AFRICA 2021

EXTENDING AND MAINTAINING **SOCIAL SECURITY COVERAGE**

Priorities for social security

This publication corresponds to Chapter Two of the report *Priorities for social security: Trends, challenges and solutions – Africa* published by the ISSA in 2021 and launched during the Virtual Social Security Forum for Africa.

The report is available in electronic format: www.issa.int.

Also published in French.

EXTENDING AND MAINTAINING **SOCIAL SECURITY COVERAGE**

African policy-makers and institutions are conscious of the need for the adequate extension of social security coverage on the continent. The adoption of the Recommendation (No. 202) concerning National Floors of Social Protection, 2012, of the International Labour Organization (ILO) has strengthened this determination. Over the past few decades, the scope of legal coverage for social protection has broadened significantly across Africa. However, effective coverage rates remain low, especially among rural and informal labour market workers.

With the support of international organizations, nearly all countries in Africa have adopted comprehensive national social security development plans and strategies, including the introduction or extension of a basic social security package incorporating essential health care, child support for school-age children and a minimum pension. In addition, African countries have taken a variety of approaches to extending coverage under contributory pension schemes. Nevertheless, significant challenges remain in closing coverage gaps for contributory schemes. Gaps persist in the number of people covered under each scheme, as well as in the number of risks and contingencies covered and the adequacy of benefits.

In turn, administrative capability remains crucial to the effectiveness of social security protection as its quality depends on the capabilities of administering institutions. Although African institutions have achieved significant improvements in service delivery capabilities, they face a multiplicity of policy and administrative challenges.

FACTS & TRENDS

Africa is the continent with the lowest social security coverage rates in the world. However, great efforts have led to a significant extension of the scope of legal coverage for social protection. Nearly 90 per cent of the 345 statutory social security programmes in Africa are contributory schemes. Considering that – according to ILO data (ILO, 2017a) – 85.8 per cent of employment in Africa is informal, it is remarkable that in 2021, 18 per cent of Africa's population has effective access to at least one form of social protection. Old-age pensions are the most widespread benefit, covering 30 per cent of the older population. Around 16 per cent of children are covered by cash benefit programmes, and around 16 per cent of mothers receive birth-related benefits. In the labour market, only 5.6 per cent of jobseekers receive some form of unemployment benefit. The provision of benefits for persons living with disabilities is, for the most part, unsatisfactory, with only 9.5 per cent of the vulnerable who live in poverty and deprivation receiving social assistance (UNDP, 2019).

ISSA Country profiles (for 2019) show that 49 African countries with social protection coverage have statutory provisions on at least three social security policy areas (disability, employment injury, family, maternity, old age, sickness, survivors and unemployment). Six have fully comprehensive provisions in place, while 30 have coverage in five to seven areas, and 13 countries address three or four.

Both the International Social Security Association (ISSA) and the African Union are committed to the Global Partnership for Universal Social Protection, including social protection floors, in support of the Sustainable Development Goals (SDGs). Building social security is also one of the priority areas in Agenda 2063, the development agenda for Africa. ■

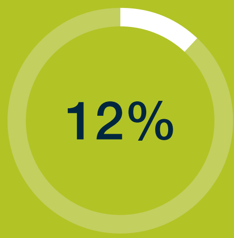
African social security coverage in legislation

All countries have social security legislation for old age.

Source: ISSA (2019b).

Percentage of countries that have legislation that covers between 5 and 6 social security branches.

Source: ILO (2017a).



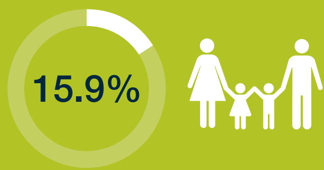
Percentage of countries that have legislation that covers all 8 social security branches.

Effective coverage in Africa, by population group

Population covered by at least one benefit in 2019.

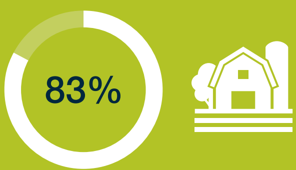
Source: ILO (2017a).

Unemployed persons covered by unemployment benefits in 2019.



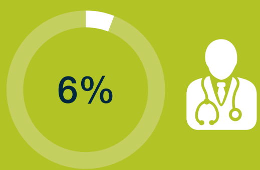
Families receiving family benefits in 2019.

