



Informality and Social Protection
in African Countries:
**A Forward-looking Assessment of
Contributory Schemes**



UNDP in collaboration with ILO.

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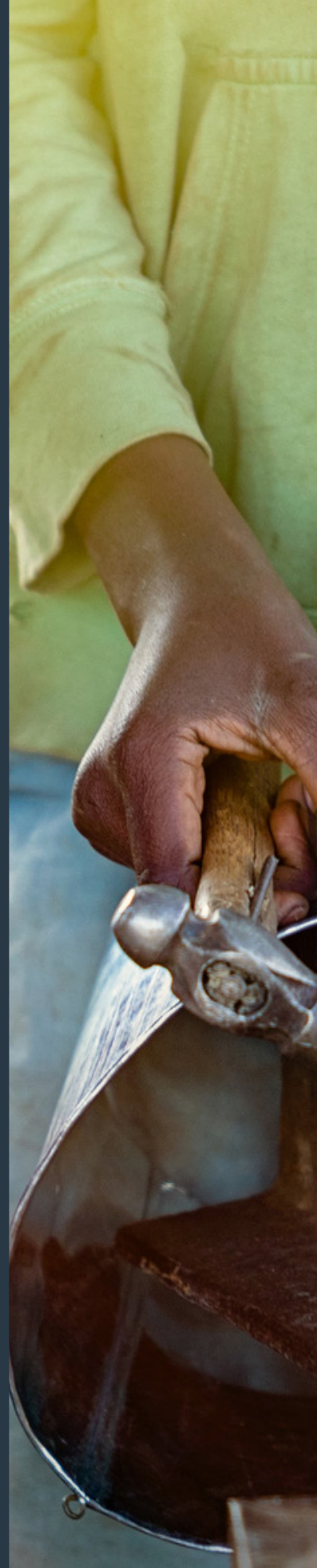


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Informality and Social Protection
in African Countries:

A FORWARD- LOOKING ASSESSMENT OF CONTRIBUTORY SCHEMES

Informality and Social Protection in African Countries: A Forward-looking Assessment of Contributory Schemes

FOREWORD

The COVID-19 pandemic has upended the lives and livelihoods of millions of informal economy workers across the globe and in Africa. Without access to social protection that provides the necessary cushioning against shocks, daily-wage labourers, market vendors, domestic workers and their families have limited means to cope with the economic, social and health impacts of the pandemic. While not all workers within the informal economy are poor, most are highly vulnerable to poverty, earning low and irregular incomes. They are not covered by social insurance available to those in the formal labour economy, or social assistance delivered to those in extreme poverty. This needs to change.

Ensuring adequate means of protection for all workers regardless of their employment status is an urgent matter. Although many African countries have introduced temporary measures to protect incomes and livelihoods during the pandemic, further action is required. A systemic shift is needed to address the social protection gap in order to realize social protection systems and measures for all, including floors, as called for in the Sustainable Development Goal 1.3.

The State plays a critical role in making social protection systems more comprehensive and inclusive of informal economy workers. The inclusion of women and men in the informal economy is a delicate balancing act between meeting their immediate needs exacerbated by the current crisis

and ensuring long-term protection. Governments, in collaboration with relevant national actors including social partners, need to develop policies and strategies and increase and sustain fiscal space for social protection, targeting the informal economy. This has already begun but needs to be accelerated with a renewed sense of urgency and resolve prompted by the pandemic.

The case studies contained in this report show considerable progress towards covering informal economy workers, including the self-employed people in the region. African governments are exploring innovative ways to extend social insurance coverage to workers in the informal economy. Innovations include the extension of legal and effective coverage; improvements in the quality of benefits and the services provided, alongside the introduction of new schemes; efforts to make contributions more sustainable while remaining affordable and flexible; ensuring the adequacy of the benefits package; and simplification and digitalization of administrative procedures.

However, the report also draws attention to the major challenges that lie ahead. There is a strong need for innovative approaches that can quickly be designed and scaled up to expand coverage. More importantly, emerging schemes need greater financial sustainability, which can be achieved through a mix of contributions from employers and

businesses along the supply chain, workers and public finance. Greater synergy and coordination across sectors and ministries, and with social partners, is needed to bridge contributory and non-contributory schemes and create a comprehensive social protection system. The process that leads to the formulation of strategies to cover informal economy workers must include all stakeholders. This is particularly important for sectors where women tend to be more represented, such as agricultural work, domestic work, street vending and market trading, as their strong collective voice and agency will encourage greater demand for gender-sensitive social protection, which is currently missing from most of the schemes featured in this report. Legal and policy frameworks, the capacities of institutions and sustainable financing will need to be strengthened to ensure that coverage is a primary consideration in national institutions and can stand the test of time.

National and international partners must spare no effort to support Africa's home-grown solutions and broker innovations that can help tackle the structural barriers that leave so many behind with inadequate social protection. We at UNDP and ILO are committed to working together to advance this important agenda and have taken active steps to deepen our collaboration in this regard. We hope that this report will help African policymakers, workers' organizations, employers' organizations, civil society, academia and development partners gain valuable insights in their efforts to extend social protection to informal economy workers.

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Informality and Social Protection in African Countries: A Forward-looking Assessment of Contributory Schemes

EXECUTIVE SUMMARY

Globally, 61 percent of the working-age population – 2 billion women and men – are in the informal economy. In sub-Saharan Africa (SSA), informal employment represents 86 and 92 percent of men and women’s total employment, respectively (International Labour Organization (ILO), 2018c). The ILO estimates that 82 percent of the population of SSA do not have access to social protection (ILO, 2017b). Falling into what is known as the ‘missing middle’, workers in the informal economy make up a significant share of the population without access to social protection.

Over the last decade, and especially in more recent years, African governments have made significant efforts to develop a range of contributory social protection schemes that cover workers in the informal economy (Güven, 2019; ILO, 2019b). This report aims to provide a high-level, critical overview of extension practices in the region through seven country case studies selected to illustrate the range of emergent design features. The case studies are as follows:

- Ghana’s National Health Insurance Scheme
- Togo’s sector-based mutual schemes
- Kenya’s *Mbao* Pension Scheme
- Zambia’s National Pension Scheme
- Rwanda’s *Ejo Heza* Long Term Savings Scheme
- Tanzania’s National Social Security Fund
- Tunisia’s *Ahmini* Scheme.

The report highlights some promising trends, which include the collection of national statistics on informal employment and engagement with informal workers to inform programme design and implementation. Efforts to lower and allow for more flexible contributions, improve the benefits packages available and draw on the power of technological innovation to reduce transaction costs are notable developments (although this should continue with care to ensure the inclusion of those unable to access such technology). Some governments have also been ambitious and intentional about building trust and awareness regarding contributory social protection schemes.

However, the report also highlights significant challenges and gaps still to overcome. Many of the schemes reviewed here are vulnerable precisely because they are solely targeted at informal workers, meaning that the risk pool is too narrow, and the benefits of cross-subsidization between formal and informal workers are absent. Greater solidarity may also emerge from more conscious attempts to link contributory and non-contributory schemes. As the report discusses, this can have a significant impact on bringing more women into the social protection system. Moreover, institutional representation through tripartite structures and bottom-up approaches, which are evident in the *Mbao* Pension Plan in Kenya, are critical for informal workers to perceive the Government as a collaborator in this

process. Greater representation by informal workers' organizations, particularly in sectors where women dominate – such as agriculture, street vending and market trading, and domestic work – may give rise to more demands for maternity protections which are currently missing from most of these schemes.

Based on this analysis, the report makes the following recommendations:

1. More attention must be paid to financing solutions that move beyond vulnerable informal workers financing their own social protection.
2. Contributory and non-contributory schemes must be better aligned.
3. Greater attention to gender-sensitivity is required in the design of social protection schemes.
4. The inclusion of informal workers in social dialogue, scheme design and oversight should be prioritized.
5. Social protection approaches to informality need to consider combined economic empowerment measures that go beyond benefits attached to social insurance.





INTRO DUCTION TION



Introduction

Globally, 61 percent of the working-age population – 2 billion women and men – are in the informal economy. In sub-Saharan Africa (SSA), informal employment represents 86 and 92 percent of men and women’s total employment respectively (ILO, 2018c). While not all workers are poor within the informal economy, most are living in poverty earning low and irregular incomes without any social or labour protections (ILO, 2018c). The International Labour Organization (ILO) estimates that 82 percent of the population of SSA do not have access to social protection (ILO, 2017b). Expanding social protection coverage to all is therefore a growing priority for governments and multilateral agencies. There has been considerable research, policy development and investment in piloting and institutionalizing social assistance schemes to provide some protection to those who cannot provide for themselves through the market. This includes vulnerable and poor children, people living with disabilities and older persons (Barrientos, 2013; World Bank, 2018). Far less research and investment has been directed towards the extension of social protection to workers in the informal economy (Alfers *et al.*, 2017).

Workers in the informal economy make up the missing middle in social protection policy (ILO, 2017b). As working adults, they usually do not qualify for any form of targeted and means-tested social assistance – they are not poor enough. Yet, their incomes are often too low and irregular to allow these workers to contribute to social insurance schemes. Where labour and social security legislation does not cover self-employed workers, workers in certain sectors (e.g. agriculture and domestic work) or workers in certain forms of employment (e.g. casual work), it leaves them in a situation of informality. Therefore, they do not benefit from work-related social

security including health care; family, maternity and paternity benefits; sickness benefits; injury and invalidity benefits; disability benefits; unemployment protection, or old-age and survivor pensions.

The informal economy consists of both enterprises and jobs. Within the informal economy, the informal sector consists of unincorporated enterprises that are not constituted as separate legal entities independently of their owners. Informal employment consists of jobs that are not subject to national labour legislation, income taxation, social protection or entitlement to standard employment benefits. Informal jobs can be found in informal sector enterprises, formal sector enterprises and households. The informal economy thus consists of all units, activities and workers in the informal sector and in informal employment in the formal sector and in households (ILO, 2018c).

Informal employment in formal sector enterprises relates to unprotected forms of wage labour which may include, depending on national legislation, some forms of short-term contract jobs and contingent work, temporary agency work, part-time work (especially with very few hours per week), and dependent employment misclassified as self-employment (such as for some workers in the gig economy). In high-income countries, this is often considered very precarious work. Informal employment in the informal sector tends to be more common in low- and middle-income countries than in high-income countries. Around the world, large numbers of vulnerable female informal workers are located in informal employment in households, working as domestic workers either on a regular or casual basis (Bonnet *et al.*, 2019; ILO, 2018c). Self-employment accounts for 64 percent of informal

employment globally – 79 percent in low-income countries, 63 percent in middle-income economies and 49 percent in developed countries (Bonnet *et al.*, 2019; ILO, 2018c).¹

Informal self-employment is the dominant form of work in SSA making up 63 percent of total employment, split between employers (2 percent), own-account workers (46 percent) and contributing family workers (15 percent) (Bonnet *et al.*, 2019; ILO, 2018c). As a share of informal employment, own-account workers account for over half (52 percent) in the region. Women and men are equally likely to work as own-account workers, although many more women than men are contributing family workers, a status in employment which is linked to extreme social and economic vulnerability. When it comes to youth, from 8 to 9.5 in 10 young workers are in informal employment. In their case, an inability to find gainful employment has been cited as the main reason for taking up self-employment (ILO, The MasterCard Foundation, 2014).

Urban employment is less informal than rural employment in SSA, but the rate of informal employment – at 85 percent of total employment – is still high in urban areas outside of Southern Africa. As the region continues to urbanize rapidly (Awumbila, 2017), it appears likely that the majority of future labour market entrants on the continent will be absorbed into the urban informal economy. Currently, however, the agricultural sector predominates in both total and informal employment in SSA (excluding Southern Africa) at 60 and 65 percent respectively, with services making up 31 percent of total and 27 percent of informal employment in the region. However, in Southern Africa, the service sector is predominant in total employment (68 percent) and in informal employment (64 percent).

Different statuses in employment have different exposure to the risk of poverty and earning levels.

This is interlinked with the gendered segmentation of the informal economy, as figure 1 (below) demonstrates.

The large share of informal employment, the dominance of self-employment within the informal economy, and the predominance of own-account workers and contributing family workers among the self-employed pose a challenge for how policymakers imagine, design and implement social security systems in Africa. In addition, some groups of informal wage workers (casual), industrial outworkers and homeworkers had recently been classified as dependent contractors by the ILO International Conference of Labour Statisticians in 2018. This group of workers:

“...have contractual arrangements of a commercial nature (but not a contract of employment) to provide goods or services for or through another economic unit. They are not employees of that economic unit but are dependent on that unit for organization and execution of the work, income, or for access to the market” (ILO, 2018a).

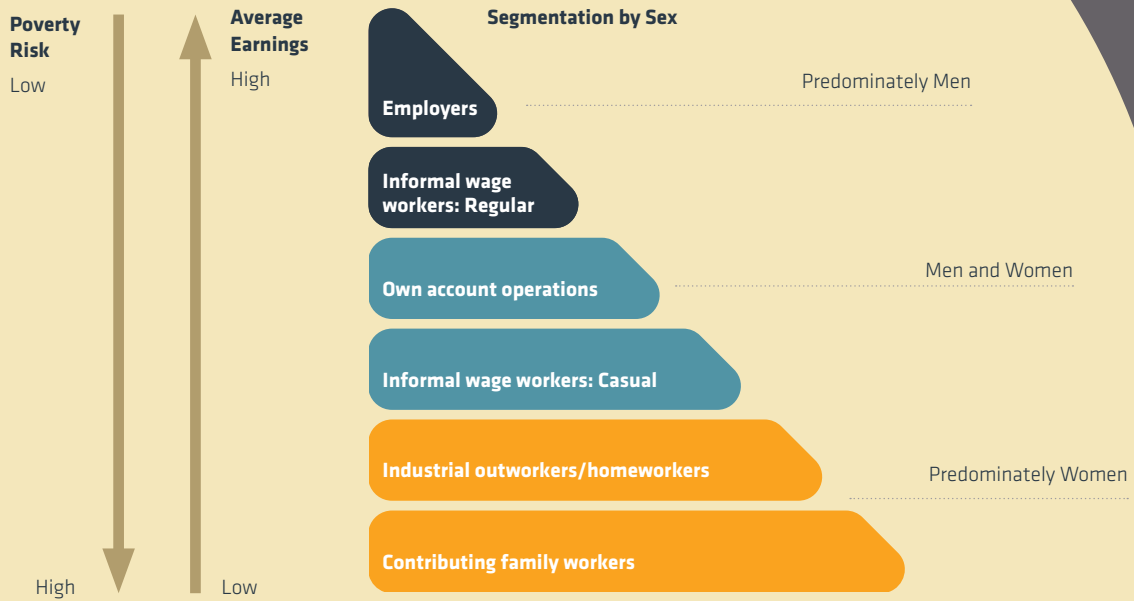
In most cases, these workers are not covered by social insurance. As a new statistical category, little data exist in the region on this group of informal workers.

The high levels of poverty and vulnerability found within these statuses in employment compound the challenge of extending contributory social protection to informal workers.

Despite predictions that economic growth would lead to formalization, the informal economy continues to grow (Chen, 2012; ILO, 2018c). There are many explanations as to why this is the case, ranging from voluntarist theories which position informality as a choice, to structuralist theories which view informality as a consequence of the ways in which economies have been structured – often through

¹Self-employment includes own-account workers, employers and contributing family workers. Own-account workers refers to those who hold a self-employed job and do not engage employees on a continuous basis. Contributing family workers work in an establishment operated by a relative, with too little degree of authority over its operation to be considered a partner.

FIGURE 1. The WIEGO Pyramid (Chen, 2012)



unequal relations of power – to legalist theories which view informality as a reaction to cumbersome bureaucracy (Chen, 2012). In reality, the persistence of the informal economy in any one country or region is likely to be a result of a complex mix of underlying drivers and forces. Important to point out, however, is that in Africa only 2 percent of self-employed informal workers are employers – those most likely to have chosen informality (Kanbur, 2009). The vast majority of informal workers have likely had little choice as to the economic position they occupy.

The persistence of informality has pushed African governments to extend existing schemes or imagine new schemes which are more inclusive of informal workers (Güven, 2019; ILO, 2019b). Questions of financial sustainability are at the forefront of these policy discussions. The rapid growth of social assistance programmes and demands for universal coverage will have a positive impact on the livelihoods of informal workers under conditions where benefits are not too narrowly targeted or restrictive. However, financing an expanding social protection system solely through tax revenues is a daunting feat. The extension of social insurance to informal workers is not only a question of social and financial inclusion, but also of fiscal policy.

The State plays a critical role in developing strategies for the extension of social protection and extending legal and effective coverage of informal workers. The terms of inclusion for women and men in the informal economy are a delicate balancing act between meeting their immediate needs and preparing for their medium-to-long-term social protection. The quality and depth of interactions between the State and informal worker organizations is key to building trust and raising awareness of the potential social insurance benefits, as well as ultimately ensuring their sustainability.

This paper will examine the role the State can play in extending contributory social insurance drawing on international examples and highlighting seven case

studies from across the continent. Strengthening non-contributory benefits anchored in national legislation and building social protection floors is an important component of the horizontal extension of social protection to informal workers. However, this should be complemented by the vertical extension of social security, usually through social insurance schemes, which can provide informal workers with higher-level benefits than those made possible under non-contributory frameworks. Section 1 discusses the key areas in which the State can facilitate access of informal economy workers to social protection. Section 2 provides a brief discussion of the legal framework in the African context. Section 3 contains seven case studies, which are:

- Ghana - National Health Insurance Scheme
- Togo's sector-based mutual schemes
- Kenya's *Mbao* Pension Scheme
- Zambia's National Pension Scheme
- Rwanda's *Ejo Heza* Long Term Savings Scheme
- Tanzania's National Social Security Fund
- Tunisia's new digital platform to include rural female workers into the social security system.

There tends to be a focus on health insurance and pension schemes across the region; however, there is also some recognition of the need to include work-related injuries into social insurance schemes for informal workers. The case studies are intended to highlight lessons being learned in countries attempting to extend social protection to informal workers and to point out common challenges and gaps as discussed in section 3. This must be situated in a context where there is an intentional focus on the gendered trends of inclusion and exclusion in social insurance schemes, given differences in women's and men's status in employment and sector of work in the informal economy (Lund and Srinivas, 2000). The paper aims to contribute to the growing body of work on contributory social protection for female and male informal workers – particularly those in self-employment.

