in eastern and southern Africa. One example of is the Pensions and Other Benefits Scheme in Zimbabwe which was introduced in October 1994. The scheme provides for protection against such contingencies as old age, invalidity and death. Mozambique also has the National Institute of Social Security set up in 1990 to provide protection against old age and invalidity. The most common form of contributory social security in the sub-region is the workers' compensation programme which is the oldest formal social security scheme in eastern and southern Africa. Legislation for workers' compensation was introduced in the 1920s and 1930s. In Tanzania, workers' compensation was introduced in 1949 as the first social security programme in the country and provides compensation to workers who are injured at work or whose contract covers occupational diseases. In the case of work-related deaths, compensation is paid to the dependents (Ishengoma, 1995).

Workers' compensation was initially developed on the basis of employer liability which meant that employers were held liable for injuries sustained by their employees at the work place. In many instances, individual employers failed to compensate their employees because they did not have the resources to do so. It was for this reason that the social insurance principle was adopted which now enables employers to pool their resources and share the risks. An injured employee benefits not only from the contributions of his employer but from the totality of the contributions of all employers who are members of the Workers' Compensation Funds. Benefits paid vary depending on the degree of injury. Normally, the degree of injury or disability is assessed by a medical board, and benefits include a disablement pension, medical care and rehabilitation and, in the event of death, widows or widowers receive pensions and the surviving children also receive allowances until they attain majority status. A widow's pension is usually discontinued when she remarries.

In some countries there are inherent weaknesses in workers' compensation schemes. Jacques (1993) points out that the ILO identified two major weaknesses in Botswana's workers' compensation scheme. The first weakness is that both the employer and the insurance company have to accept liability and if liability is not accepted then no compensation can be granted. Secondly, if liability is accepted, only lump sum payments are made regardless of whether the disability is short or long term. This then defeats the whole purpose of workers' compensation in particular and social security in general. It is also noted that, in the case of some temporary disabilities, employers are reluctant to report such injuries since compensation results in an increase in the premiums payable by the employer.

The other common form of contributory social security is the provident fund, for example, the Zambia National Provident Fund and the National Provident Fund in Tanzania. Provident funds are compulsory saving schemes which are largely designed to meet subsistence needs at old age. An employee contributes to a provident fund and usually the employer matches the employee's contribution. Upon retirement, an employee would receive a lump sum payment which is equivalent to the total contributions of the employee and employer plus accrued interest. In Zimbabwe, provident funds are usually operated by mining companies and again these pay lump sum benefits. This is also true of the payment modalities adopted by the Zambia National Provident Fund. In addition to old age benefits, provident funds also provide sickness, invalidity and survivors' benefits. The survivors benefits are paid to the widows or widowers and dependents of insured persons. A major weakness of provident funds is that the savings are not protected against inflation. This therefore erodes the value of the lump sum payments. Another weakness is that lump sum payments do not offer meaningful protection as these are often inadequate to protect the beneficiaries for the rest of their lives.

Jacques (1993:21) points out that, "*the fundamental disadvantages of such schemes are that they are based on the accumulation of individual contributions and have no insurance elements.*" The principle of resource pooling and risk sharing is therefore not incorporated.

Possible Options

It is clear from the discussion that social security systems in eastern and southern Africa do not meet some of the criteria set by the International Labour Organisation (ILO). For instance, the ILO stipulates that beneficiaries must feel secure under any social security scheme and this feeling of security is only possible if the social security schemes are reliable and provide benefits that are adequate. Many social security schemes in the region are neither reliable nor do they provide adequate benefits.

It is observed that social assistance as a major form of social security in eastern and southern Africa is not reliable. It is usually inaccessible to the rural poor and because of its non-contributory nature, it is seen as a privilege and not a right. The benefits provided are inadequate and the level of support is always far below the Poverty Datum Line. It is however noted that countries in eastern and southern Africa are not in a position to meet the criteria set by the International Labour Organisation because of resource constraints. It is therefore necessary for these governments to adopt strategies that seek to extend social protection to the majority of the people in line with the ideal of social justice, while taking cognisance of the limited resources at their disposal. The following options are suggested.

Contributory Social Security

Governments in eastern and southern Africa need to introduce contributory social security schemes for protection against such contingencies as sickness, invalidity, injury, old age, death and drought. Although it is appreciated that the percentage of those in formal employment is very small, it is however necessary to protect people in formal employment so that they do not fall back on non-contributory social security schemes in the event of them being exposed to contingencies. A major challenge facing governments in the region is the need to widen the base for social insurance. In essence, widening the base for social insurance entails extending social insurance to the rural people.

At present, incomes of the rural population are too low to sustain contributory forms of social security. What is needed therefore is adoption of developmental strategies designed to enhance the productive capacity of the rural people. Such strategies would include improving access to land and credit facilities. Successful

agriculture requires the use of capital to purchase much needed agricultural inputs. In addition, it is necessary to expose the rural people to appropriate farming techniques. The marketing of agricultural produce is fraught with problems mainly arising from lack of reliable transport, poor road networks and centralised marketing facilities. There is also a prevalence of middlemen in the marketing process resulting in an erosion of profits accruing to farmers. These problem areas need to be attended to if the objective of improving the productive capacity of the rural population is to be realised.

Once the productive capacity of the rural population has been enhanced, it will then be feasible to extend social insurance to this group. Of grave concern is the absence of any meaningful and institutionalised response to the problem of drought. The introduction of a crop and livestock insurance scheme is a necessary step towards meaningful protection of rural people against the contingency of drought.

Meeting Basic Needs

There are two major problems associated with conventional social protection. Firstly, conventional social security places emphasis on contributory social security schemes, yet those employed in the formal sense constitute a small percentage of the total population. Secondly, the non-contributory schemes available do not reach the poor who need the protection most. Given these constraints, it seems logical for governments to move away from preoccupation with protecting their citizens against contingencies to a preoccupation with the meeting of basic needs. Thus, the primary concern should be to ensure that the poor have access to basic needs such as shelter, food, education, clean water, etc. The poor cannot worry about how they will survive tomorrow when they are already concerned about how they will survive today. The poor can also address their problems of economic insecurity through informal social protection measures guided by the principles of solidarity and togetherness.

Mutual aid schemes

Governments in eastern and southern Africa should encourage the formation of mutual aid societies which give communities the responsibility for meeting the social security needs of their members. The use of mutual aid societies (for example, burial societies and others) is an efficient way of mobilising resources. In addition, mutual aid societies offer immediacy to the people and are therefore well placed to respond timeously to the needs of the members. It is, however, advisable that mutual aid societies should only confine themselves to protecting their membership against contingencies that do not require an outlay of huge resources. Benefits that can be provided include sickness benefits, injury benefits and death benefits. These can be gradually expanded.

Conclusion

This paper has revealed that there are no comprehensive social security systems in eastern and southern Africa. The majority of the people in the sub-region have no meaningful social protection apart from traditional forms of social security. Unfortunately, the development process has served to weaken kinship ties thereby eroding the capacity of the extended family to perform its social security role. Since it is not feasible to provide comprehensive non-contributory forms of social security, governments in this sub-region need a mix of contributory and non-contributory forms of social security. Contributory forms of social security are only possible on a larger scale if governments adopt development strategies designed to improve the productive and earning capacity of marginalised groups. Without adopting such strategies, extending social protection to marginalised groups will remain an elusive goal.

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