Coverage of health services in Africa



Rural population without legal coverage to health protection.

Source: ILO (2017a).



Percentage of global healthcare workers based in Africa.

ACHIEVING UNIVERSAL AND SUSTAINABLE SOCIAL PROTECTION COVERAGE

Social protection and the right to social security are internationally recognized fundamental human rights. While social protection plays a vital role in improving livelihoods, alleviating poverty, promoting inclusive growth and supporting socioeconomic resilience, low coverage in Africa means that the vast majority of people do not enjoy their right to social protection.

Over the past few decades, the scope of legal coverage for social protection has broadened significantly across Africa. Effective coverage rates remain low, however, and access to benefits and services is limited. This is due to underinvestment in social protection and implementation gaps in existing programmes.

Nevertheless, in response to the global commitment to achieve universal social protection for all, including "floors" set out in the SDGs, the African Union in collaboration with the ISSA, the International Labour Organization (ILO) and other development partners, has emphasized the importance of effective access to social protection benefits and services in Africa's development agenda.

Africa is the continent with the lowest social security coverage rates in the world. It is also has the highest proportion of its population living in poverty and multidimensional deprivation. The changing socioeconomic context, demographic transitions and climate change are producing new groups of vulnerable people. In this context, social protection must go beyond providing access to basic health care to include measures to improve civil and environmental protection, in particular among vulnerable populations, especially agricultural workers.

Universal social protection is essential for building dynamic and inclusive societies and economic growth, social cohesion and socioeconomic resilience, in line with Africa's Agenda 2063. Social protection plays an equally important role in meeting the targets under the SDGs, in particular Goal 1 "End poverty in all its forms everywhere", Goal 3 "Ensure healthy lives and promote well-being for all at all ages", Goal 5 "Achieve gender equality and empower all women and girls", Goal 8 "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all", and Goal 10 "Reduce inequality within and among countries".

While these goals are achievable, meeting them will require courageous and comprehensive policy responses that balance universal protection with the need for adequate and sustainable approaches. This will mean designing and implementing social protection floors, while also enhancing the outreach and effectiveness of social security schemes, especially social insurance to cover the working poor.

DEVELOPING AND IMPLEMENTING SOCIAL PROTECTION FLOORS

Some countries have made significant progress in developing universal social protection systems, particularly with regard to pensions and access to essential health care. This has been achieved through a combination of contributory and non-contributory financing; the coordination of private and public, national and community-based interventions; international cooperation; and exchange of knowledge and experiences (where the ISSA plays a defining role).

Combination of contributory and non-contributory financing

The combination of contributory and non-contributory mechanisms is the major driver of improved social security coverage rates, especially among the older population. While coverage rates for old-age pensions are still low in Africa (estimated at 29.6 per cent), some countries, including Botswana, Cabo Verde, Eswatini, Lesotho, Mauritius, Namibia, the Seychelles and South Africa, have attained universal coverage in old-age pensions through a combination of tax and contribution-based financing.

While most countries have contributory public pension schemes, evidence suggests that none has yet successfully achieved universal coverage in any branch of social security on a contributory basis alone. This underlines the need for sound economic policies that will generate the tax revenues required to fund the benefits and services required to achieve universal access to social security protection. Mauritius is the only country in the region with a universal health-care system that is fully financed on a non-contributory basis. Other countries, such as Ghana and Rwanda, have achieved universal health coverage financed primarily through taxes.

Coordination of public and private, national and community-based interventions

The effective roll out of social protection floors requires multi-stakeholder partnerships involving public, private and non-profit-making entities, as well as international, national and community-based partners, especially in the area of health care (Olu et al., 2019).

In Rwanda, universal health coverage has almost been achieved through community-based implementation of policies and programmes set at the national level; the Government of Rwanda formulates policies and exercises regulatory oversight for districts, which are responsible for the planning and delivery of public services. Health centres maintain financial autonomy and plan their activities in line with the needs of the community. Going forward, the Government will take measures to involve the private sector as a matter of priority for fostering the sustainability of the health system.

Collaboration with the private sector is essential: the role of employers in deducting contributions at source and paying over to the competent authority is crucial to the success of employment-based social protection schemes and the sustainability and further extension of employment-based insurance programmes. Public-private partnerships are key to financing universal health care benefits. In Gabon, for example, mobile telephone network operators make a major contribution to financing universal health care through a 10 per cent levy on turnover, excluding tax, and a 1.5 per cent levy on money transfers outside the country.