Section 1

THE ROLE OF THE STATE



Section 1 | The role of the state

It is universally acknowledged that in protecting the well-being of all its citizens and extending social protection to vulnerable groups such as informal workers, the State has an important role to play. The exact nature and interpretation of that role can vary. Most African constitutions refer to social protection and several include a specific guarantee with a clear designation of the State to fulfil it (UNDP, 2019). The World Bank (2019) argues for a limited role where the State provides a basic minimum safety net and an enabling legal and policy environment for private insurance markets, including microinsurance. Based on the international social security standards adopted by governments, workers and employers of its 187 member States, the ILO emphasizes the overall and primary responsibility of the State for realizing the human right to social security. The Social Protection Floors Recommendation, 2012 (No. 202) sets out that national social protection systems should guarantee at least a basic level of social security for all, including access to health care and income security (a nationally defined social protection floor), and progressively provide higher levels of protection in line with the Social Security (Minimum Standards) Convention, 1952 (No. 102) and more advanced social security standards (ILO, 2019a; ILO, 2019c). The ILO (2019b), in its new resource package on *Extending Social Protection to Informal Workers*,² conceptualizes the role of the State in several ways, including:

- i) developing strategies for the extension of social protection
- ii) establishing an enabling environment for the coverage of previously uncovered workers

- iii) adapting the financing of social protection schemes to suit informal workers
- iv) actively facilitating access to social protection schemes
- v) ensuring compliance and incentives; monitoring
- vi) building and establishing trust

These areas of state responsibility, based on international experience in the extension of social protection to informal workers, provide a useful reference to assess the progress and status of countries in Africa. Before doing so, however, the report examines these interventions in more detail, illustrating them with examples drawn from international experiences.

Developing strategies for the extension of social protection: The importance of data and information

“Learning from other country experiences is important, but country context is also important – you can’t just copy from other countries. At the same time that country context has to be informed by a very strong evidence base. Has the homework been done? Who are these informal workers? What are their key characteristics? What are their needs and priorities? What is their ability to contribute?” [KIIR-IC Interview, January 2020].

A strong evidence base on which to build social protection policies and programmes is an important

² The ILO Resource Package is an online ‘living resource’ which can be downloaded in full: <https://socialprotection-humanrights.org/resource/iilo-resource-package-on-extending-social-security-to-workers-in-the-informal-economy/>

first step in the process of extending social protection to informal workers. Just over half (29) of the countries in Africa collect national statistics on the size and shape of the informal economy which conform to the international standards developed by ILO (see ILO, 2018c; Bonnet *et al.*, 2018). These are disaggregated by age, gender, status in employment, education, residence area (urban, rural) and sector, reflecting the diversity of the informal economy. As ILO (2018c) notes, without such data, it is extremely difficult to design policies and programmes to address the needs of informal workers.

The next step is to carry out assessments to identify coverage gaps and priority needs within different sectors of the informal economy. The ILO recommends that this be carried out in a participatory manner, which ensures that the voices of those most impacted by the policies will be heard, thereby building trust in the scheme. Assessment-based national dialogues (ILO, 2019b, p. 30; ILO, 2016) are a tool developed by the ILO in collaboration with other United Nations organizations to carry

out assessments in a participatory manner. Financial diaries are another useful tool which can contribute to a better understanding of willingness to contribute, to save, and to an understanding of informal workers' financial habits more generally [KIIZ-IC Interview, January 2020].

Determining the priority needs of the target population and developing schemes to match those needs is an important component of successful insurance schemes. This has been the approach of the Self-Employed Women's Association (SEWA), a union of approximately 2 million self-employed female informal workers, in the development of their microinsurance scheme VimoSEWA. VimoSEWA is based on member needs, including cover for life, widowhood, maternity, health and asset protection (see box 1). While VimoSEWA is not a state-run scheme, its design features, particularly the care and attention it gives towards determining the priority needs of its membership, hold an important lesson for governments wishing to extend social protection to informal workers.

From the State's perspective, some of the key policy choices which must be made in extending social protection to informal workers are:



How can informal workers be covered by contributory schemes, non-contributory schemes, or a combination of both? What measures are needed to accommodate the limited contributory capacities of some categories of workers, including the self-employed?

Self-employed workers tend to be covered by voluntary schemes, although these have tended to not be effective in terms of providing wide-scale coverage. Mandatory schemes, which subsidize membership for those unable to pay, are an alternative.

The advantage of developing special schemes to reach informal workers is that they are adaptable to the specific needs and circumstances of informal workers. However, they are less effective in terms of pooling risk and establishing mechanisms for cross-subsidization.





BOX 1. THE VIMOSEWA SCHEME FOR INFORMAL WORKERS IN INDIA

SEWA is a trade union of approximately 2 million self-employed women, headquartered in Ahmedabad, India. SEWA combines two elements – it is a trade union, and it is a federation of worker-owned cooperatives which support livelihood development. In addition to these two foundation elements, SEWA provides a number of services to its members. These include a bank, community health and childcare services, housing development, as well as a cooperative microinsurance scheme known as VimoSEWA which was established in 1999. In 2009 it was registered as India's first female-owned multi-state cooperative, with 6,000 shareholders and 13 institutional members, providing life, death, health, maternity and asset coverage to 300,000 informal workers.

VimoSEWA is not a state-based social insurance scheme, but it is one of the world's most successful and long-lasting microinsurance schemes specifically targeting vulnerable informal workers. Consequently, it holds important lessons for state schemes which are attempting to reach this population. Some of VimoSEWA's important lessons for governments include:

- Workers have a sense of ownership of the scheme, increasing levels of trust and willingness to contribute. As owners and representatives on the board, they are involved in all key decision making around the scheme.
- VimoSEWA moves beyond coverage of traditional work-related risks, responding to the expressed priorities of SEWA members. While the main member of the scheme must be the woman worker, she is able to extend coverage to both her husband and children. Allowing for family coverage has been an important factor in increasing uptake.
- Contributions are simplified and cover multiple risks through a single payment. It also runs a fixed deposit scheme, where members pay a lump sum into a fixed deposit account. The interest from the account is automatically debited as the insurance contribution.
- Ability to pay is one of the key factors taken into consideration whenever changes are made to the scheme, and significant efforts are made to balance this with financial sustainability. Education about insurance is important and must be consistently reinforced.
- The scheme draws on SEWA's grassroots leaders to market the product to its members, and to reinforce education and awareness about the importance of insurance. This education is constantly reinforced through SEWA's grassroots structures, including their community health workers. Grassroots structures are also used to constantly monitor the scheme, allowing it to adapt to changing needs and priorities, and to enhance trust.
- The scheme operates within a wider package of services, including health care, childcare, and banking services, and SEWA works hard to ensure that contributions result in access to quality services, such as health care. Efficient processing and payment of claims has also been shown to be highly valued by SEWA's members.

Source: Garand, D. 2005. "VimoSEWA: India," CGAP Working Group on Microinsurance, Working Paper No. 16; Oza, A, Dalal, A, Holtz, J. 2013. *VimoSEWA's Resurgence: Increasing outreach and managing costs in a voluntary stand-alone microinsurance programme*. ILO Impact Insurance, Microinsurance Paper #25.

Establishing an enabling environment for the coverage of previously uncovered workers: Laws and policies

Most informal workers fall outside of the scope of protective legislation. Extending legal coverage to previously uncovered workers is important for several reasons. Firstly, it establishes a rights basis for access to social protection, ensuring its integration into national legal frameworks and alignment with international human rights frameworks. This means that social protection provisions may not easily be changed year-to-year or with changes in political power. Secondly, law provides state institutions with a legal mandate and a budget (as opposed to discretionary funding) to enact institutional reforms in the interests of extending social protection to informal workers. Thirdly, innovative legal techniques can be used to achieve extended coverage to workers who remain uncovered (KIIR-IC Interview, January 2020). Finally, legal frameworks can enhance accountability in the delivery of services, ensure that grievance and accountability mechanisms are in place, and contribute to enhancing trust in the state system.

In relation to the extension of legal coverage, there is an important distinction to be made between workers who are in an employment relationship (such as domestic workers), and those who are genuinely self-employed (such as street vendors or subsistence farmers). Informally employed workers are more easily covered with minor amendments to existing labour and social security law. Domestic workers, for example, are now integrated into labour and social security legal frameworks in several countries in Latin America, and in South Africa, where a legal amendment now allows workers with multiple employers to contribute and benefit from co-contributions from these multiple employers to

the Unemployment Insurance Fund (UIF), which also provides maternity benefits. Schemes that increase coverage of workers in an employment relationship through the contributory system can open up greater fiscal space to support the extension of non-contributory benefits to those workers with little or no contributory capacity (Ortiz *et al.*, 2019).

Self-employed workers, on the other hand, pose a much greater challenge, and it is necessary to move beyond considering an employment relationship as the only organizing concept that underpins most labour and social protection law (Olivier, 2019).³ For example, in Tanzania the Social Security Regulatory Authority Act broadened the concept of worker beyond employee. This created the conditions for the extension of social protection to self-employed workers. In India, the Beedi⁴ and Cigar Workers (Conditions of Employment) Act⁵ also extended coverage, to any person “who is given raw materials by an employer or contractor”. This means that subcontracted workers working from their own homes are included under the provisions of the act, so that contractors as well as employers may be held responsible for employment conditions (Olivier, 2019). This legal amendment has been a central component in the establishment of the Beedi and Cigar Workers Welfare Board (see box 2).

The State also has an important role to play in establishing a social protection system which is coherent across sectors. While social protection is an important component in protecting informal livelihoods, it should be considered within a package of measures which establish greater security of income, and which will enhance the contributory capacity of informal workers in the longer term. For example, a self-employed urban street trader requires access to social protection, but also to specifically tailored business support, low-interest credit and loans and

³ The ILO Employment Relationship Recommendation, 2006 (No. 198) provides guidance on determining employment relationships.

⁴ Beedis (also known as bidis) are hand-rolled cigarettes

⁵ It should be noted that this Act is to be repealed under India's proposed new Labour Code (2019). The lesson, however, remains valid.

preferential access to markets, as well as supportive urban regulations and infrastructure (Chen et al., 2001). Coherence with social services is also important, particularly where social protection is linked to the provision of services (such as health care) (Holmes and Scott, 2016). In addition, social protection for informal economy workers should consider measures aimed at increasing skills, jobs and entrepreneurial opportunities to improve economic performance of the micro, small and medium-sized enterprises (MSMEs) run by vulnerable workers or facilitate the workers' employment in more productive sectors.

Such cross-sectoral support is envisaged in the ILO Recommendation 204 concerning the Transition from the Informal to the Formal Economy (2015d), which incorporates a wide range of measures to support decent work in the informal economy, including access to social protection, access to public spaces, occupational health and safety, and childcare (see box 3). However, it is also important to recognize that not all interpretations of 'formalization' are supportive in orientation. Kamete (2018), for example, argues that Southern African governments have, in the past, tended towards a 'technicist' approach to formalization focused on spatial containment and the levying of rates and taxes, with little in the way of appropriately designed support available in return.

In some contexts, multiple social protection schemes (or sub-schemes) exist, and the State can play an important role in ensuring coherence across programmes. In Colombia, for example, the Single Registry of Contributors allows for a cross-referencing of contributors' information across multiple social protection programmes, including health, pensions and occupational hazards (ILO, 2019b).

Establishing a supportive environment to strengthen social protection may also involve a set of policy measures to support informal social protection mechanisms such as savings clubs, funeral societies, income rotating schemes, mutuals and other forms of community and solidarity-based

BOX 2. SECTOR-SPECIFIC SCHEMES

Workers' Welfare Boards have operated in India since the 1950s to provide basic welfare benefits to vulnerable groups of workers that are not otherwise covered. Welfare boards went through a period of dormancy but became more active from the 1990s onward with a resurgence in demand from workers for state-provided social protection. The boards are decentralized, operating at state, rather than federal level. This brings them closer to workers, which is reinforced by the fact that they are governed by a tripartite committee of workers, government and contractors. Welfare boards are highly innovative in the way that they operate within the reality of actually existing working and employment conditions and aim to provide protection within this context, while recognizing the responsibility of contractors to contribute to the protection of these workers.

The sectoral nature of the welfare boards allows them to draw on financing mechanisms that differ from the traditional employer-employee contributions. It also means that benefits can be tailored to the specific needs of each sector. The Construction Workers' Welfare Fund and Board, for example, is funded by a combination of worker contributions, state contributions, and a 1 percent tax (cess) on the building costs of any building project that costs more than US\$2000 and contracts more than 10 workers. In return, construction workers registered with the board have access to death, injury, marriage, maternity and funeral benefits, as well as a contribution to the education costs of children. In some states there is also access to a pension scheme.

Beedi workers are often subcontracted workers, working from their own homes. The Beedi Workers Welfare Fund and Board is financed through state and worker contributions, as well as a cess on contractors of \$1 per 1,000 beedis.

By 2007, there were 4.74 million workers registered with the fund. Benefits for beedi workers include health (including TB and cancer benefits), maternity, housing, funeral and disability, as well as educational scholarships. The fund has also built several hospitals and dispensaries designed specifically to the needs of this group of workers.

Source: Agarwala, R. 2013. *Informal Labor, Formal Politics and Dignified Discontent in India*. Cambridge: Cambridge University Press. ILO, 2019. *Extending Social Protection to Workers in the Informal Economy: Lessons from International Experience*. Geneva: ILO.

support mechanisms. This may be particularly important in contexts where the state's capacity to provide social protection is limited [KII-IC Interview, January 2020]. Patel *et al.*, (2012) argued that "indigenous welfare practices have a major role to play in social development", and that by "basing social development policies and programs on these practices, innovations are more likely to be supported by local people, and there is greater buy-in and trust."

Nevertheless, informal social protection schemes do face a number of challenges and valid criticisms. Questions of financial viability, lack of regulation and susceptibility to corruption, lack of cross-subsidization, limited risk pools, low administrative capacity and the inability to reach scale are all key criticisms. Critical is the point that such mechanisms do not provide a means for cross-subsidization, meaning that the redistributive element of social protection is circumscribed and vulnerable groups, such as women and younger people, may remain excluded. Limited risk pooling may also make the financial viability of such schemes impossible to achieve (Patel *et al.*, 2012; ILO, 2019b).

Strengthening such mechanisms may involve a collaboration between state and community-led schemes. Awortwi and Walter-Drop (2017) lay out three policy imperatives in this regard. The first is to ensure that informal social protection schemes are able to register with the State, and through that registration receive state support. Second, to include informal social protection mechanisms into national planning and budgeting, and to facilitate complementarities with national schemes. Third, to consider these organizations as functional partners in the extension of social protection.

An interesting example of such a collaboration between state and community-based schemes is the Asuransi Kesejahteraan Sosial (Askesos) scheme – the Social Welfare Insurance Scheme – which operated in Indonesia prior to the implementation of the national health insurance scheme. The

programme targeted household breadwinners who worked in the informal economy covering sickness, injury and death, and was designed as a collaboration between the Ministry of Social Affairs and existing mutual aid societies and community-based organizations. The mutual aid societies engaged with the Ministry to recruit workers to the scheme (for an annual premium which amounted to \$0.60), and in turn, the Ministry provided a block grant to the societies as a subsidy. While the focus on the household breadwinner had the potential to exclude women and young people, the data that emerged from the scheme showed that women, at least, are able to access the scheme. The programme ran in all of Indonesia's 33 provinces, and in 2012 was reported to be covering approximately 350,000 informal workers, 57 percent of whom were men, and 43 percent women. In rural areas, however, women make up 60 to 72 percent of members, the majority of whom were heads of household (Sirojudin and Midgley, 2012). In time, however, Indonesia sought to integrate its different insurance schemes into a single national scheme due to financial unsustainability, low population coverage and conflict between different stakeholders (Christiani *et al.*, 2017). Nevertheless, Asekos is a useful example of the State collaborating with communities and existing mutual aid societies to extend social protection.



BOX 3. SOCIAL PROTECTION AND THE TRANSITION TO FORMALITY

The extension of social protection coverage to those in the informal economy does not enhance their standard of living and realize their right to social security, though it can contribute to facilitating their transition from the informal to the formal economy and promoting decent work. This important link is highlighted in both the ILO Social Protection Floors Recommendation, 2012 (No. 202) and the ILO Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204).

For some categories of workers, access to social protection (in particular social insurance) can directly encourage formalization, thereby directly fostering higher levels of formal employment, better economic performance and enlarged fiscal space. However, this is not the only pathway towards higher levels of formal employment. In some cases, extending social protection coverage may not have immediate formalization effects, but it can foster transition to the formal economy in the long term by enhancing access to health, education and income security, with positive effects on human development and productivity (ILO 2019b, section 1.5.1; ILO 2017b, section 7.2.1).

A number of African countries have significantly extended social protection coverage to those in the informal economy and are thereby facilitating their transition to the formal economy through different means and strategies. This includes countries that have made important steps towards universal health coverage (e.g. Egypt, Ghana, Morocco, Rwanda), countries that have extended social insurance coverage to domestic workers (e.g. South Africa), agricultural workers (Algeria, Tunisia) and workers in small enterprises (Cabo Verde, Cameroon) and self-employed workers (e.g. Algeria, Cabo Verde, Cameroon), as well as countries that have introduced or expanded large-scale non-contributory schemes for children, persons with disabilities and older persons (e.g. Botswana, Cabo Verde, Lesotho, Namibia, South Africa, Zanzibar (Tanzania)). For example, through a series of policy reforms, Cabo Verde managed to increase social insurance coverage of the economically active population from 11.8 percent in 1996 to 51 percent in 2019.

Despite remaining challenges, the extension of coverage has contributed to better access to health care, more income security and higher resilience for vulnerable categories of workers, as the COVID-19 crisis has shown.

For further information, see ILO Policy Resource Package on Extending Social Security Coverage to Workers in the Informal Economy, <http://informaleconomy.social-protection.org>

Adapting the financing of social protection schemes to the situation of informal workers

International experience has shown that social protection schemes must be adapted specifically to the needs and situation of informal workers if they are to have a greater chance of success. While the informal economy is heterogeneous, there are some broad characteristics which need to be accounted for in the design of social protection schemes. Drawing on Chen (2012) and ILO (2019b), these broad characteristics include:

- High risk of poverty: not all informal workers are poor, but there is a higher risk of poverty in the informal economy due to the nature of the work, lack of access to support services, and decent work challenges. As a result, many informal workers will find it difficult to contribute to social protection schemes.
- Variable and uncertain incomes: income levels in the informal economy are variable, and this can make it difficult for informal workers to contribute on a regular basis.
- High levels of self-employment: in developing country contexts, informal employment is characterized by high levels of self-employment. The ILO (2018c) estimates that self-employment makes up 64 percent of global informal employment, which rises to 79 percent in low-income countries.
- Gender segmentation: there is a significant gender stratification of the informal labour market, with women more likely than men to be concentrated in the most vulnerable forms of self-employment, such as unpaid family work (ILO, 2018c).

These characteristics suggest the issues of self-employment. Gender and financing mechanisms to support the contributory capacity of informal workers are important considerations for programme designers. The following sections discuss these issues in more detail.

The financing of social protection schemes is one of the most pressing topics in social protection, particularly in countries where the contributory capacities of the workforce are low (Ortiz et al., 2019; UNDP, 2019). The State, as a redistributor of income, has a key role to play in the sustainable financing of social protection schemes, and subsidization of low-income workers who may be able to afford a portion of the contribution, but not the full amount (Durán-Valverde et al., 2013). There have been several important innovations in developing financing systems which respond to this context.

Simplifying and adapting contributions to socio-economic conditions in the informal economy

Several Latin American countries, including Argentina, Brazil, Colombia, Ecuador and Uruguay have established simplified regimes for the incorporation of informal micro-enterprises into both the tax and social protection system. These mechanisms, especially Uruguay's *monotax* (*monotributo*), have been documented extensively (ILO, 2019b; Hernan, 2018; Amarante and Perazzo, 2013; Centrangolo *et al.*, 2014; Durán-Valverde et al., 2013). Particularly innovative is the use of a single annual payment, which covers both tax and social protection contributions. In this case, access to social protection (including health and pensions) acts as an incentive towards compliance and registration.

An effort is made to ensure that the contributions are relatively affordable. In Argentina contribution rates are determined through a sliding scale of 8 to 11 categories, depending on estimated average incomes according to the type of work being carried out. In Uruguay, there are no income scales, but different fixed amounts are set indexed to the socio-economic context of occupational groups (Centrangolo et al., 2014). When it was discovered that the *monotributo* in Uruguay was still inaccessible for poorer self-employed workers,⁶ a new solidarity component,

known as the *Monotributo Social MIDES* was introduced in 2011. To qualify enterprises cannot have employees and must have an annual turnover under a stipulated threshold. Contributions are further reduced for this group of workers and can be paid progressively starting with 25 percent of the contribution in the first year, 50 percent of the contribution in the second year, and 75 percent of the contribution in the third year. Only after 36 months is the full contribution required (Centrangolo *et al.*, 2014).

Many social insurance schemes include non-contributory or redistributive elements that ensure solidarity and broader risk-sharing. For this reason, many of these schemes are also being referred to as partially contributory. Such elements include measures to accommodate limited contributory capacities of low-income earners, the partial or full subsidization of contributions by the State, or minimum benefit guarantees, and different contribution categories for low-income workers (ILO, 2017b; Antia and Lanzara, 2011). These mechanisms have been central to improving poverty and inequality outcomes in several Latin American countries (Forteza, 2015).

In some cases, social insurance schemes are made mandatory, with the State providing coverage for those considered unable to pay. By covering the entire population, mandatory schemes have the advantage of establishing a much greater risk pool. However, there are also challenges with such systems. Indonesia's *Jaminan Kesehatan Nasional* (JKN)/National Health Insurance, was introduced as a mandatory scheme in 2014, with the Government fully subsidizing membership for households below the poverty line. Informal workers not classified as poor fall into three different contribution categories. Enrolment is enforced with sanctions against the unregistered when accessing other government

services (Kartika, 2015). It is now estimated that the JKN covers 73 percent of the population (Hereyanto, 2018). However, it has also faced criticism for placing undue financial pressure on above-poverty-line (but still poor) informal workers. The scheme has also experienced difficulties with financial sustainability (Sumarto and Kaasch, 2018).

Nevertheless, it must be emphasized that contributory schemes are unlikely to ever achieve full coverage, particularly among the poorest and even when mandatory, unless there are mechanisms in place to subsidize their contributions or exempt them from contributions altogether. Therefore, it is important to ensure solidarity if providing universal social protection coverage is the aim. Ensuring that the non-contributory and contributory pillars are well aligned, as well as establishing more accurate targeting methods for determining who falls into the subsidized categories is of key importance (ILO, 2019b).

Matching co-contributions

Another way in which the State can contribute to the financing of social protection for informal workers is through matching co-contributions, rather than through implicit subsidization. Under article 40 of the Social Security Act (1990), the Thai Government established a National Social Security Fund, including provisions for the self-employed in the informal economy. The fund provides a range of benefits including ill-health/injury benefits, disability benefits, a death benefit, an old-age benefit (after 180 months of contribution and 60 years of age), and a child allowance. There are three different payment plans. Option 1 can be obtained for a monthly contribution of 70 Baht (\$2.5), Option 2 for 100 Baht (\$3.2), and Option 3 with the most expansive benefits package for 300 Baht (\$9.61) (Thailand

⁶ Data from 2010 revealed that 23 percent of the country's self-employed workers were subscribed to the monotax (Amarante and Perazzo, 2013).

Social Protection Office, 2017). In order to incentivize the scheme and bolster the benefits package, the State makes a direct matching contribution of approximately 33 percent of the worker's contribution into the fund (WIEGO, n.d.).

There is debate as to whether matching co-contributions make any difference to coverage rates. Evidence from cross-country comparisons suggest that it does make a difference, but that the size of the effect is small – for every matching contribution of 25 percent, there is an increase in participation rates of 5 percent (Wiener, 2013). Thailand has reportedly seen little increase in coverage rates after the introduction of the matching co-contributions. This may be because the co-contribution is not of a high enough value to incentivize participation (ILO/ASEAN, 2020).

Who contributes? Drawing on alternative economic relationships to co-finance worker contributions

In the context of contributory social protection schemes, it is often assumed that contributions must come from workers, employers (if they exist), and sometimes the State. When there is no employer, and workers are too poor to contribute a sufficient amount to a scheme, one option may be to look for financing options in alternative economic relationships (Lund and Nicholson, 2003; ILO, 2019b, section 6.2.5). Workers Welfare Boards in India have for a long time drawn on this principle (see box 2). For example, welfare benefits for headload porters are funded by an extra levy on the commercial relationship, set by the market committee. When a headload porter is hired, a portion of what is paid



by the person (or enterprise) hiring the headload porter is transferred to the welfare board and set aside for pension, paid leave, bonuses, and medical treatment (RNSF, 2017). Welfare for construction workers is funded through a special cess on all construction-related activities, which is diverted to the Construction Workers Welfare Board (Narayana, 2019).

Another potential pathway to fund social protection for informal workers is through leveraging supply chains (Lund and Nicholson, 2003). In Thailand, for example, the Homeworkers Protection Act of 2010 provides rights for subcontracted homeworkers in the relationship with contractors. This includes provisions for written contracts, fair and timely payment, and payment for occupational health and safety equipment, medical expenses, and funeral expenses if the worker becomes ill through her work. Australia has also pioneered the use of supply chain legislation in the textiles industry. The Ethical Clothing Trades Extended Responsibility Scheme of 2004, covers the lead firm, suppliers and contractors in the supply chain, making them all responsible for the conditions of work of the homeworkers who sit at the bottom of the chain (von Broembsen and Harvey, 2019).

Specific sectors are constituted through different economic relationships. A sectoral approach acknowledges these relationships and may indicate new ways in which to finance social protection for vulnerable workers. The examples above show that sector-driven approaches – supported by state policy and legislation – can be an important way to enhance funding streams for the expansion of social protection (Narayana, 2019).

Promoting gender equality through financing

Women tend to face greater difficulties than men in accessing adequate social protection coverage. There are many reasons for this. They are more likely to be informal workers than men, and within the

informal economy, they are concentrated in highly vulnerable occupations and earn lower wages, which means that they are less likely to have contributory capacity. Women also take on a greater burden of family care work because of socially constructed roles and expectations, which may lead to interruptions in income-earning activities and contributions during these periods (UN-Women, 2015). Social protection schemes can be designed to challenge rather than mirror gender inequality in the labour market. Social insurance schemes should be based on broad risk-sharing and solidarity, including through care credits for both men and women, or pension calculations based on unisex mortality tables (ILO, 2017b, pp. 85–88). In both Bolivia and Chile, for example, semi-contributory pillars have been added to pension systems dominated by a contributory pillar based on individual accounts, dramatically reducing gender inequalities in pension benefits (Staab, 2020; see box 4). In Chile, the solidarity pillars provide a basic non-contributory pension to those who fall into the bottom three income quintiles, but also provides a top-up to low-income earners with disrupted contribution histories (Holmes and Scott, 2016).

Care credits funded through the State are also a way of establishing greater gender equality in pension benefits. These can take different forms, but generally either allow for contributions to be made by the State on behalf of the person taking time off to provide care for a specified amount of time, or include time taken off work for care purposes as time worked when computing the final pension. The latter form ensures that more women meet the minimum required time frame for contribution periods (Holmes and Scott, 2016). Care credits within social insurance systems are most commonly found in Europe and Central Asia (Sakhonchik *et al.*, 2017), but are also seen in some Latin American countries (Holmes and Scott, 2016).



BOX 4. PROMOTING GENDER EQUALITY THROUGH SOCIAL PROTECTION

Owing to a number of factors including the gendered division of labour, and stereotypes about work and who should perform it, women face greater barriers to accessing social protection than men. In many countries, a greater share of women than men work in the informal economy, and within the informal economy, women tend to be concentrated in forms of employment with lower earnings. In fact, women in informal employment often cite family responsibilities as one of the reasons for being in informal work – because it offers greater flexibility, though this flexibility often comes at the price of lower productivity, higher stress levels and potential risks to the well-being of both women and the dependent they look after, while also trying to get their work done.

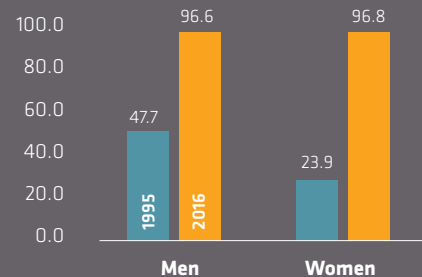
Yet care work is a vital function in allowing societies to reproduce themselves, and it is problematic that women have less economic stability as a result of performing this function. Well-designed gender-sensitive social protection programmes can do a lot to challenge this gendered inequality. In Latin America, the percentage of women who are able to fund their old age with a contributory pension is substantially lower than that of men. In countries like Bolivia, the Dominican Republic and Mexico, the percentage of men over the age of 65 receiving a contributory pension is double that of women. In this context, the expansion of non-contributory social pension in Bolivia and Ecuador has not only boosted pension coverage overall but also significantly reduced the gender gap in pension coverage (see graphs below).

Greater equality in access to pensions does not, however, mean equality in the level of pensions. Contributory pensions provide higher benefit levels after retirement, and so policies such as care credits, as in Chile, Uruguay and Bolivia, are important to ensure women workers with some contributory capacity are catered for.

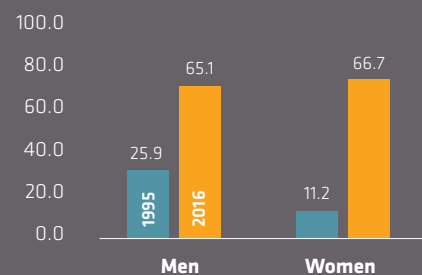
Source: Staab, S. 2020. *Delinking and Rethinking Social Protection for Women in Informal Employment? Perspectives from Latin America. The Informal Economy Revisited: Examining the Past, Envisioning the Future*. London: Routledge.

Pension coverage (contributory and non-contributory), 1995 and 2016, by sex

BOLIVIA



ECUADOR



Source: Own elaboration based on data from The Labor Markets and Social Security Information System (The SIMS), Inter-American Development Bank.

Actively facilitating access to social protection schemes

While financing is an important consideration in the extension of social protection schemes to informal workers it, in itself, is not sufficient to ensure coverage. Another important issue faced by informal workers is the time cost they incur when faced with inefficient systems and administrative barriers (ILO, 2019b, chapter 5). Particularly for self-employed workers for whom time is very literally money, if cumbersome bureaucratic procedures incur a large time penalty, they are less likely to join a scheme (Alfers, 2013; Chen and Lund, 2016). In order to reduce time costs, the Philippines has introduced a voluntary system of automatic debits. VimoSEWA has also experimented with similar modalities. It offers its members access to a fixed deposit scheme, where the interest on the deposit is automatically debited as the insurance contribution (Garand, 2005).

This includes having to spend time gathering information about the benefits of schemes. Providing information and raising awareness is particularly

important when dealing with populations who have had little experience of social protection provided through the State.

Recognizing these challenges, the Government of Cape Verde developed a proactive approach to reaching informal workers, developing communications campaigns specifically targeted to self-employed informal workers, and opening social protection service centres in locations where there are large concentrations of informal workers (such as informal markets). The service centres act as an information point for workers, but are also a registration and contribution payment point, equipped with computer systems which allow officials to perform 80 percent of administrative procedures on site. This has led to a reduction in the amount of time spent by workers in accessing the scheme (Durán-Valverde *et al.*, 2013).

The State can also actively facilitate access in partnership with organizations of informal workers. Such partnerships can be used to raise awareness, but also to enable the easy payment of contributions.

BOX 5. AMUSSOL: THE 'VIRTUAL EMPLOYER' FOR THE INCLUSION OF INFORMAL WORKERS

AMUSSOL is a workers' mutual in the Dominican Republic, set up in 2005 by the trade union *Confederación Autónoma de Sindicato Clasista* (CASC), with the aim of expanding social insurance coverage to informal workers. The Dominican System of Social protection (SDSS) only allows affiliation through an employer. This excludes the many self-employed workers in the country. In order to get around this legal barrier, AMUSSOL acts as a virtual employer for independent workers. Instead of registering with the state scheme, workers register with and contribute to AMUSSOL, who in turn acts as the intermediary to support the registration of workers with the SDSS, and facilitates the transfer of contributions.

The system does still have its difficulties, in particular the financial burden imposed on informal workers. Self-employed workers must carry the entire cost of the 21.4 percent contribution to the SDSS, plus a 1 percent contribution to the mutual to cover administrative costs. This contrasts with formal workers who are only required to pay 6.5 percent of the contribution with employers covering the rest. Nevertheless, the initiative has provided social protection access to many previously excluded workers, with almost 60,000 workers registered through AMUSSOL by 2015, and over 85,000 by 2018.

Sources: World Social Movement. 2016. AMUSSOL: informal workers have access to social protection in the Dominican Republic. Thematic Report Latin America No. 2.

For example, HomeNet Thailand – a network of home-based worker groups which operates across the country – has worked closely with the Thai Social Security Fund to provide information to its members and to ensure compliance with contributions. “In some areas, our organizers are so good that we have 100 percent registration and compliance within worker groups.” [KII-IW Interview, January 2020]. The benefit of working in this way is that there is constant grassroots reinforcement of messaging so that awareness-raising moves beyond a one-time event or campaign (see box 1). It builds on the sense of trust workers have within their own organizations and enables state programmes to reach more isolated workers, such as those who work in their own homes or in the homes of others.

Another way in which the State can collaborate with worker organizations is through collective contracting (see box 5). In both Costa Rica and the Dominican Republic, producer associations and cooperatives can sign collective agreements with the state insurance schemes. Organization members are then automatically enrolled into the

state schemes, with contributions collected by the worker organization and transferred to the State (Durán-Valverde, 2013; Llavaneras Blanco, 2018). A similar mechanism has also been implemented in the Cameroon *Système d'assurance volontaire* since 2017, after a study supported by ILO showed that the majority of workers in informal economy preferred collective affiliation through their organizations, including trade unions, cooperatives or rural producer associations.

Ensuring compliance and incentives, monitoring and evaluation

The State has a role in ensuring compliance with scheme rules, as well as monitoring and evaluating the scheme, and using those learnings to adjust the scheme where necessary (ILO 2019b, chapter 7). The need for constant learning and adaptation as needs and awareness of social protection evolves with the target population is an important lesson from SEWA's VimoSEWA scheme (see box 1).



It is not easy to ensure compliance when dealing with large numbers of workers outside of the standard employment relationship. One way to do so is again to work with grassroots organizations, as described above. In the Philippines, for example, the social protection system is encouraged through preferential access to credit and loans (Durán-Valverde, 2013). However, incentives can also be built in through the linking of long-term benefits (such as pensions) with short-term benefits, such as maternity and paternity leave and/or child benefit. The advantage of short-term benefits is that informal workers can see the benefits fairly soon after starting their contributions. This may then be a pathway to link them to longer term benefits within a bundled scheme, such as pensions (McClanahan and Gelders, 2019).

Building trust

Labour markets characterized by high informality are often situated in places where there is no established contract around social protection that is widely accepted. These are also often contexts in which informal workers regularly experience state power negatively through harassment, evictions and punitive policies, and therefore have little reason to place their trust in it (Kamete, 2018). Low trust may also be a consequence of low-quality service delivery by the State across multiple spheres. Building trust between the State and informal workers is a process, one which can be more easily facilitated through ensuring that informal workers participate in the building and management of social protection schemes (for general examples see Alfery and Lund, 2012; Budlender, 2013).

Informal workers are often excluded from formal tripartite dialogue spaces in which work-related social protection schemes are discussed and developed. At times they may be able to access these spaces as part of a trade union delegation, but rarely are they afforded direct representation within those delegations (Alfers and Moussié, 2019). The Thai

Homeworkers Protection Act of 2010, however, is a good example of direct informal worker inclusion. It stipulates that the act is to be monitored by a tripartite committee composed of government officials, three contractors and three homeworkeer representatives (ILO, 2017a; von Broembsen and Harvey, 2019). Importantly this is not a just a one-off dialogue space – it allows informal workers a direct voice in the drafting of all secondary legislation attached to the act and has led to a sense of ownership among the homeworkeer organizations involved (Harvey, 2019).