Covering the "missing middle"

The "missing middle" refers to workers in the informal economy who are too poor to contribute to a social security scheme, yet whose income prevents them from accessing social assistance benefits targeted at those living in extreme poverty. They can therefore be defined as "working poor". They require a national legal framework, which may include self-employed, rural workers, migrant workers, domestic workers, micro- or small (and even medium-sized) enterprise workers, as well as people engaged in new forms of work. As nearly 90 per cent of the existing 345 statutory social security programmes in the African region are contributory (usually social insurance programmes covering various branches), the extension of such schemes to cover the "missing middle" is crucial for African nations to realize sustainable and equitable universal social security coverage by 2030. Subsidizing contributions is an effective approach to fostering enrolment in programmes.

Coverage deficit

In Africa, significant challenges remain in closing coverage gaps for contributory schemes. Gaps persist in the number of people covered under each scheme, as well as in the number of risks and contingencies covered and the adequacy of benefits.

Only 9.6 per cent of the African working-age population contributes to pension schemes (6.3 per cent for sub-Saharan Africa and 19.9 per cent for North Africa); 75 per cent of the African population (77 per cent in rural areas and 50 per cent in urban areas) lacks effective access to statutory health insurance. Although some countries, including Ghana and Rwanda, have introduced contributory maternity insurance schemes, as many as 80 per cent of African women giving birth do not have maternity cash benefits. Only 7.9 per cent of the labour force in Africa has statutory cover through contributory unemployment protection schemes (compared to 0.5 per cent through non-contributory schemes); unemployment protection schemes exist in only a few countries.

While most countries worldwide take a social insurance approach to compensation for work injuries and occupational diseases, workers in several African countries still depend on direct employer liability compensation in case of injury at work. The overall effective work injury insurance coverage is only slightly higher than 10 per cent in Africa (ILO, 2017b). Despite an average life expectancy in Africa of over 70 years, long-term care insurance remains rare.

There is also significant room for improvement in benefit adequacy and system sustainability. While some countries may claim to have high health insurance coverage rates, the services covered may be limited to predominantly primary care. The lack of annual indexation of cash benefits results in a gradual decrease in the purchasing power of the entitlement. Automatic adjustment of these parameters is essential to address this issue. Conversely, overly generous increases at election time render the system unsustainable and the inevitable subsequent abrupt reductions result in the erosion of public trust in the government and its institutions.

Recent achievements

Alongside robust economic growth over recent years, Africa has made great strides in closing the social security coverage gap. With the support of international organizations, such as the ILO, nearly all countries in Africa have adopted comprehensive national social security development plans and strategies, including the introduction or extension of a basic social security package incorporating essential health care, child support for school age children and a minimum pension. Various governments, including those of Ghana, Kenya, Nigeria, and South Africa have developed national identification systems to boost the population's use of digital services.

African countries have taken a variety of approaches to extending coverage under contributory pension schemes. In Rwanda, for example, the formal-sector pension administrator is also the central administrator of the informal-sector pension scheme, which involves matching contributions from the Government. In Kenya, the first mobile money scheme in the region has been launched, leveraging the National Federation of Jua Kali, an informal-sector association, with the involvement of the Retirement Benefits Authority, a strong regulator. The Government is planning to relaunch the Mbao Pension Scheme and address scaling and administrative challenges. In Uganda, the approach has relied on a more classic microfinance scheme. The Government is considering a centralized approach to addressing the scale issue. The Government of Ghana has been trying a combination of the above approaches. Several other countries, including Algeria, Cabo Verde, Mauritius and South Africa, have achieved universal pension coverage through a mix of contributory and non-contributory programmes.

Rwanda is internationally recognized for its success in offering access to health care to over 90 per cent of its population. With over 80 per cent of Rwandans insured by mutual health schemes, the Government has ensured that citizens have access to basic health care. All operational health centres currently have a community-based health insurance section, with 100 per cent geographic coverage.