Good governance, accountability and transparency are also critical factors in establishing trust with informal workers (ILO, 2019b, chapter 3). Workers are more likely to contribute if they know that their money will be well-managed, and they have access to up-to-date information on the status of their contributions. Digital technology can be very useful in this respect. For example, the social protection scheme in the Philippines has used self-service terminals and a web platform (My.SSS) to enhance the transparency of its scheme, with self-service terminals allowing contributors to access information on their payments, balances, and loans (Durán-Valverde, 2013).



Section 2

EXTENDING SOCIAL PROTECTION TO INFORMAL WORKERS – THE NORMATIVE CONTEXT



Section 2 | Extending social protection to informal workers – the normative context

Social protection as a right for informal workers is underpinned by a number of international and regional instruments and policy frameworks. This section aims to provide a brief overview of the key instruments as they relate to informal workers outside of the Sustainable Development Goals, which refer to social protection for all.⁷ A fuller analysis of international, regional and national legal frameworks guiding the implementation of social protection in the African context more generally can be found in the publication *The State of Social Assistance in Africa* (UNDP, 2019).

Articles 22 and 25 of the UN Universal Declaration of Human Rights (1948) provide for the right of everyone to social security and to adequate living standards. The 1966 International Covenant of Economic, Social and Cultural Rights (ICESCR) – which has been ratified by 50 of the African Union (AU) member states – also asserts the right of everyone to social security (article 9), including the right of working mothers to social security benefits (article 10 (2)), and the right to an adequate standard of living (UNDP, 2019; ILO/WIEGO, 2020b).

Together with the relevant human rights instruments, the ILO international labour standards are the main international source of labour and social security rights that guide states in developing their national legislation. Conventions, which are adopted

by governments, workers and employers of the Organization's 187 member States, are legally binding international treaties once ratified by states, while unratified conventions and recommendations provide non-binding guidance.⁸ The flagship Social Security (Minimum Standards) Convention, 1952 (No. 102) lays out the minimum standards for the core areas of social protection systems (medical care, sickness, unemployment, old age, employment injury, family benefit, maternity, invalidity and survivors benefits), which countries can fulfil through different means, including social insurance and social assistance.

The ILO Social Protection Floors Recommendation, 2012 (No. 202), is a complement to C102, incorporating guidance to governments on the extension of social protection to previously uncovered groups of people, including informal workers. It calls for the implementation of national social protection floors to guarantee at least a basic level of social security for everyone, which should include at least effective access to health care and basic income security throughout the life cycle. This includes social protection for those of working age who are unable to earn sufficient income, in cases of sickness, unemployment, maternity and disability in particular. The Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204) makes formalization contingent on the extension of social protection – both social protection floors and higher-

⁷ Social protection features in several SDGs: SDG 1 to eradicate extreme poverty; SDG 5 in support of gender equality; SDG 8 to promote decent work and inclusive growth; and SDG 10 as a policy instrument to address income inequality. Furthermore, it contributes indirectly to the achievement of several other SDGs; for example, social protection is fundamental to ending hunger and to promoting access to education, health and basic services (SDGs 2, 3 and 6); and is fundamental to just and inclusive societies (SDG 16).

⁸ Twenty-one African countries have already ratified at least one of the relevant ILO social security conventions; see ILO (2019a).

level social security benefits – to informal workers. R.204 contains important gendered components, making explicit provision for maternity protection and access to childcare services in order to secure women’s incomes (ILO/WIEGO, 2020b).

At regional level, the AU has a number of key agreements and instruments⁹ which relate to social protection, the most prominent of which is the Social Policy Framework for Africa (2008), which makes provision for a minimum standard of livelihood for all people, including access to education, health care, social welfare, livelihood, access to a stable income, as well as employment (UNDP, 2019). The Social Protection Plan for the Informal Economy and Rural Workers (SPIREWORK) (2011–2015), though now expired, was a major agreement addressing the social protection needs of informal workers specifically. It included three main pillars: provision of affordable health care, including through community-based health insurance, and strengthening of the viability of existing schemes; the extension of occupational health and safety protection to workers in the informal economy; and support to the development of microinsurance and other “innovative decentralized social security schemes to provide social protection through community or group support.”

Some of the Regional Economic Communities (RECs) in the region have developed instruments relating to social protection. The Southern African Development Community (SADC) has a Code on Social Security, but social protection provisions are also integrated into the SADC Treaty (1992), the Protocol on Health (1999), The Charter of Fundamental Social Rights (2003), the Protocol on Gender (2008), and the Protocol on Employment and Labour (2014). The East African Community (EAC) has a Social Development Policy

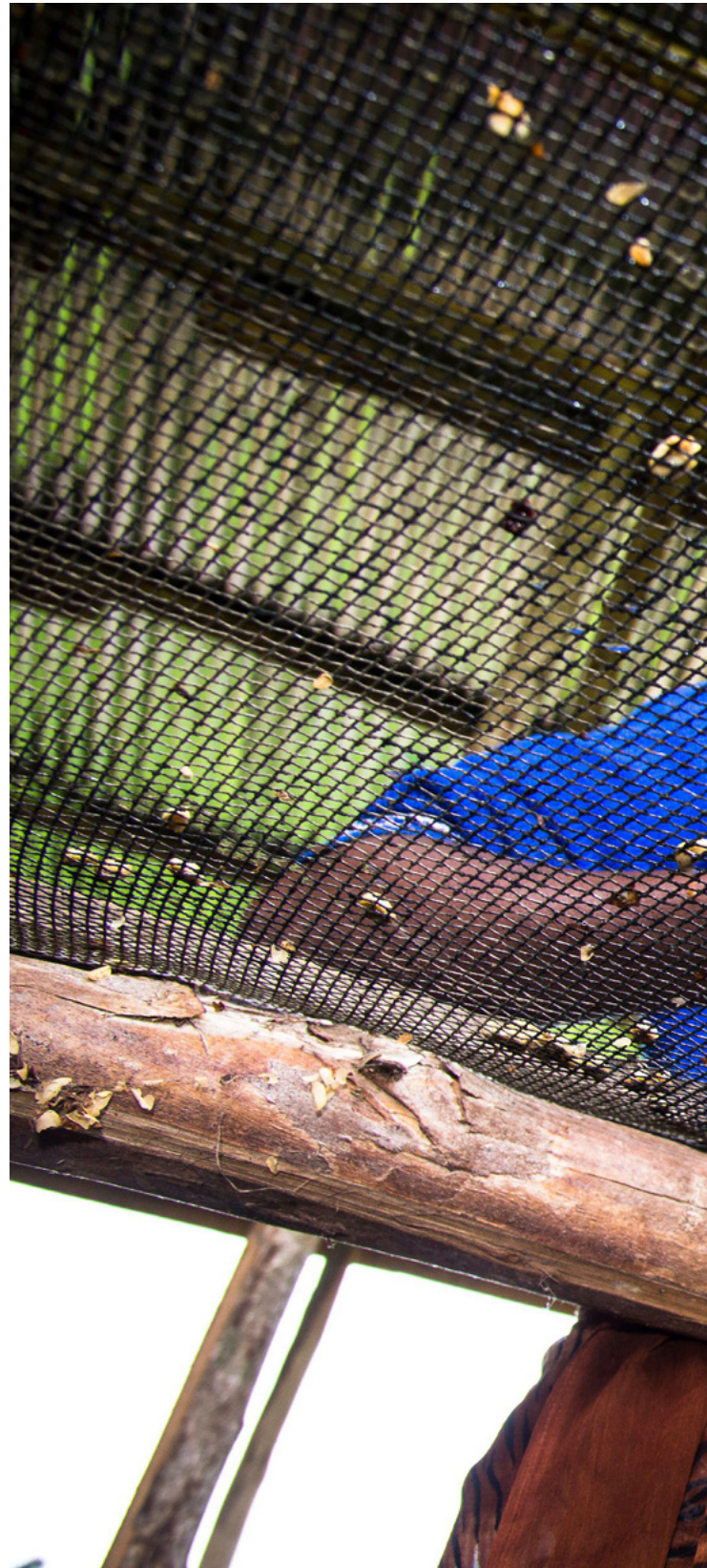
Framework (2013) which endorses the need for a social protection floor, and recognized the role of the State in providing such a floor (UNDP, 2019). There have also been statements on the need to extend social protection floors and ensure social protection for all in the North and West Africa (UNDP, 2019).

In summary, within the AU and RECs instruments, there are a number of provisions which relate to work-related social protection (Bamu-Chipunza, 2017). These include:

- the right of all workers to social security regardless of status and type of employment
- access to resources and social assistance for workers who cannot find jobs
- affordable and accessible employment-based health care services for all workers
- compensation for work-related injuries and diseases
- the right of elderly persons to have pensions on retirement, or grants if they do not have pensions, medical care and day to day care (SADC)
- the right of migrant workers to social protection, both in formal and informal economy; migrant workers should be able to retain and access their benefits after moving from one country to another
- informal workers can be protected through informal social security schemes (e.g. family assistance), microinsurance, universal protection, dedicated savings schemes (SPIREWORK)
- women in informal employment must have access to special social security schemes (AU)
- the right of people with disabilities to have equal access to social benefits, and support to enter employment.

⁹ These include the African Charter on Human and People’s Rights (ACHPR, 1981), the African Union Constitutive Act (2000), the African Charter on the Rights and Welfare of Children (1990), the ACHPR Protocol on the Rights of Women (2003), the Pretoria Declaration on Economic, Social and Cultural Rights in Africa (2004), and the Ouagadougou Plan of Action on Employment Promotion and Poverty Alleviation.

Within the regional instruments, the major gaps from the perspective of informal workers is that this group of workers – who make up the vast majority of workers on the continent – continue to be positioned as residual. For example, their coverage tends to be subsumed under alternative (often non-state) schemes, rather than considering their integration into mainstream schemes. Moreover, there is no acknowledgement of the special measures that may be required to bring informal workers into such schemes (Bamu-Chipunza, 2017). In relation to the provisions of R.204, there is also a conspicuous absence of provision for free or affordable childcare for children below school age. Such provision is critical to ensuring that female informal workers are more effectively able to access their economic rights (ILO/WIEGO, 2020a).







Section 3

COUNTRY CASE STUDIES

Section 3 | Country case studies

The case studies presented in this section are examples of emerging practices in the extension of social protection to informal workers in SSA. They are not intended to be best practice examples – they all face significant challenges and gaps, which are discussed in more detail in section 4. In some cases, it is too early to tell the success of the scheme, as they have only recently been implemented. Rather, these schemes have been selected because they provide an overview of the range of different design features that are emerging across the region in relation to the coverage of informal workers.

The Ghana National Health Insurance scheme was one of the first social health insurance schemes on the continent to extend to informal workers, and its design and financing features have been presented as a model for other countries to follow (e.g. South Africa and Zambia). Moreover, its long-standing nature allows for greater insight into what has worked well, and what has not worked so well for informal workers. The Rwanda Community Based Health Insurance scheme – which has achieved high coverage rates – is included for a similar reason. The Rwandan case study also extends to the more recently introduced *Ejo Heza* Long Term Savings Scheme, where the Government is experimenting with a variety of incentives and the use of digital technology.

Despite having very different design features, the Togolese and Zambian cases both provide examples of schemes that have taken a sectoral approach to the extension of social protection, while the Kenyan and Zambian cases (again, in very different ways) both provide examples where significant attempts have been made by governments to enable the participation of informal workers in scheme design. The Tunisian case provides an interesting example of a scheme that has been specifically designed to reach women informal workers; the strong focus on gender is worth highlighting because it is uncommon in the region. Finally, the Tanzanian case is included because of the wide range of benefits that the Government has sought to cover under the extension of the National Social Security Fund (NSSF), and to showcase the learning process that has been undertaken by the NSSF.





Ghana

Extending health insurance to informal workers

Ghana's National Health Insurance Scheme (NHIS), established in 2003, is one of the longest running and perhaps most high-profile social insurance schemes, extending coverage to informal workers in Africa. Despite facing opposition from some international donors prior to inception, the Ghanaian Government pushed ahead with implementation and since then the scheme has been promoted widely as a best practice model for social health insurance in low-income contexts (Wireko and Beland, 2017). Elements of the NHIS design can be seen in existing or proposed health insurance schemes in Nigeria, South Africa and Zambia. The scheme has also inspired multiple studies assessing coverage and access. The presence of data, coupled with the length of time the scheme has been in operation, means that it may hold important lessons for the extension of social insurance to informal workers more generally.

Context

Like most West African nations, Ghana's labour market is dominated by informal employment with just over 90 percent of total employment being informal. A greater share of women's employment compared to men's employment is informal (94 vs 86 percent respectively). Within the informal economy just over 50 percent of informal workers¹⁰ are self-employed own-account workers, with this making up a slightly greater share of women's employment (54 percent), than men's employment (50 percent). Women are also heavily concentrated in unpaid family work (28 percent), while men are more concentrated in informal wage

employment (25 percent). By sector, women's informal employment tends to be concentrated in the services, while men's tends to be concentrated in agriculture (ILO, 2018c).

Social protection in Ghana is provided through a number of programmes. At 5.4 percent of GDP, Ghana spends relatively high amounts on health compared to other African countries but spending on social protection (excl. health) at 1.4 percent of GDP is more limited (Alhassan, 2016; World Bank, 2016). For those of working age and active within the labour market, there are two main programmes. The NHIS is one, and the Social Security National Insurance Trust (SSNIT) is the other. SSNIT provides coverage for a defined benefit pension, invalidity and a survivor's benefit to formal workers, and was initially involved in the provision of a multi-tiered pension scheme. This scheme included a third-tier voluntary defined contribution scheme for informal workers. Due to a lack of clarity about legal roles, this voluntary pension scheme is now managed through the National Trust Holdings Company (Guvem, 2019), although there are indications it will move back to SSNIT. Both the NHIS - which is managed by an independent body known as the National Health Authority - and SSNIT are provided for in law through the National Health Insurance Act of 2003, and the Social Security Law of 2011.

There are also two major social assistance schemes for those outside of the labour market, provided for through policy, but not in law. The Ghana School Feeding Programme provides free food to children at school. The Livelihood Empowerment Against

¹⁰ Own-account workers refer to self-employed workers who do not employ others.

| | |
|--------------------|---|
| Scheme Name | Ghana National Health Insurance Scheme (NHIS) |
| Established | 2003 |
| Coverage | 40 percent of the population (39 percent of adult women; 29 percent of adult men) |
| Design | Mandatory for formal employees, voluntary for informal workers. The scheme based on a hubs-spokes model of community-based health insurance schemes, re-insured and subsidized by a central National Health Insurance Fund (NHIF). Includes an indigence exemption for the very poor. Those over 70, under 18 or pregnant are also exempted from contributions. |



KEY INNOVATIONS

Financing: The NHIF is financed from several sources, including a 2.5 percent contribution from formal workers and an earmarked VAT on luxury goods, alcohol and tobacco. The fund sets up the conditions for cross-subsidization between formal workers and informal workers.

Design: The hubs and spokes model is an innovative attempt to combine decentralized community health insurance schemes, which have the benefit of being close to the populations they serve, with a national health insurance scheme.

Law: The NHIS is rooted in law – the National Health Insurance Act (2003), which has given it longevity beyond the tenure of the political party who first implemented the scheme.



MAIN LIMITATIONS

Financing: Contributions are not affordable for poorer informal workers, and the overall financing arrangements are regressive for informal workers due to the flat rate charged. Financial sustainability has come into question.

Administrative barriers: The difficulty of registration has been a clear and consistent complaint from many informal workers. Problems have ranged from incorrect information, changing premium and registration fees, hold ups with the provision of ID cards, and a lack of benefit portability.

Poor linkages to health services: The low quality of health care provided under the NHIS is one of the major barriers impeding uptake. It should be noted however that the NHIS does facilitate access to free maternity care, and this may be one reason behind the higher membership numbers amongst women.

Lack of informal worker participation and representation: The governance structures at the level of the community schemes are reportedly non-functional. At the national level, informal workers are indirectly represented through the Ghana Trades Union Congress.



Poverty (LEAP) programme provides cash and free health insurance to extremely poor households. LEAP beneficiaries are automatically registered with the NHIS (Abebrese, 2011; ILO, 2015c).

Extending the NHIS to informal workers: Drivers and key innovations

The drivers behind the development of the NHIS and its inclusion of informal workers were multiple. Under the structural adjustment programmes of the 1980s, the free health care model of post-independence Ghana was replaced with a user-fee model, which was deeply unpopular and reduced health care utilization dramatically. In the 2000 general elections, the New Patriotic Party (NPP), which was subsequently elected to power, promised to abolish the system and develop a more equitable solution to the country's health problems. The stated goal of the new Government was to have 50 to 60 percent of the population covered by a national health insurance scheme within 10 years of the implementation of the new scheme, and ultimately to achieve universal health coverage. Due to the dominance of the informal economy this, by necessity, required a consideration of how to cover workers outside of the standard employment relationship (Cichon et al., 2003; Gyapong et al., 2007). In order to do so, two key innovations in the scheme design and financing were developed.

The first of these innovations related to the scheme design. At the time when the NHIS was under design, the conventional wisdom held that financial protection measures such as health insurance were best provided to informal workers through decentralized, locally-rooted community-based schemes (Wireko and Beland, 2017). However subsequent research had shown that such schemes were vulnerable to

financial unsustainability due to the narrow risk pool and adverse selection, and were difficult to scale up (Atim, 1998).

The designers of the NHIS therefore attempted to combine community-based schemes with a social health insurance component. The basic structure of the NHIS is described as a hub-spokes or hub-satellite model. The hub of the system, which is a Statutory Health Insurance (SHI) model of pooled public tax resources called the National Health Insurance Fund (NHIF) is administered by the National Health Insurance Authority (NHIA). The spokes are a countrywide network of community-based schemes known as District Wide Mutual Health Insurance (DWMHI) schemes, which are monitored, subsidized and re-insured by the hub. In this way the NHIF provides a larger risk pooling function, and acts as a stabilizer on the finances of the community-based schemes.

The second key innovation relates to the financing of the NHIF. The fund is largely financed through domestic resource mechanisms, including general taxation. The funds from general taxation are supplemented by two additional mechanisms. The first is a 2.5 percent special levy on VAT, which is made progressive, rather than regressive, through the exclusion of basic essential items (Akazili et al., 2011). The levy provides the vast majority of funds allocated to the NHIF, making up approximately 72 percent of the funds. There is also a mechanism to ensure cross-subsidization from the formal workforce, with 2.5 percent of all SSNIT contributions diverted into the fund. This makes up approximately 22 percent of the NHIF (Seddoh *et al.*, 2011).