Ghana has adopted the first national health insurance scheme in sub-Saharan Africa, with compulsory enrolment into either the national scheme or a private health insurance scheme. The national scheme has various funding sources: 70 per cent from indirect taxation (2.5 per cent levy on selected goods and services) and 20–25 per cent from social security contributions of formal workers. Premium exemptions are offered to some population groups, such as children younger than age 18, people aged 70+, pensioners under the social security scheme and National Insurance Trust, and beneficiaries of the Livelihood Empowerment Against Poverty programme. The benefits package secured by the National Health Insurance Scheme (NHIS) covers 95 per cent of conditions through more than 4,000 public and private health care providers. According to the web portal of Ghana's NHIS, about 40 per cent of the population is currently enrolled.

In Morocco, a comprehensive social security system has been set up benefiting millions of Moroccans. The National Social Security Fund (*Caisse nationale de sécurité sociale* – CNSS) provides social security protection against loss of income in the event of disability, old age, survivorship, illness or maternity and loss of employment. In recent years, social and health coverage have been extended gradually to salaried workers in agriculture, artisans and artisanal fishers, as well as self-employed and domestic workers. According to its web portal, the CNSS has more than 182,000 reporting companies and allows swift receipt of benefits for more than 90 per cent of those insured who are declared through this channel.

In most countries across Africa, family and community support mechanisms are an integral part of social protection. There is, however, an irreversible transition to formal social security, focusing initially on old-age pensions and gradually expanding in scope to cover other contingencies such as health, maternity, family, sickness, work injury and occupational diseases, thus resulting in semi- and sometimes fully comprehensive social security coverage (*News24*, 2016). In Zambia, for example, a new Workers' Compensation Fund has been established to provide access to employment injury insurance for more than 2 million workers in the formal economy. On the governance and operational side, recent measures in Rwanda have promoted the switch from employer liability to publicly managed social security arrangements under the Rwanda Social Security Board.

Unemployment insurance is increasingly recognized not only as a compensation system but as a macro-economic stabilization tool. It is essential for employment policy and vocational rehabilitation, and as a means of supporting social cohesion and economic growth. Countries such as Algeria, Mauritius, Morocco and South Africa have already implemented unemployment protection schemes. The latest scheme to be set up was the new unemployment scheme in Cabo Verde, in 2016.

Administrative challenges

At all stages in developing and investing in a social protection scheme, efficient administration is essential to ensure its cost-efficiency and effective functioning. Furthermore, the protection delivered and the quality of delivery depend on the capabilities of administering institutions. The institution must be able to identify and register contributors and beneficiaries; collect contributions and enforce compliance; manage claims and deliver benefits and services; and ensure the safeguarding of assets. It must also secure sustained political and social support for access to social security protection for all.

Administrative capability is therefore crucial to the effectiveness of social security protection in countries across Africa. Nonetheless, social security administrations face a multiplicity of policy and administrative challenges.

In Africa, social security schemes comprise predominantly contributory social insurance schemes and national provident funds, designed to respond to the needs of workers in standard forms of work: employment with formal employer-employee contracts. Under this arrangement, the employer finances at least 50 per cent of the social security contributions and takes responsibility for withholding the employee's share of contributions at source, and for paying the social security administration. Since the vast majority of the population in the region is, however, engaged in informal or own account work, with no formal employer-employee relationship, this gives rise to widespread exclusion, evasion and fraud.

High levels of informal employment and the rise of non-standard forms of work (brought about by the digital economy) are also leaving an increasing share of the population in jobs typically not covered by existing social security arrangements. This exacerbates an already complex situation.

In an effort to extend social security protection to population groups, such as own account workers, platform workers and small-scale entrepreneurs, countries are increasingly opening up social insurance schemes with voluntary insurance arrangements. In such cases, there is usually no legal basis for the administering institution to enforce compliance with the payment of contributions. In other circumstances, particularities such as fluctuating incomes or seasonal employment render the application of mandatory insurance rules on voluntarily insured persons impractical.

In response to these challenges, some countries are implementing administrative and legal innovations to adjust voluntary insurance products to the needs of target groups, thereby increasing their attractiveness. In Algeria, for example, instead of opening up social insurance to informal workers under the National Social Insurance Fund for Employees (*Caisse nationale des assurances sociales des travailleurs salaries* – CNAS), the Government has set up the National Social Security Fund for non-Salaried workers (*Caisse nationale de sécurité sociale des non-salariés* – CASNOS). This is expected to reduce the incidence of evasion in cases where self-employed workers elect to opt out of voluntary contributions.