The National Health Insurance Council (NHIC) administers the NHIF. The President of Ghana is given sole power to appoint the chairperson and members of the Council (Act 650, Section 3 (2)). The Secretary-General of the Ghana Trades Union Congress sits on the Council as the representative of both formal and informal labour.

The scheme is contributory. Formal workers are automatically enrolled due to the 2.5 percent deduction from their SSNIT payments. Informal workers are able to join voluntarily through the annual payment of a premium, which ranges between \$1.3 and \$9, according to income levels assessed at district level. These premiums are used to fund the operation of the district schemes and do not enter the NHIF and contribute almost 4 percent of total scheme revenues (Seddoh et al., 2011). Exemptions from contributions exist for those classed as indigent (with no visible source of income and not living with anyone who has a source of income). Children under 18, and those over 70 are also exempt from premiums, although they must pay the one-off registration and processing fee. Women have access to free healthcare during pregnancy and maternity. The benefits package is generous, covering 97 percent of common illnesses in the country.

Assessing the Ghana NHIS

The Ghana NHIS was rolled out swiftly, and achieved good coverage rates early on, from covering 6 percent of the population in 2005 to 42 percent by 2007, at which level it has largely remained static (Agyepong and Nagaib, 2011, NHIA, 2019). As the NHIS covers both public and private health facilities, it also increased the choice of health services available to members, and according to the Ghana Health Service has quadrupled health service utilization in many regions with insured people making up 80 percent of facility clients (Atim and Toves, 2017). Nevertheless, despite this impressive start, it has proved difficult to extend coverage beyond 40 percent of the population. Moreover, over 60 percent of members are people who qualify for the premium exemption, with another large proportion made up of formal workers who are enrolled compulsorily (Report of the Technical Review Committee, 2017). This leaves a large group of predominantly informal workers uncovered. In the following section we assess the role of the State in the development of the NHIS, according to the framework established in section 1.

Strategy development The literature makes it clear that the State played a key role in strategy development, appointing a national technical team to develop the innovative hub-and-spokes design of the NHIS (Wireko and Beland, 2017). Ghana is also a country which has long implemented labour force surveys which adhere to the ILO's international standards, and therefore policy makers had a good idea of the size and shape of the informal economy in the country. However, whether this data was utilized sufficiently in the design of the scheme is questionable. Moreover, the political imperative behind the scheme promoted hasty implementation, which may be the source of a number of the scheme's limitations.

Establishing an enabling environment While the NHIS started as an election promise of a single political party, the fact that it is established within a solid legal framework has given it longevity beyond the NPP's rule. When the National Democratic Congress (NDC) was elected to power in the following elections in 2009, it was able to implement some changes to the scheme to centralize control (Seddoh et al., 2011). However, it was not able to fundamentally alter its structure and governance in order to provide a basic level of continuity essential to the scheme's development.

Where the State has done less well in establishing an enabling environment is through the disconnection between the NHIS and the quality of health services provided through the Ghana Health Services. The Government's Technical Review Committee (2017) found the low quality of care to be one of the major barriers impeding the uptake of the NHIS. This echoes a study carried out in 2013 among informal traders in Accra who complained that "going to get care with your NHIS card means you won't be able to open your shop at all, you'll be waiting so long" (Alfers, 2013). Other common issues include frequent drug stock outs, health facilities not being equipped to provide the full benefits package, and a lack of qualified staff. With the quality of care so compromised, many informal traders did not see

the point of scheme membership (Alfers, 2013; ILO, 2015c; Alhassan *et al.*, 2016).

Finally, one of the more innovative features of the NHIS was the combination of social insurance and community-based insurance, in a model which would theoretically provide state support to existing community schemes. However, rather than the State creating an enabling environment for already existing community-based schemes, it appears that the district schemes have been established by the State. At least there is very little to suggest that already existing community-based schemes were incorporated into the NHIS. If this is the case, then the NHIS is an extension of the State into communities, rather than the hybrid melding originally envisaged.

Adaptive financing As mentioned earlier, the financing of the NHIS has also been innovative – drawing as it does on a progressive VAT levy and creating the space for cross-subsidization from the formal sector. However, informal workers do need to pay into the scheme to become members, and financial barriers to access are a major problem (Alfers, 2013; ILO, 2015c). This is exacerbated by the fact that while premiums are theoretically graded according to income for informal workers, the complexity of implementing such a system has meant that most district schemes charge a flat rate – usually set at the maximum rate for the scheme (Akazili *et al.*, 2011; Alfers, 2013). While the financing of the NHIS is progressive on the whole, the premiums charged to informal workers were found to be "very regressive" (Akazili *et al.*, 2011), and it is unsurprising that the lowest coverage rates of the scheme are found among poorer populations (Dake, 2018). This excludes LEAP beneficiaries, who are among the poorest and are automatically registered with the scheme.

Interestingly, however, the scheme does attract more women (39 percent) than it does men (29 percent). It has been suggested that this has to do with a greater need for health care among women as well

as their disproportionate responsibility for the care of family members (Dake, 2018). However, it may also be linked to the reportedly very successful exemption from health care fees for pregnant women, which has significantly increased the numbers of women seeking maternal health care (Alhassan *et al.*, 2016). This again reinforces the connection between service provision and insurance uptake. Other groups with high uptake were highly educated professionals, households in the richest quintiles and urban residents, although the membership is also made up of a large number of those who qualify for premium exemptions (indigent, under 18, over 70) (Dake, 2018).

The financial sustainability of the NHIS has also come into question. Expenses have outpaced revenues and additional responsibilities for the coverage of HIV and AIDS, TB and malaria are being transferred from donor to domestic funding, putting even more pressure on the NHIF. In order to maintain financial sustainability, as well as promote greater equality, the Government's Technical Review Committee (2017) recommended the implementation of a free primary health care package for a limited number of common ailments. The NHIS will then cater for higher-level coverage. It has also recommended the implementation of cost control methods, strategic purchasing, and to look for additional revenue streams to bolster the NHIF (such as the proceeds from offshore gas deposits).

Actively facilitating access The active facilitation of access has not been a strong point for the NHIS. The difficulty of registration has been a clear and consistent complaint from many informal workers. Problems have ranged from incorrect information, changing premium and registration fees, hold ups with the provision of ID cards and an inability to use NHIS membership outside of the registration district (Alfers, 2013; Atim and Toves, 2017). In other words, it is often too difficult and complicated for informal workers to register. It has also been argued that the scheme suffers from inadequate popular education and limited community engagement (Alhassan *et al.*, 2016).

Incentives The NHIS does not have additional incentives attached to attract members. The Government has opened up the scheme to rigorous evaluations by researchers, many of whom have been cited in this case study. As already mentioned, in 2017 it instituted a Technical Review Committee, which made a number of recommendations. It is yet to be seen where and how those recommendations will be adopted.

Building and establishing trust There have also been limitations in terms of establishing the conditions for building trust with citizens and informal workers. While the Secretary-General of the Ghana Trades Union Congress sits on the NHIC, historically his role has been to defend the interests of formal workers, rather than promote the interests of informal workers (Alfers, 2013). Originally the district schemes were intended to be governed by the communities in which they were situated. However, the district scheme boards were dissolved when the NDC took power in 2009 and were never re-established. Additionally, the community health insurance councils (CHICs) which were intended to monitor and decide on payment gradations at the district level were never implemented (Seddoh *et al.*, 2011). While community participation and engagement so often feature in programme plans, ensuring that this becomes a reality is far more complex and difficult to achieve.



Multiple initiatives to bring informal workers into the social security system

In Togo, different government bodies responsible for social insurance are negotiating with informal sector workers and their organizations in efforts to extend social security. Within the trade union movement, informal workers and their organizations are gaining greater visibility and voice in national debates on social security and formalization processes. The extension of legal entitlements, a dedicated government office for informal workers and the design of targeted insurance schemes are addressing the lack of social insurance among informal workers – particularly the self-employed. The following case study will focus on the state-led processes that are engaging with informal workers' organizations and their demands for social protection.

Context

In Togo, the share of informal employment out of total employment is 92.6 percent (ILO, 2018c). Women are more likely to be in informal employment than men at 95 and 90 percent of total employment respectively. Within informal employment, more women than men are own-account workers and contributing family workers. Men are more likely to be employers and employees in both informal and formal employment (ILO, 2018c). Though not all within informal employment are poor, poverty rates are at 65 percent as compared to 49 percent for those in formal employment (ILO, 2018c).

Given this context, Togo invests only 1.1 percent of GDP in social protection – including both contributory and non-contributory schemes – which is well below the SSA average of 4.3 percent of GDP (ILO, 2018b). The social protection system in Togo includes a means-tested social assistance

programme for the most vulnerable, free health care for the indigent, an employment support programme for the youth and three main social insurance schemes. The first is a general social security scheme including family and maternity benefits, employment injury benefits and pensions for private formal sector workers, established in 1956 and managed by the *Caisse Nationale de Sécurité Sociale* (National Social Security Fund – CNSS). Second is a pension scheme for public sector workers and the military, *Caisse des Retraites du Togo* (Togo Pension Fund – CRT), established in 1963. Finally, in 2011 the Government created a mandatory health insurance scheme for public sector workers, *Institut National d'Assurance Maladie* (National Health Insurance Scheme – INAM), with the intention of extending it to workers in the private sector – both formal and informal. None of these schemes were legally obligated to cover informal workers until 2012 when legislation was passed giving informal workers the right to social security through the CNSS. There are also some private insurance and social health mutuals that provide health coverage.

Major gaps in the legal and institutional coverage exist (ILO, 2018b; RPSP, 2019). Under the CNSS there is no provision for unemployment, even though other risks are covered. For informal workers, the CNSS does not cover employment injury as it argues it is difficult to assess and verify an employment injury when workers are self-employed (WIEGO, 2019). Private sector workers continue to be excluded from health insurance through INAM, while there is no effective regulation to support social or community health mutuals that are providing some coverage. There is also no provision

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| Scheme Name | <i>Mutuelle des Conducteurs de Taxis-Motos</i> (MUCTAM; Mutual for motorbike taxi drivers) <i>Mutuelle des Artistes et Journalistes</i> (MUAJ; Mutual for artists and journalists) <i>Mutuelle des Agriculteurs, Pêcheurs et Eleveurs</i> (MUAPE; Mutual for agricultural workers, fisherfolk and livestock breeders) <i>Mutuelle des Artisans et Commerçants du Togo</i> (MUCAT; Mutual for artisans and traders) |
| Established | 2014 (MUCTAM), 2015 (MUAJ, MUAPE, MUCAT) |
| Coverage | unknown |
| Design | <i>La Délégation à l'organisation du secteur informel</i> (DOSI), a separate government body responsible for the informal economy through which four sectoral health and social insurance mutuals are managed. A joint guarantee fund available for all four mutuals which offer health insurance and a pension scheme, capacity building and training, and a loan scheme. |



KEY INNOVATIONS

Financing: There is a general mutual under which all four autonomous insurance schemes are housed to benefit from a joint guarantee fund.

Services: The mutuals offer a loan scheme to purchase productive inputs (e.g. motorbikes, seeds, fertilizers, craft materials, etc.) designed to attract people to them. When the loan is repaid, contributions to the mutual are not based on declared revenues, but on the value of inputs.



MAIN LIMITATIONS

Financing: It is not clear how contributions will be made as the registration desk is not yet established.

Lack of available data: There is no information on the number of women and men contributing to the mutual, or whether women can contribute regularly due to their lower, more irregular earnings.

Administrative barriers: The difficulty of registration linked to the need of having birth certificate or national ID card, leading to a national campaign for informal workers to apply for ID cards and register for the mutual, however, is still posing a barrier.

Lack of collaboration between existing structures: DOSI provides services that the formal unions and informal workers organizations cannot, setting up a competition for organization. This may affect the mutuals in terms of horizontal coverage and financial sustainability. The relationship between the mutuals and the CNSS (National Social Security Fund) is unclear.

Legal coverage gap: MUAPE, for example, does not cover frequently occurring employment injuries.

made for a social protection floor although a draft social protection policy sits before parliament.

Effective coverage for family benefits and pensions remains low. Moreover, informal workers do not have access to the CNSS despite the ministerial decree for a dedicated registration window for informal workers.

Design of social security schemes and innovations

In 2011 the Government reviewed the social security code to extend social insurance to informal workers. This initiative gained broad support and mobilized informal workers' organizations in collaboration with trade unions and civil society organizations. The Government drew on the ILO Decent Work Agenda initially promoted by ILO and in collaboration with national trade unions where some informal workers' organizations were represented. For example, the *Confédération Nationale des Travailleurs du Togo* (CNTT) with the support of the Danish Trade Union Development Agency (DTDA) was able to increase its membership of informal workers from 20,000 in 2008 to 60,000 in 2015, including several branch unions such as Hairdressers' Union, Dressmakers' Union, Transport Workers' Union, Traders' Union (DTDA and ITUC-Africa, 2015). Informal workers organizations that chose not to affiliate to trade unions were also involved in campaigning and advocacy.

The Government positively reacted to this groundswell of political support by passing the revised 2011 social security code into law in 2012. The continued engagement through the ILO Decent Work Agenda culminating into this new right to social security strengthened the space for dialogue between the Government and informal workers' organizations, trade unions and other civil society organizations. The new law now became the basis for further engagements and mobilization by workers' organizations. In 2014, 50 informal workers' unions affiliated to CNTT created the *Fédération Nationale du Secteur Informel* (National Federation of Trade Unions of the Informal

Economy, FENASEI). They drew up a list of all their members ready to join the CNSS and produced campaign materials in collaboration with CNSS (DTDA and ITUC-Africa 2015).

Tripartism and social dialogue Togo's social security code is shaped by and founded on tripartism.

Workers' organizations are represented through the trade union centres. These structures remain strong within Togo. The Government has allowed informal workers to have a voice in this structure if they are affiliated to trade union centres. However, informal workers' organizations express concerns about the lack of direct representation and the ability of trade unions to represent their interests:

"We are so many informal workers in Togo, but the trade unionists are not there on the ground with us. When a vendor has to stop selling tea because her child is sick and then the child dies because of poor health care and she has lost all her income – it is us who are close to these experiences, not them. Why aren't we the ones speaking for ourselves? We are taken to be illiterate people who haven't been to school, so we can't have opinions." – Informal worker representative (RBSP, 2018)

"When it comes to issues impacting on the IE, the Secretary-General's should delegate to a competent representative from the informal economy to speak for themselves. But they have never heard us regarding this." (RBSP, 2019)

In 2018 the *Comité Technique Intersyndicale de l'Économie Informelle* (Inter-union Technical Committee for the Informal Economy – CTIEI) was established as a platform comprising representatives from the informal sector within the four main trade unions, and informal workers' organizations not affiliated with the trade unions. Its role is to establish a closer relationship between formal union structures and informal workers'

organizations, to work together towards universal social security (Alfers, 2019). Members of the committee include the *Confédération Syndicale des Travailleurs du Togo* (CSTT), the *Union Générale des Syndicats Libres du Togo* (UGSL) and the *Union Nationale des Syndicats Indépendants du Togo* (UNSI) as well as the *Faîtière Nationale des Travailleurs du Secteur Informel du Togo* (FAINATRASIT) and FENASEI.

Many challenges exist regarding the implementation of the legal entitlement to social security enshrined in 2012. The CNSS is starting discussions with the CTIEI around the implementation of a registration desk for informal workers. The registration desk is not yet set up and there is limited experience and knowledge within CNSS regarding the extension of social security to informal workers. Informal workers' organizations are also using ongoing discussions regarding social protection floors to pressure the CNSS to act in accordance with the commitments made to extend social security.

Since 2012, ILO labour standards such as ILO Recommendation 202 (2012) on Social Protection Floors and ILO Recommendation 204 on the Transition from the Informal to the Formal Economy (2015) have helped to structure the engagements between the Government and informal workers' organizations, trade unions and development partners such as the DTDA, ILO and UNICEF on social protection policy, and the broader formalization discussion. The Government launched the *Comité national pour la promotion de la protection sociale* (CNPPS - National Committee for the Promotion of Social Protection). The Committee includes various government departments, including the three social security funds, social partners represented by the *Coordination des centrales syndicales du Togo* (CCST - Coordination of Trade Union Centres) and the *Conseil national du patronat* (National Employers Council), and civil society organizations. The CNPPS works with the *Réseau National Multi-acteurs de Protection Sociale du Togo*

(RNMPST, National multi-stakeholder network for Social Protection in Togo). The network, created in 2014, includes 13 civil society organizations including mutuals, trade unions, microfinance institutions, and human rights groups. In November 2019, CNPPS launched their website in collaboration with UNICEF as a government portal for information on social protection. The CTIEI are seeking contact with the committee as another avenue to move forward the discussions on social insurance for informal workers.

Government office dedicated to informal workers

Togo was among the first countries to establish a separate government body solely responsible for the informal economy, *La Délégation à l'organisation du secteur informel* (Delegation for the Informal Sector - DOSI) in 2008. Since 2017, DOSI is under the responsibility of the Secretary of State for Financial Inclusion and the Informal Sector. Through DOSI,



the Government has created four health and social insurance schemes for four different occupation groups within the informal economy:

- MUCTAM – *Mutuelle des Conducteurs de Taxis-Motos* (Mutual for motorbike taxi drivers) created in 2014
- MUAJ – *Mutuelle des Artistes et Journalistes* (Mutual for artists and journalists) created in 2015
- MUAPE – *Mutuelle des Agriculteurs, Pêcheurs et Eleveurs* (Mutual for agricultural workers, fisherfolk and livestock breeders) created in 2015
- MUCAT – *Mutuelle des Artisans et Commerçants du Togo* (Mutual for artisans and traders) created in 2015

In addition, there is a general mutual under which all four autonomous insurance schemes are housed to benefit from a joint guarantee fund (Charmes, 2017). All four mutuals offer health insurance and a pension scheme, capacity-building and training, and a loan scheme to purchase productive inputs such as motorbikes, seeds, fertilizers and craft materials. The loans are designed to draw people into the mutuals. Once the loan is repaid, contributions are based not on declared revenues, but on the value of inputs.

If the mutuals can draw in more members, the aim is to integrate them into the existing social security system. DOSI is set up to provide capacity-building and support to these emerging mutuals, rather than to act as a large insurer or bank. However, collaboration with CNSS is yet to be defined.

Assessing Togo's attempts to extend social protection to informal workers

Strategy development The legal inclusion of informal workers in the social security system and the emergence of mutuals for informal workers is happening concurrently, yet with little interaction and exchange between the various government departments and social partners. Informal workers'

organizations and trade unions are critical of the mutuals set up by DOSI:

“One current challenge is that the Government itself has started to organize informal workers through the regional chambers of the DOSI. This has set up a competition for organizing between the Government, the formal unions and informal worker organizations. DOSI attracts informal workers because it provides workers with services in a way that the unions cannot.” (RBSP 2018).

In the limited documentation regarding DOSI, trade unions are rarely referenced. However, DOSI does rely to some extent on existing workers' organizations such as the agricultural cooperatives and the motorbike taxi drivers' associations to reach informal workers. Rather than setting up competition, it may be more productive if the mutuals supported by DOSI could function in coordination with the CNSS.

Establishing an enabling environment There are good ideas within the mutuals that the CNSS can draw on to attract informal workers to the social security system such as defining the amount and frequency of contributions on the value of inputs by sector. Mutuals also guarantee that informal workers from the relevant occupation group are represented in their governance structures. Informal workers' organizations are calling for more direct representation within national and district tripartite structures to ensure their voices are heard in the roll-out of the CNSS registration window for informal workers.

“If I'm contributing something, I want to feel like I know what is going on with my money. This requires tripartism at the district level. Because when we talk about tripartism, there are too many trade unions that don't exist except when they arrive for social dialogue at national level.” – Informal worker representative (RBSP, 2019)

The mutuals may find it difficult to gain broader horizontal coverage and financial sustainability without greater collaboration with the informal workers' organizations, trade unions and civil society organizations calling for a national social protection floor and the extension of CNSS to informal workers.

Adaptive financing As the registration desk is not yet established, it remains unclear as to how contributions will be made to the social security system. Regarding the mutuals, Charmes argues that the frequency of contributions could also be aligned to the purchase of inputs by each occupational group. For instance, agricultural workers could pay an annual lump sum at the same time as they purchase their yearly fertilizer and seed inputs, or motorbike taxi drivers can pay smaller amounts daily when they purchase their fuel (Charmes, 2017). Aligning the frequency of payments to each sector could increase uptake. Though the mutuals cover the main occupations within the informal economy, uptake and contributions remain low. As of 2017, MUCTAM had registered only 5,000 motorbike taxi drivers, MUAPE reached 10,000 smallholder farmers, fisherfolk and herders, and MUCAT counted 4,000 artisans and informal traders (Charmes, 2017).

There is no information on the number of women and men who contribute to the mutuals. Women within the informal economy in Togo, as elsewhere, are more likely to be in more low-paid or unpaid work than men as own-account workers and unpaid family workers (ILO, 2018b). Women are also more likely to sign up to mutuals to gain some health care coverage during maternity (Lona and Gelade, 2017). To what extent are women able to meet the regular contributions given their lower and more irregular earnings across these different sectors?

Actively facilitating access In each of the mutuals, DOSI identifies the relevant government departments to reach out to workers in different occupations, such as the Ministry of Public Works

and Transport and the Ministry of Agriculture. Regarding artisans and traders, DOSI collaborated with *l'Etablissement Public Autonome pour l'Exploitation des Marchés* (Autonomous Public Authority for the Operation of Marketplaces – EPAM) to run an awareness-raising campaign, though they soon realized that many informal traders could not register as they did not have birth certificates or national identity cards. This led to a national campaign among informal traders to apply for their national identity cards and register for the mutual.

Incentives One of the strengths of the mutuals is that they are tailored to each occupation group. For motorbike taxi drivers the mutual offers some employment injury coverage given the frequency of road accidents. The training component is also important as many are young men who take up this work, unable to find employment elsewhere and are seeking to leave the occupation. The MUAPE for smallholder farmers integrated existing rural cooperatives, making use of established social solidarity networks and rural enterprises. One gap in legal coverage is that the MUAPE does not cover employment injuries even though snake bites are frequent (Charmes, 2017).

Building trust The existence of multiple schemes and initiatives in Togo to extend social security to informal workers suggests that it is an important part of the national development agenda. The strong voice and visibility informal workers and their organizations have gained through the extension of social security is critical to sustaining this momentum in Togo. The risk is that these multiple and divergent schemes create a disjointed social security system that will prove difficult to harmonize over the long-term.

Evaluating the *Mbao* Pension Plan 10 years later

Kenya has made important advances in developing and implementing legal and policy frameworks for social protection. The country has received much attention and support from the international community to pilot and scale up social assistance programmes. For example, in 2016 the Government launched the innovative single registry system to track the beneficiaries of all social assistance programmes (Chirchir, 2016; Mwangi, 2018). Regarding contributory social protection, the *Mbao* Pension Plan for workers in the informal economy stands out as an oft cited best practice example. Below is a brief review of Kenya's pension system with a more detailed analysis of the *Mbao* Pension Plan. A decade after its inception there is much to learn on the innovations it proposes and the challenges it continues to face.

Context

The informal sector represents 84 percent of total employment and 91 percent of new jobs created in 2018 (KNBS, 2019). Outside of agriculture, own-account work in trading, light manufacturing and service provision represents an important share of informal employment as in other African countries (ILO, 2018c). The MSME sector in Kenya is estimated to provide the highest employment opportunities accounting for 14.9 million workers in 2015 (KNBS, 2016b). Micro sized establishments make up 81.1 percent of employment in MSMEs. All the unlicensed businesses included in the national survey were micro-enterprises employing between 1-9 persons. Of the licensed establishments, 47.9 percent were owned by men, and 32.2 percent owned by women. However, 60.7 percent of the unlicensed establishments were solely owned by women (KNBS, 2016b). This reflects global trends

in informal employment in developing countries, where informal employment is overwhelming in self-employment with more women than men engaged in own-account work (ILO, 2018c).

Extending social security to self-employed informal workers is one of the key challenges identified under Kenya's National Social Protection Policy. The right to social security is relatively recent in Kenya, first emerging in the 2010 Constitution. Though Kenya has not ratified any international labour standards regarding social protection, the National Social Protection Policy was passed as an Act of Parliament in 2012 (Barya, 2011). The considerable progress made on the expansion of social assistance programmes overshadows efforts to extend social insurance. The National Social Protection Policy notes how fragmented the current system is and this is no more evident than in a review of Kenya's pension system. (HelpAge, 2012).

Kenya has four broad categories of pension schemes, namely: National Social Security Fund (NSSF), Occupational Retirement Benefits Schemes, Civil Service Pension Schemes and Individual Retirement Benefits Schemes (Retirement Benefits Authority (RBA), 2019). The NSSF is a mandatory scheme where employers and employees, both private and public, are mandated to make joint monthly contributions of 12 percent of the pensionable salary under the NSSF Act of 2013. The occupational retirement benefit schemes are employment-based and are established by employers on a voluntary basis. The schemes are funded through contributions from employers and employees. The contribution rates vary between schemes and between employer and employees.

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| Scheme Name | Kenya Mbao Pension Plan |
| Established | 2009 (as <i>Blue MSMEs Jua Kali Individual Retirement Benefits Scheme</i>) |
| Coverage | 100,000 (2018) |
| Design | To register for the Mbao Pension Plan, workers must pay KES 100 (\$0.98), fill out a registration form and present a national photo ID card. The funds raised by members are managed and invested on their behalf by service providers appointed by Mbao Trustees and approved by the Retirement Benefits Authority (RBA). Kenya Commercial Bank is the legal owner as the corporate Fund Trustee. Members enjoy 100 percent tax exemption on savings after 65 years of age. Pension benefits are given as a lump-sum, not providing a regular income. |



KEY INNOVATIONS

Participation: The scheme was originally designed by the informal economy workers in the *Jua Kali* sector.

Linking retirement benefit with mortgage facilities:

The Government amended the Retirement Benefit Act to allow members of the Mbao Pension Plan use their savings to access mortgage facilities. When members do that, they cannot make a withdrawal from the plan until the mortgage is paid off.

Adaptive financing: Members are required to daily contribute a minimum of KES 20 (\$0.20) via their mobile phones but, if impossible, contributions can be made weekly, monthly or annually.

Mobile money: Contributions can be made via mobile money transfers, M-PESA and Airtel Money, and no physical contact is required.

Early withdrawals: Members can request their savings as a lump-sum after one year, using savings to cover loss of income, illness or funeral arrangements.



MAIN LIMITATIONS

Access of women and lack of data: Lower and more irregular earnings of women make it generally more difficult to access similar schemes but there are no sex-disaggregated data available on members of the plan.

Design: Data show that irregular contributions and possibility of early withdrawals mean the plan is seen as a short-term savings scheme, possibly explaining low membership as it faces competition from other savings schemes providing additional services and benefits.

Contributions design: The challenge for informal workers is that the low contributions paid out in a lump sum will not provide a regular income in old age.

The Civil Service Pension Schemes are targeted at public servants in the national and county governments and are largely non-contributory. The Government is passing legislation and policies to include a contributory component to these schemes. These three schemes are only accessible to employees in the formal sector. The Individual Retirement Benefit schemes are established by corporations offering retirement savings schemes. They are open to anyone seeking to make voluntary contributions and can benefit employees whose employers do not contribute to an occupational pension scheme as well as the self-employed in both the formal and informal sectors.

These four pension scheme categories make up the retirement benefits industry regulated by the Retirement Benefits Authority (RBA). The RBA is a statutory body established in 1997 under the Retirement Benefits Act to regulate, supervise and promote the development of the pension industry. The RBA reports to the National Treasury and the

Cabinet Secretary. RBA estimates show pension coverage rates increased from 15 percent in 2014 to 20 percent in 2018 (RBA, 2019). With the growing size of the informal economy and high rates of poverty and vulnerability in Kenya, coverage rates in these four categories of pension schemes remain low.

Since 2018, Kenya has also had a universal social pension; the *Inua Jamii Senior Citizens' Grant* provides KES 2,000 (\$19) a month to all citizens over the age of 70. The universal social pension does offer some income security to older workers in the informal economy. Since 2018, the social pension is expected to have reached between 83 to 100 percent coverage (Kidd, 2019). The variation is due to the lack of precise data on the number of persons above 70 years old in Kenya.

Though the National Social Protection Policy reaffirms the objective of universal pension coverage, it says little on how these contributory



and non-contributory schemes will fit together as both are set to increase coverage (Help Age, 2012). As more people are registering to receive a social pension, the RBA also sets an overarching goal to extend pension coverage to 30 percent in the period 2019-2024 (RBA 2019). A key area of focus for the RBA is on extending pension schemes to the informal economy through Individual Retirement Benefit schemes. In their new five-year strategic plan (2019-2024), the RBA draws on their recent experience with *Jua Kali* associations to develop, pilot and implement the Mbao Pension Plan for informal workers.

Mbao Pension Plan

The *Mbao* Pension Plan emerged as a savings scheme among informal workers in the *Jua Kali* sector. *Jua Kali* in Kiswahili literally translates to 'hot sun' and refers to those who work outside in the streets or in markets as carpenters, metalworkers, artisans in soapstone, ceramics, textiles, leather, as well as small business in electronics and mechanical engineering (Maundu, 1997). The sector is male-dominated and boasts strong local and national associations (KIK-IWR Interview, February 2020). The term *Jua Kali* is now also used to refer to the informal economy at large including domestic workers and fruit and produce traders. However, the workers represented in *Jua Kali* associations are those in the traditional *Jua Kali* sector.

A first engagement with the RBA and a *Jua Kali* association on a separate project focused on workers' health gave the RBA the opportunity to raise awareness about savings and retirement (Kwena and Taylor 2013). The Kenya National Federation of *Jua Kali* Associations started the voluntary scheme as a pilot in Nairobi and then registered the scheme with the RBA and the Kenya Revenue Authority under the name Blue MSMEs *Jua Kali* Individual Retirement Benefits Scheme in 2009. It is more commonly referred to as the *Mbao* Pension Plan as *mbao* in Kiswahili slang refers to KES 20 (\$0.20) which is the minimum contribution under the plan. In 2011, the RBA extended the

scheme to all workers, not only those in the *Jua Kali* sector. Some formal sector workers contribute to complement their other pension schemes (IOPS, 2018). To register for the *Mbao* Pension Plan, workers must pay KES 100 (\$0.98), fill out a registration form and present a national photo identification card.

The funds raised by members are managed and invested on their behalf by service providers appointed by *Mbao* Trustees and approved by the RBA. Kenya Commercial Bank is the legal owner of the scheme as the corporate Fund Trustee. Co-Trust Investment Services Limited, a subsidiary of Co-operative Bank is the Fund Manager, Eagle Africa Insurance Brokers is the Fund Administrator and Safaricom and Airtel are the mobile money transfer platforms. The *Mbao* Trustees include the RBA and the Kenya Revenue Authority, the Kenya National Federation of *Jua Kali* Associations, and members who are mainly informal workers contributing to the scheme.

The Scheme enjoys tax exemption status by the Kenya Revenue Authority and is not taxable at the point of exit unless it exceeds the maximum exception taxable limit of KES 20,000 (\$196) per month, up to KES 240,000 (\$2,361) per year. If a member continues saving up to the age of 65 years old, no tax is levied on the saving. The member enjoys 100 percent exemption after the age of 65 years of age. Therefore, the Government bears a small cost through a loss of tax revenue on the savings as well as the cost of the RBA (Kabare 2018).

The scheme is run as a provident fund, rather than a pension fund. Benefits are given as a lump sum and not annuities, meaning the plan will not provide a regular pension income in old age (HelpAge 2012). A lump-sum withdrawal can be made at any age, after a year of participation in the plan. Upon the death of the account holder, the plan makes a lump-sum payment to the designated beneficiary.

Assessing the *Mbao* Pension Plan

Strategy development Different government agencies have played a role in the development and promotion of the scheme. RBA as the pensions industry regulator has invested the most resources to ensure the scheme succeeds and worked closely with the Kenya National Federation of *Jua Kali* Associations. The RBA is mandated to regulate and supervise the administration of the fund through its standard risk profiling process. If there are lapses in the scheme management the RBA will remove the trustees from office and appoint an interim administrator. If there is evidence of fraud by one of the service providers, the RBA reserves the right to withdraw their licence in addition to pursuing a legal prosecution (Kwena and Taylor 2013).

The Kenya National Federation of *Jua Kali* Associations retains an important role in the scheme as the sponsor. By law in Kenya, the sponsor of the pension plan must be different from the trustee. The role of the sponsor is to establish the scheme and appoint trustees and other service providers to manage the funds (Kwena and Taylor 2013). The Kenya National Federation of *Jua Kali* Associations approached Kenya Commercial Bank to act as trustee along with the other service providers noted above. As a sponsor and key stakeholder in the scheme, the *Jua Kali* associations are required to run registration campaigns promoting the *Mbao* Pension Plan and gathering data on the number of possible contributors.

Establishing an enabling environment The RBA sought an amendment to the Retirement Benefit Act in preparation for the *Mbao* Pension Plan in 2009. The Government amended the act to allow retirement benefit scheme members to assign up to 60 percent of their accumulated pension or savings accounts to access mortgage facilities. When members use their *Mbao* Pension Plan for this purpose, they cannot make a withdrawal from the plan until the mortgage is paid off (Kwena and Taylor 2013). It is unclear how much of a draw this

mortgage facility is, given the low uptake of the *Mbao* Pension Plan.

In a similar vein, the RBA is now proposing to include both insurance and credit options in the retirement plan to attract more informal workers. This would allow informal workers to borrow against what they have set aside in old age. At the launch of the RBA 2019-2024 strategic plan last year, Chief Executive, Nzomo Mutuku, said “We want to have a single package that even includes a funeral package that we think would attract the informal sector, which is the biggest employer” (Michira, 2019). One criticism of the scheme is that it does not sufficiently tailor its products to different sectors and interests within the informal economy. A more sectoral approach may encourage uptake and contributions (IOPS, 2018), although consideration would need to be given to the potential for risk pool fragmentation.

Adaptive financing The *Mbao* Pension Plan requires members to make a daily minimum contribution of KES 20 (\$0.20) using their mobile phones. This small daily contribution is well suited to informal workers’ capacity to save given their low and irregular incomes (Kwena and Taylor 2013).

If daily contributions are difficult to make due to the seasonality of incomes, the contributions are added together and can be made weekly, monthly or annually (IOPS 2018). This flexibility in the level and timings of the contributions is attractive to informal workers. Contributions are not mandatory, and no penalty is charged for not contributing.

There are no sex-disaggregated data available on members of the *Mbao* Pension Plan, so it is impossible to assess whether the scheme is accessible to women who are more likely to earn lower incomes within the informal economy as own-account or contributing family workers (KNBS, 2016a). Their lower and more irregular earnings make it difficult for women to access micro-pension schemes such as *Mbao*. Though domestic workers were targeted in one of the marketing drives for

the *Mbao* Pension Plan, no further information is available as to their registration into the scheme.

Actively facilitating access The *Mbao* Pension Plan drew on the widespread success of the mobile money transfer system M-PESA started in 2007. Mobile money transfers have had a remarkable impact on increasing financial inclusion in Kenya in a very short amount of time; in 2008 it was estimated that 43 percent of households used M-PESA, by 2009 it was nearly 70 percent (Kwena and Taylor 2013, IOPS 2018).

Members make their contributions through the mobile money transfer services, M-PESA and Airtel Money, offered by the two leading mobile networks, Safaricom and Airtel. This means payments are made in real time from anywhere with mobile network coverage. Informal workers do not have to take time away from work to deposit money at a financial institution. Members receive instant confirmation from the scheme administrator and can check their contribution balance on their phones, which may enhance trust in the scheme. Small transaction fees are charged by the mobile operators for the daily transfers (Kwena and Taylor 2013).

Incentives To encourage informal workers to join the scheme, members can request their savings as a lump sum after one year. This is attractive to informal workers who may have to draw on their savings to cover a fall in their income or the costs of unexpected life events such as an illness or funeral arrangements. Though this is an incentive to join the scheme, it is also proving to be its Achilles heel. Few members make regular contributions over time. Of the nearly 40 percent of members who joined in 2011, only six percent were persistent contributors (IOPS 2018).

If *Mbao* is seen and used more as a short-term savings scheme then it faces a lot of competition from other savings schemes from community-run merry-go-round schemes to savings and credit cooperative organizations that provide a range of benefits for their members, including health care and funeral savings.