Another common administrative challenge faced by social security administrations in Africa is that most financial markets are not large enough to absorb social security reserves.

GOOD PRACTICES

Kenya: From coverage of the informal economy to a universal social pension programme

In Kenya, 80 per cent of the workforce is in the informal economy and not covered by social security. The National Social Security Fund (NSSF), which holds the mandate to provide social security coverage, continues to innovate and tap into every available channel to extend coverage.

Given that 83 per cent of Kenya's population have access to formal mobile financial services, in 2019, the NSSF introduced "*Haba Haba*", an innovative, simple and flexible information communication technology, by means of which workers in the informal economy can use their cellphones to register for social security, make contributions, access their individual profiles and monitor the growth of their savings in real time. Taxi and bus drivers were the first groups encouraged to use the new system, followed by vendors and digital taxi operators. Since the introduction of the programme, over 500 informal economy workers have signed up to the new service every month.

The "*Inua Jamii 70+*" programme is another innovation: a universal old-age pension for individuals aged 70+. The programme was launched in 2018 as part of the Kenyan Social Protection Investment Plan, which includes the implementation of universal child and disability benefits. All Kenyans aged 70+ receive the equivalent of approximately 20 US dollars per month, a reliable income in older age. This is the biggest social pension scheme in East Africa in terms of total coverage. It also has a wider global significance, as it is owned and funded by the Government of Kenya and therefore does not rely on funding from international donors.

The introduction of the scheme follows a growing trend in which low- and middle-income countries around the world are expanding their social protection systems, in particular by enacting social pensions. Other countries with universal social pension programmes include Botswana, Cabo Verde, Lesotho, Mauritius, Namibia, the Seychelles, South Africa and the United Republic of Tanzania. In addition, Tanzanian Zanzibar launched a universal social pension in 2016.

Djibouti: From compensation to prevention

Many African social security organizations are undergoing a paradigm shift, from compensating occupational risks and paying out disability and early pensions, to getting ahead of the game by introducing prevention services. These services will reduce the number of occupational accidents and diseases and increase productivity. The idea behind this is simple: prevention constitutes an investment in a nation's greatest resource – its people.

In 2017, Djibouti's National Social Security Fund (*Caisse nationale de sécurité sociale* – CNSS) decided to introduce an occupational risk prevention service, with the aim of reducing occupational accidents and their related costs by setting up targeted prevention services. The initial phase included establishing a new prevention department and training its staff, after which the CNSS developed a targeted prevention programme for the most accident-prone sectors of economic activity that it insured. These sectors included construction, hotel services and trade industries. The awareness-raising campaign promoted basic occupational safety and health precautionary measures, such as wearing personal protective equipment, and offering guidance for when working on scaffolding or roofs. It reached many employees who previously had no or only limited awareness of occupational safety and health.

The ISSA supports these initiatives through the *ISSA Guidelines on Prevention of Occupational Risks* (ISSA, 2019e) and Vision Zero, a programme providing campaign tools and simple rules to prevent occupational accidents and diseases through a systemic and participatory approach in the workplace.

Tunisia: Coverage extension for women

In Tunisia, the agricultural sector is characterized by the prevalence of informal employment. The vast majority of the workforce is female, with over 35 per cent lacking access to any form of social protection. In September 2019, Tunisia's National Social Security Fund (*Caisse nationale de sécurité sociale* – CNSS), together with the Ministries of Social Affairs, Women, Agriculture and Communication Technologies, launched a pilot project entitled "*Protège-moi*" (Protect Me) to extend social security coverage to rural women working in agriculture.

The project registers beneficiaries, assigns them a social security number, provides remote payment of contributions through a private IT service provider, and communicates with the beneficiaries to foster a social security culture. At the beginning of 2020, over a thousand women were already covered by this scheme, with numbers of new beneficiaries continuously increasing.

KEY MESSAGES

- Social security administrations, in particular ISSA member organizations, have been sensitive and responsive to the challenges facing social security schemes and programmes in Africa.

- Innovative approaches are emerging to ensure coverage by existing schemes, and to reach difficult-to-cover groups.

- Modern ICT solutions are being used to identify and register new beneficiaries, collect contributions and modernize service delivery to respond to the evolving needs of the population.

- Coverage extension requires forging strategic partnerships and simplifying procedures to improve the effectiveness and efficiency of services provided, as well as to enhance outreach.

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