Building trust Though the *Jua Kali* associations include 12 million members nationwide, the *Mbao* Pension Plan has a membership of only 100,000 (Kabare, 2018, IOPS 2018). Over the 2010-2017 period, annual enrolment numbers and the number of active members – those making at least one contribution per year – declined. The active membership fell by 50 percent from a peak of 24,550 in 2014 to 11,684 in 2016 (IOPS 2018).

A key component of the RBA 2019-2024 strategy is to engage in awareness-raising and campaigns through *Huduma* centres –one-stop public administration offices – and county governments to encourage registration and follow-up. RBA will invest in research to better understand segmentation in the informal economy and develop retirement benefit products accordingly (RBA, 2019).

The RBA is right to develop a more attractive individual benefit scheme that will encourage informal workers to join to top-up their social pension. The challenge of a provident fund for informal workers is that the low contributions paid out in a lump sum and not annuities will not provide a regular income in old age. Another approach could be to encourage more formal sector workers to join the fund, rather than branding the pension plan for workers in the informal economy. This could increase the total value of the fund and enhance solidarity between informal and formal economy workers.



Extending the National Pension Scheme to informal workers

In 2019, the Government of Zambia passed Statutory Instrument No. 72, which has established the legal basis for the extension of social protection to informal workers through the National Pension Authority (NAPSA). This provides further support to already existing NAPSA pilot projects aimed at extending social protection to small-scale farmers and other self-employed agricultural workers (NAPSA SPIREWORK project). This also supports urban informal workers (bus and taxi drivers, traders, domestic workers and saw millers) through the ECIS (Extension of Coverage to the Informal Sector) pilot project. These projects have in turn been built on several years of experimentation and support, for example from a joint UN project on an extension pilot project aimed at construction workers through the Green Jobs programme. While there is very little information on how successful the scheme has been to date, it is interesting to see whether, where and how the innovative pilot work has been taken up by the Government in its first formal social security programme directly targeting informal workers. In Southern Africa, the NAPSA scheme represents one of the few attempts outside of South Africa to seriously engage with extending a formal state scheme to workers in the informal economy.

Context

In Zambia, informal employment makes up almost 88 percent of total employment. Following a general trend in SSA, informal employment makes up a larger share of women's total employment (93.6 percent) than men's (81.6 percent). Almost 80 percent of total employment is within informal enterprises (the informal sector), just under 3 percent is found within the formal sector, and just over 6 percent is found in households (i.e. domestic

work). Almost equal numbers of men are employed in households as women (6 percent of total employment). Seventy-seven percent of all informal workers are located in the agricultural sector, with 16 percent located in services, and 6 percent in industry (ILO, 2018c).

Approximately 49 percent of workers in the informal economy are self-employed own-account workers, with 36 percent working as contributing family workers, and just under 15 percent working as employees. Over half of all female informal workers are contributing family workers, whereas this accounts for only 18 percent of men's informal employment. Men are more concentrated in self-employed own-account work (61 percent of male informal employment), compared to women (37 percent of female informal employment). Male informal workers are also more likely to be employees (20 percent) than women (8 percent) (ILO, 2018c).

Zambia was once classed as a lower middle-income country, but experienced significant economic challenges during the 1980s and 1990s (Schüring and McDowell, 2011). With impressive growth rates of 5-6 percent, the 2000s brought with it a measure of prosperity. However, this was not effectively translated into poverty reduction. In 2015, the Living Conditions Monitoring Survey reported that just under 55 percent of the population was living in poverty, and just over 40 percent living in extreme poverty (Central Statistical Office, 2016). Statistics such as these have prompted the Government to pay greater attention to social protection, with some commentators speculating that social protection – particularly in the form of cash grants

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| Scheme Name | Zambia National Pension Authority (NAPSA) Pilot Schemes (ECIS and SPIREWORK) |
| Established | 2000 (for formal workers), 2019 (extended to informal economy workers) |
| Coverage | 18,000 (2019) |
| Design | NAPSA has run two pilots to reach workers in the informal economy, both of which are defined benefit schemes. The first is the SPIREWORK pilot which has focused on extension to small scale farmers and self-employed workers in agriculture. The second is the ECIS pilot which has focused on extension to specified groups of urban informal workers. In order to receive benefits, informal workers must apply for NAPSA membership. NAPSA ECIS benefits include pension, survivor and invalidity benefits. The NAPSA SPIREWORK benefits include a broader mixture of long and short-term benefits including pension, maternity, family funeral and weather index insurance. Minimum earnings to qualify for the scheme are a gross monthly income of K15. Under new regulations, all members are guaranteed the minimum state pension, but the amount of contributions made will determine the final retirement benefit. |



KEY INNOVATIONS

Design: To be more attractive to informal workers, the scheme integrates short-term (maternity, funeral benefits) with long-term pension benefit.

Future link to other services: The scheme plans to explore the possibility of integrating financial services and health insurance into the scheme.

Beneficiary aggregators: Under the SPIREWORK pilot, aggregators would retain a portion of farmer's sales to make contributions to NAPSA on their behalf (no data on whether this is being implemented).

Digitalization: An e-registration platform and mobile app have been established through which registration and electronic payments can be made; they also provide balance information and track transfers. No physical registration is required.



MAIN LIMITATIONS

Lack of data: There is a lack of available data on coverage rates or independent assessments of barriers to access.

Possibly negative perception: Data from previous scheme's assessment show 60 percent of participants held negative views because it did not match their priority needs (access to loans, funeral cover, school fees, medical expenses, etc.).

Lack of coordination: There are nine different ministries responsible for different elements of social protection leading to lack of aligned interventions and operational synergies.

Inflexibility of contributions: Informal female workers with lower contributory capacity and whose paid work is more likely to be interrupted might be left out of the contributory scheme.

Compliance: In case of domestic workers, compliance lies with the employer which might pose a difficulty for enrolment



– has fed into a political need for short-term policy wins, resulting in “multiple, low coverage policies and programs that have limited operational synergies and marginal poverty impact” (Lavers and Hickey, 2015; Phe Goursat and Pellerano, 2016; Cha and Ramesh, 2017). Before the extension of the NAPSA scheme, the Zambian social security system only covered 16 percent of all workers (Phe Goursat and Pellerano, 2016).

Nevertheless, social protection is now more central to the Government’s development strategy (despite the fact that spending remains relatively low at just over 1 percent of GDP), and positive movements towards the establishment of a more comprehensive framework have been made. In 2014 the National Social Protection Policy (NSPP) was launched, encompassing a scaled-up social cash transfer programme, a new social health insurance scheme, and proposed reforms to public sector pensions (Pruce and Hickey, 2017). The NSPP is

based on five pillars – social assistance, livelihood promotion, social insurance, protection and disability. The Government, through the Ministry of Labour and Social Security (MLSS) has constituted a Technical Working Group on the Extension of Social Security to the Informal Economy to coordinate and oversee progress, and has collaborated with the UN and various bilateral donors. It is within the context of the NSPP that the extension of NAPSA to certain sectors within the informal economy has occurred, supported by a UN joint initiative and various bilateral donors.

Scheme design and Innovation

NAPSA is a statutory body, established in 2000 through the enactment of the National Pension Scheme Act, No. 40 of 1996. The scheme was originally designed to provide income security to formal workers after the cessation of work due to old-age, invalidity and death. A funeral grant is also included in the package (NAPSA, 2019).

Prior to the legal provisions of 2019 the scheme was based on an employment relationship, with a 'contributing employer' defined as a 'taxpayer with a contract of service with an employee.' It explicitly excludes casual workers, and those earning less than ZMK15 per month, but there are no explicit legal provisions for the self-employed or workers in households such as domestic workers (ILO, 2015b; Phe Goursat and Pellerano, 2016). This has changed with the passing of Statutory Instrument No. 72 of 2019, and now includes provision of innovative benefits to the informal workers, including the self-employed (ILO/UNDP, 2020). In order to receive benefits, informal workers must apply for NAPSA membership. Workers eligible for membership include those falling into the following categories: managers, professionals, technicians and associate professionals, clerical support workers, service and sales workers, skilled agricultural, forestry and fishery workers, crafts and related traders, plant and machine operators and assemblers, and those falling into what are considered 'primary occupations' (ILO/UNDP, 2020). According to NAPSA, this list is wide enough to encompass the majority of informal workers.

Under the ECIS pilot, a key innovation of the scheme is that it combines a general approach with specific sectoral modifications, thereby considering the specific needs of different groups within the informal economy. Different modalities exist for the collection of contributions among the groups. For domestic workers, the onus lies with the employer to register workers. The contribution is set at 10 percent of wages, which should be split equally between the employer and worker (therefore contributing 5 percent each). Self-employed workers (the other sector covered) on the other hand, are expected to self-register. Under the ECIS pilot, self-employed urban workers were expected to contribute the full 10 percent of reported earnings on their own (NAPSA, 2019). However, the new regulation stipulates that the self-employed are expected to contribute 5.4 percent of reported income (ILO/UNDP, 2020).

Under the ECIS pilot project, the benefits attached to the scheme are limited to pension, survivor and invalidity benefits, and a funeral grant. Under the SPIREWORK project the benefits incorporated a greater focus on the integration of short-term benefits, including maternity, family funeral benefits and a weather index insurance. This also included a shorter investment period for the pension (from 15 to 10 years), with a resulting one third decrease in the pension benefit payable. Notably, Statutory Instrument No. 72 which will guide future implementation, allows for a mixture of short and long-term benefits including: pension, invalidity benefit, and a maternity benefit (unique to informal workers). The maternity benefit is set at 50 percent income replacement based on average earnings over a three and a half month period. According to the new regulations, workers are eligible for the maternity benefit if they have been a member for at least 24 months and made at least 12 contributions or the annual minimum contribution. The benefit may be claimed up to six months from the date of delivery, paid once every two years, up to a maximum of six claims per member (ILO/UNDP, 2020).

Minimum earnings to qualify for the scheme are a gross monthly income of ZMK15. The scheme is a defined contribution, rather than defined benefit scheme, so that the contributions that are made will determine the final retirement benefit. This is true for both formal and informal workers. All contributing members are, however, guaranteed the minimum state pension, which is linked to the National Average Earnings as determined by the Central Statistical Office (NAPSA, 2019).

Assessing the NAPSA scheme

The extension of NAPSA to informal workers is new, and while NAPSA has stated that it would like to reach at least 1 million informal workers in the near term (NAPSA, 2019), there is little publicly available data on coverage rates or independent assessments of barriers to access. During the ECIS pilot phase, NAPSA claimed to have registered 18,000 workers.

Strategy development In Zambia, a significant amount of time has been spent in piloting various social protection extension schemes and learning from these experiences. Various studies have also been carried out in order to better understand the characteristics of the informal economy, and on issues such as contributory capacity among informal workers (Phe Goursat and Pellerano, 2016; FAO/ILO, n.d.). As already stated, the Government has collaborated extensively with international organizations and bilateral donors to pilot various innovative modalities, and the influence of these pilots is at least partly reflected in the provisions included in Statutory Instrument No. 72. For example, in an effort to be more attractive to informal workers, the regulations now allow for the integration of short-term (maternity, survivor, funeral) benefits with the long-term pension benefit.

Questions do still remain as to whether this will be enough to bring in significant numbers of informal workers. A recent study of informal traders in five provinces of Zambia found that 60 percent of participants held a negative view of the NAPSA ECIS scheme (which offered pensions and a funeral benefit), because they felt it did not match their priority needs. These expressed needs were (in order of priority):

- i. access to loans
 - ii. funeral cover
 - iii. school fees
 - iv. medical expenses
 - v. house-building materials
 - vi. old-age benefit
 - vii. child benefit
- (Kalusopa *et al.*, 2020).

This is a different finding from that of Phe Goursat and Pellerano (2016) which found that informal workers favoured the idea of pensions and more traditional forms of social security. The two studies are not necessarily comparable, and both were based on relatively small sample sizes. The point is that the social protection priorities of informal workers may differ from traditional work-related contingencies

and that it may be important to factor these into the scheme design from the beginning. In this respect it is important to note that the NAPSA scheme will, in future, explore the possibility of integrating financial services and health insurance into the scheme, along with the expanded list of benefits described in the preceding paragraph.

Establishing an enabling environment The passing of the NSPP has been an important motivating factor behind the extension of social protection to informal workers, and has established an enabling environment for the development of a national strategy on the extension of social protection. When the proposed Social Protection Bill is passed, informal worker's rights to social protection will be codified in law. Nevertheless, there are significant challenges of coordination in Zambia, with nine different ministries responsible for different elements of social protection leading to "misaligned interventions with overlapping programme objectives and little operational synergies" (Cha and Ramesh, 2017). This may have contributed to the inability to initially establish the short- and long-term benefit ties between social health insurance and pensions first envisaged by the SPIREWORK project (SPIREWORK, 2017).

Adaptive financing Under the ECIS pilot, the State has provided indirect co-financing for domestic workers, by ensuring that they receive at least the minimum state pension on retirement. Under the new regulations, It appears that this benefit is now extended to all informal workers contributing to NAPSA. However, without a non-contributory social pension, it is likely that female informal workers who have lower contributory capacity, and whose paid work is more likely to be interrupted, will lose out on the whole.

The current NAPSA approach has been to establish a degree of flexibility in relation to contributions. While formal workers must contribute for a minimum of 180 months in order to receive a pension benefit, this has been reduced to 120 months for informal

workers. NAPSA is also working to align the timing of contributions to seasonal income flows, which is particularly important for small farmers.

Under the SPIREWORK project consideration has been given to the use of ‘beneficiary aggregators’ in working with small-scale farmers and other self-employed workers in the agricultural sector. Here the aggregators would retain a portion of the farmers’ sales to make contributions to NAPSA on their behalf. It is not clear as to whether this idea has been implemented. Working with organizations of informal workers to act as beneficiary aggregators is an interesting financing adaptation, although it is not yet clear what mechanisms have been put in place for this.

Actively facilitating access Under the ECIS pilot, NAPSA has put effort into advertising the scheme to informal workers, through easy-to-understand pamphlets, road shows, seminars and exhibitions, as well as by engaging with organizations of informal workers (ILO, 2019b). Effort has also been put into engaging with organizations of informal workers in various sectors to assist with communication and awareness, registration and, in some instances, the facilitation of contribution collection. Technological innovations are also being used, with an e-registration platform through which registration and electronic payments can be made. A mobile app is also available through which the same services are rendered. Workers may also access information about balances, claims tracking and can make complaints through a non-internet-based mobile number –*677# (NAPSA, 2019). This may go some way to facilitating registration in a context where NAPSA offices are not widespread throughout the country.

Incentives Incentives have not actively been built into the scheme, except for the financial incentive for domestic workers. In fact, as mentioned above the current design of the scheme may act as a disincentive for informal workers. Importantly, however, the current extensions are pilot projects, and assessments of the scheme’s performance will

hopefully be used in future to make the necessary adjustments (KIIZ-IC Interview, January 2020).

In the case of domestic workers, the issue of incentives may also need to be considered in relation to employers. A representative of the United House and Domestic Workers Union (UHDWU) who was interviewed for this paper stated:

“Domestic workers fear that if they talk about social security, they will be fired. Most of the employers say they cannot afford it; they make decisions to say they cannot stay with you any longer. This is why most domestic workers, if they have information about social security, they fear to tell the employers about it.” (KIIZ-IWR Interview, February 2020).

The fact that compliance lies with the employer suggests that much work has to be done to ensure that employers see the benefits of compliance.

Building trust The Zambian Government has initiated a process of consultation through the national Technical Working Group, which has included not only government departments, but also representatives of organizations of informal workers (Kashiwa, 2018). This is an important first step towards participation and inclusion, notable because it has drawn informal workers directly into consultations as opposed to using the more traditional social dialogue channels in which informal workers may only be indirectly represented through formal trade unions (Alfers and Moussié, 2019).

Despite this, however, the Government has a long road to travel in terms of establishing a greater level of trust in NAPSA. There are very low levels of trust from the wider population of the Government and its ability to truly deliver benefits and administer social security in an efficient manner (Phe Goursat and Pellerano, 2016).



Extending health insurance and pensions to the informal economy

Rwanda is regularly cited as a best practice example of extending universal social protection. It is most famous for its community-based health insurance scheme, which has come to be known as “Africa’s most successful” community-based scheme and which has achieved population coverage rates far beyond most social health insurance schemes in Africa (Chemuoni, 2018). More recently, the Government initiated the *Ejo Heza* (A Brighter Tomorrow) Long Term Savings Scheme, which aims specifically to bring informal workers into the pension and savings net. This case study provides an overview of both the health scheme and the newer pension scheme. If the pension scheme is able to achieve similar rates of coverage as the health scheme, it will provide important learning for other African countries.

Context

Rwanda has a large informal economy, in which over 94 percent of total employment is situated. Gender differentials are clear with 96 percent of women’s total employment versus 92 percent of men’s employment in the informal economy. Just over 90 percent of informal employment is in unregistered enterprises (i.e. the informal sector), with 1.5 percent found in the formal sector and just under 2 percent in households (i.e. domestic work). Within the informal economy, both men and women are concentrated in self-employed own-account work, although more women are found in this status than men (76 vs 69 percent). Just over a quarter of men and 12 percent of women work as informal employees. Significantly more women (11.5 percent) than men (5.5 percent) are contributing family workers. Agriculture dominates the informal economy, with 78 percent of all informal workers located in this sector, followed

by 13 percent in services and just under 8 percent in industry (ILO, 2018c).

Rwanda is a country with a traumatic history of genocide, and this has strongly impacted the direction of government policy since the Rwandan Patriotic Front took power in 1993. According to Lavers (2019) there are four ‘paradigmatic ideas’ which are the driving force behind social and economic policymaking in Rwanda. The first is the need to promote a sense of national unity and move beyond the ethnic divisions promoted by colonial and post-colonial administrations. The second is the need to deliver rapid and inclusive socio-economic development, articulated through ‘Vision 2020’ which aims to eliminate extreme poverty and convert Rwanda into a middle-income country. To date the Government has been relatively successful in achieving this aim, with extreme poverty falling from 37 percent in 2007 to less than 16 percent in 2011 (Barya, 2011). The third paradigmatic idea revolves around self-reliance – promoting a self-reliant country, but also self-reliant individual citizens. The fourth is a zero-tolerance approach to corruption and clientelism which has the potential to both undermine development efforts and entrench ethnic divisions.

Within Vision 2020, social protection is seen as a key element of economic development and inclusion, with a relatively high level of spending (4 percent of GDP) going to this area (Ruberangeyo et al., 2011). In 2009, the first National Social Security Policy was drawn up. The National Social Security Policy identifies several shortfalls in current social protection arrangements, noting that more than 90 percent of the population remains uncovered

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|--------------------|--|
| Scheme Name | Rwanda <i>Ejo Heza</i> (A Brighter Tomorrow) Pensions Scheme |
| Established | 2017 |
| Coverage | 100,000 (2019) |
| Design | The scheme is administered by the Rwanda Social Security Board (RSSB) and targets informal workers. Members receive benefits linked to the amount contributed. Membership is voluntary and co-contributions are made by the State according to the sliding scale of <i>ubudehe</i> system. Savings are converted into a pension when a member is 55 years old. |



KEY INNOVATIONS

Flexibility of contributions: Defined contribution design = members receive benefits linked to the amount contributed; contributions can be made any time in any amount.

Services available: 40 percent of savings (if at least FRw 4 million saved) can be used to start a business, construct a house or pay school fees. If minimum amount is saved over one year, all *ubudehe* categories receive free health coverage for three years. Additional services (special life and funeral insurance, tax relief, etc.) are available depending on the amount of contributions made and *ubudehe* scale.

Digitalization: Membership is linked to Rwandan ID (available to foreigners who are permanent residents as well), online platform as well as USSD codes are used to open an account, manage contributions, provide balance information.



MAIN LIMITATIONS

Savings time frame: Although shorter term, 20 years of savings before accessing benefits is too long for older informal workers.

Access for women: With the current design, female informal workers who take time out of paid work due to care responsibilities are disadvantaged due to difficulties to save.

Administrative barriers: The difficulty of registration linked to the need of having birth certificate or national ID card, leading to a national campaign for informal workers to apply for ID cards and register for the mutual, however, is still posing a barrier.

Design: Although building on indigenous structures, it is a programme designed from the top-down and community participation in design and implementation has been limited.

Financing: The scheme is an individual savings scheme with limited capacity to enable cross-subsidization.

by social security schemes (outside of health), that the financial sustainability of existing formal sector schemes is not assured, and that schemes scattered under different institutions was not conducive to providing effective social security at minimum costs (Barya, 2011). As a consequence of this analysis, in 2010 Law No.45 was passed, and the Social Security Fund of Rwanda and the Rwanda Health Insurance Fund were merged into what is now known as the Rwanda Social Security Board (RSSB).

While there were long-standing and relatively successful attempts to expand health insurance to the entire population of Rwanda, the implementation of the *Ejo Heza* (A Brighter Tomorrow) savings and pension scheme is the first attempt to specifically expand social security to workers in the informal economy. However, *Ejo Heza* builds on some of the lessons learned through the health scheme.



Rwanda's CBHI Scheme

After the genocide, the Rwandan Government prioritized the extension of health insurance to the 94 percent of the population uncovered by the formal sector health insurance scheme. The scheme – known by its French name *Mutuelles de Santé* – has provided widespread health insurance coverage, reaching 81.6 percent of the population (Chemuoni, 2018). Health indicators reveal the impact of the scheme – it has halved annual out-of-pocket medical expenses, increased the utilization of health care facilities, child mortality has fallen by 60 percent, maternal mortality by a third and deaths from malaria, HIV and TB by 80 percent (Farmer et al., 2013; Jones, 2018).

The scheme is built on a series of decentralized local-level mutual schemes, which are theoretically owned by communities, but in reality, are administered and governed by the local state. Contributions are tiered according to the sliding scale of the *ubudehe* system – an adaptation of a six-tiered indigenous system by which communities collectively decide on who requires additional support and assistance (also known as community-based targeting). Those who fall into *ubudehe* categories 1 and 2 (approximately 17 percent of the population) have their premiums fully subsidized by the Government, those who fall into categories 3 and 4 are part-subsidized, and those who fall into the upper categories do not receive state assistance (Urban et al., 2016). This sliding scale was introduced after 2006, when the government-made scheme membership mandatory, enforced through the levying of a fine for those who were not contributing (Masabo, 2019).

There have been several analyses of Rwanda's success in expanding its Community-Based Health Insurance (CBHI) scheme (Kayonga, 2007; Farmer, 2013; Kalisa et al., 2016). A few key features are common across the analyses. These include:

- The presence of political will to implement an effective and efficient scheme, which included partnerships between the Government, donors and communities

- The establishment of strong links between the CBHI scheme and health facilities, to ensure that the quality of services provided is at least adequate. Basic preventive health services are fully subsidized
- The building of a strong network of over 45,000 community health workers to extend health services to the grassroots, and to reinforce messaging and education
- Subsidization of scheme membership for those unable to pay

The CBHI scheme still faces several problems. Financial sustainability is a big question, as donor support continues to make up a large share of the health budget (Ridde, 2018). Reportedly the Government has considered the levying of alternative taxes – such as a tax of imported medication – to further bolster the scheme’s funds (Kayonga, 2007). There have also been complaints about the differing quality of care and more limited benefits package available to CBHI members compared to those whose health is covered under the formal sector schemes (Mfitimana, 2015). Nevertheless, Rwanda’s CBHI scheme has attained levels of coverage and improvements in health indicators not often seen in Africa.

Ejo Heza Pensions Scheme

By 2031 it is estimated that Rwanda’s population over the age of 60 years will have doubled. With 94 percent of the population without access to pensions, the Government initiated the Ejo Heza long-term savings and pension scheme in 2017 with the introduction of Law No. 29/2017. The scheme is administered by the RSSB, and with it the Government hopes to double current savings levels by 2024.

Ejo Heza is a defined contribution rather than a defined benefit scheme, so that contributors receive benefits that are linked to the amount they have contributed. One advantage of this design is that contributions can be more flexible. The scheme allows for contributions to be made at any time, and any amount may be saved. There are no penalties for

a missed contribution. Once a person is 55 years of age (as opposed to 65 in the formal sector pension scheme), the savings are converted into a pension, automatically indexed to inflation. If at least FRw 4 million (\$4,200) has been saved by an individual by this time, they are able to convert 40 percent of their savings to start a business, construct a house or pay for children’s school fees. Parents may open *Ejo Heza* accounts for their children aged 16 years and older, and employers may open accounts for their employees (Guyen, 2019).

Several incentives towards saving have been built into the system. Drawing on learnings from the health scheme, these incentives are linked to the *ubudehe* categories. For example, a member who is in the first or second category of *ubudehe* and has saved at least FRw 15,000 (\$16) in a year is eligible to receive a co-contribution from the Government equal to 100 percent of their savings. Those who fall into the third category of *ubudehe* are eligible to receive a 50 percent co-contribution from the State if they can save FRw 18,000 (\$19) in a year. The co-contributions are paid into the accounts of members over a 36-month period and are only available for these first 36 months. Those in the fourth category who save FRw 72,000 (\$75) are eligible for special life and funeral insurance benefits subsidized by the Government. All the *ubudehe* categories receive free health coverage for 3 years if they manage to save the minimum amount over a year. A special tax relief option is available, while a further incentive is that 40 percent of the savings can be used as collateral to acquire bank loans at favourable interest rates (of no more than 3 percent) (Republic of Rwanda, 2019). It is estimated that the total overall cost of incentives to the Rwandan Government will be in the region of FRw 20 billion over the 3-year period (\$21 million) (Guyen, 2019).

Ejo Heza has been referred to as “Africa’s First Universal Digital Pension Scheme for the Mass Market,” and it has indeed drawn on digital technology to reduce barriers to access. Membership is linked to a Rwandan ID (which makes it possible

for foreigners who are permanent residents to join, as well as members of the Rwandan diaspora). It is possible to open an account, make contributions and check on balances using a mobile phone, as well as a web-based platform. Importantly this feature is not limited to internet-based smart phones but can also be accessed via USSD codes on basic mobile phones (Republic of Rwanda, 2019).

Assessing *Ejo Heza*

With the relatively recent launch of *Ejo Heza* in December 2018, there is little available data on coverage and impact to date. However existing press reports suggest that there has been rapid uptake of the scheme at least in the initial phases. According to press reports, by March 2019 the scheme had almost 40,000 subscribers. By October 2019 some reports have suggested this figure was closer to 100,000 (Ntirenganya, 2019). It is estimated that effective implementation of the scheme could produce long-term household savings of FRw 200 billion (\$2 billion) in the next five years (Guyen, 2019).

Strategy development *Ejo Heza* has been developed with the needs of informal workers in mind, as evidenced by the words of an RSSB official involved in the scheme. “Before we ran this scheme, we asked people what type of pension they would like to see. They said they didn’t want the type of scheme which locks up your money for 25 years” (RSSB Official, Webinar Series, 2019). It is indeed a common refrain from workers in the informal economy across Africa, that they do not want to invest in long-term savings schemes where they are unable to access their money (Kalusopa et al 2020). Often this money is required to re-capitalize businesses or to pay for the schooling of children and grandchildren, which may also be a retirement strategy of sorts.

The design of *Ejo Heza*, with its shorter savings time frame, the ability to use savings as loan collateral, and for liquidity purposes shows that the Rwandan Government has been listening to what informal workers say they require from a savings scheme.

“*Ejo Heza* is very important,” said an informal worker leader interviewed for this study. “It was our wish.” (KIIR-IWR Interview, January 2020). However, even though the savings time is shorter for informal workers, it is still too long for many older informal workers. “It is not possible for our older workers to save for 20 years before they get their benefits...we think the savings time needs to be reduced for older workers. This is an issue we still need to negotiate with the Government” (KIIR-IWR Interview, January 2020).

Establishing an enabling environment There has been a significant effort made by the Rwandan Government to establish an enabling legal and policy environment in which both the CBHI scheme and *Ejo Heza* are embedded. Both the schemes have been grounded in law from the very beginning. This is perhaps indicative of the political will behind the schemes, driven by Vision 2020 and the National Social Security Policy. Placing the multiple pre-existing social security schemes under the auspices of a consolidated RSSB is also an attempt to initiate greater programmatic coherence across the social security system.

Adaptive financing *Ejo Heza* has a highly flexible contribution structure which is well suited to informal workers. The government co-contributions are also important in a context such as Rwanda where poverty is high. Reportedly, the Government is also allowing large informal worker collectives to gather contributions from their members and pay into the scheme in a single payment (Mbabazi, 2019). However, whether this is enough to ensure that most Rwandans have access to a pension is questionable. While much has been done to combat extreme poverty, Rwanda remains a poor country where “it is difficult for informal workers to find money to save” (KIIR-IWR Interview, January 2020). Furthermore, *Ejo Heza* is an individual savings scheme, with limited scope for cross-subsidization. This disadvantages female informal workers in particular, who take time out of paid work due to care responsibilities and will find it more difficult to save. As with the

CBHI scheme, in future the Government may need to consider a solidarity component, particularly for lower *ubudehe* categories and for women, in order to ensure coverage rates approaching those of the health scheme and to promote greater gender equality.

Actively facilitating access The use of innovative mobile technology to reduce transaction costs is one way in which the Government has attempted to actively facilitate access to *Ejo Heza*. In advance of the scheme launch, local-level leaders from both the State and civil society were trained in mobilizing participation. Mobile phone companies have similarly been trained to help register new members (Guvén, 2019). In order to promote awareness-raising the RSSB also recently announced a media award to promote reporting on the scheme (Sabiiti, 2019). However, an informal worker leader interviewed for this study stated that the level of understanding about the importance of saving more generally was very low in her organization, and suggested that much more was needed in terms of awareness and consistent education about the issue (KIIR-IWR Interview, January 2020). Indeed, the RSSB has itself identified the need for greater use of field agents and stakeholder participation to reach more informal workers (ILO/UNDP, 2020).

Incentives Unlike the CBHI scheme which is mandatory and where the non-compliant are fined, *Ejo Heza* uses incentives to promote compliance, moving from a stick to a carrot approach. In the case of the pension scheme this is facilitated by the fact that it is a defined contribution scheme, meaning low membership numbers do not necessarily threaten the financial viability of the scheme. This is different from the CBHI scheme where low membership numbers limit the risk pooling necessary for financial viability.

In Rwanda, the implementation of national schemes is monitored through local government structures according to the institution of *imihigo*, which theoretically combines national and community-level priorities to establish a set of implementation

targets which must be reached. *Imihigo* provides strong incentives for local government officials to deliver on targets as it is used as a basis for promotion and dismissal (Lavers, 2019). While *imihigo* is meant to establish a bi-directional accountability from local government to the national State and to communities, it is the line of accountability to the national State which dominates (Lavers, 2019). Within the implementation of the CBHI scheme this has resulted in criticism of local administrations which have used coercive measures to enrol community members in order to reach targets (Ridde, 2018). Nevertheless, implementation is a strong point of the Rwandan Government and it is through implementation rather than bottom-up participation that it establishes the trust of citizens (see below).

Building trust While both the CBHI and *Ejo Heza* purport to draw on indigenous community mechanisms such as *ubudehe* and *imihigo*, the reality in Rwanda is that policy and programmes are very much driven from the top-down and real community participation in designing and implementing schemes is limited (Ribbe, 2018; Lavers, 2019).

This is indeed borne out by interviews with informal workers in relation to *Ejo Heza*:

“This scheme does not really come from the trade unions. We expressed our wish [to have a social protection scheme] several times, but it was actually the Government who came up with this scheme” (KIIR-IWR Interview, January 2020).

However, as stated above, an important component of building trust is the Government’s track record on implementation.

“The key thing about Rwanda is that the Government delivers on what they say they will do. They do not make promises without action.” (KIIR-IC, February 2020).



Tanzania

The National Social Security Fund and the National Informal Sector Scheme

Very few countries in Africa have attempted to extend as comprehensive a set of benefits, which uniquely includes maternity benefits, to informal workers as Tanzania's National Social Security Fund. However, the scheme has encountered a number of challenges in reaching informal workers, and the NSSF is currently redesigning its products aimed at informal workers.

Context

In Tanzania, informal employment makes up just over 90 percent of total employment, with a higher percentage of women's employment (94 percent) compared to men's employment (88 percent) in the informal economy. Over 83 percent of total employment is found in the informal sector (i.e. in unregistered enterprises), with almost 5 percent in the formal sector and just over 2 percent in households (i.e. domestic work). More women (2.9 percent) than men (1.6 percent) work in households. Seventy-two percent of informal employment is located in agriculture, with 6.3 percent in industry and 21.4 percent in services (ILO, 2018c).

The Tanzanian informal economy is characterized by large numbers of self-employed own-account workers (42 percent) and contributing family workers (43 percent), with employees making up only 12 percent of informal employment. Women greatly outnumber men as contributing family workers, with 53 percent of women's informal employment concentrated in this highly vulnerable category, compared to 34 percent of men. On the other hand, men dominate self-employed own-account work (46 percent), compared to women (38 percent) (ILO, 2018c).

Tanzania is a low-income country to the extent that it is one of the poorest countries in Africa. It spends a relatively small amount on social protection, with less than 0.3 percent of GDP spent on this area (excluding health). This is lower than many other low-income countries at similar levels of development in Africa (Ulriksen, 2016). A low social protection coverage rate is one consequence of this low spending. It is estimated that only 4 percent of Tanzanians have access to any form of social protection (Ulriksen, 2016).

Despite the low coverage rates, Tanzania has historically had a large number of different schemes offering (particularly) pension and health benefits. It has been widely acknowledged that these programmes were "inadequate, fragmented, uncoordinated, and too limited in scope and coverage" (Ulriksen, 2016). Prior to 2018, these benefits were provided by six major statute-based social security institutions: the National Social Security Fund (NSSF), the Parastatal Pensions Fund (PPF), the Public Service Pensions Fund (PSPF), the Political Service Retirement Benefits Scheme (PSRB), the Government Employees' Provident Fund (GEPF), and the Local Authorities' Pensions Fund (LAPF). In 2018, these six funds were merged into two, following ILO advice, to reduce the costs of pension benefits and operating costs (Mbashiru and Domasa 2018). The merger has resulted in two main agencies providing work-related social protection: The Public Service Social Security Fund (PSSSF) and the NSSF.

Health protection is also provided through several different channels. There are two social insurance funds, but coverage is low, in both cases. The first

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| Scheme Name | Tanzania National Social Security Fund (NSSF) |
| Established | 1997 (operationalized in 2014) |
| Coverage | 120,000 (2018) |
| Design | Fully funded scheme running under defined benefit principles. Compulsory for the formal sector, contributions are set at 20 percent of wages with employers and employees paying 10 percent each. Voluntary for informal workers who bear the full cost of contributions – the minimum rate of Tsh 20,000 per month (basic health benefit) and a higher contribution rate of Tsh 50,000 (additional medical benefits such as surgery, emergency treatment outside the registered facilities / hospital and bedding more than 42 days a year). |



KEY INNOVATIONS

One of the first extensions of social security fund to informal workers on the continent.



MAIN LIMITATIONS

Registration process: The scheme accepted registration without instituting a capacity to pay screening process.

Insufficient awareness: Low trust levels in the scheme and insufficient public awareness about the importance of social security.

Coverage: The Tanzanian Government has so far struggled to adequately extend social protection to its large informal workforce.

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|--------------------|---|
| Scheme Name | Tanzania National Informal Sector Scheme (NISS) |
| Established | Not yet implemented |
| Coverage | Not yet implemented |
| Design | Minimum contribution of Tsh 20,000 (\$8) per month will be required. The schemes will be rolled out over three phases or “blocks”: 1) defined contribution pension, health insurance benefit, access to loans; 2) additional benefits: survivor, maternity, health insurance for dependents, death and disability cover; 3) additional benefits: access to soft loans supporting economic activities and school fees. |



KEY INNOVATIONS

Flexibility of contributions: Learnings were adopted from relatively successful Voluntary Savings Retirement Scheme (VSRS), allowing for highly flexible contributions.

Digitalization: The scheme intends to experiment with mobile phone technology and other innovations to lower barriers to access.

Additional benefits: Three blocks offering a wide range of benefits, including maternity benefits and willingness to pay studies.

Awareness campaign: Public awareness of social security is key priority of the scheme.



MAIN LIMITATIONS

Financial sustainability: Contribution rate lowered compared to NSSF, financial sustainability might pose a problem, especially after implementation of Block 2.

Reaching women: Half of women in informal economy work as contributing family workers unlikely to be earning an independent income. A contributory scheme without a solidarity component might never be able to provide extensive coverage to them.

fund is the National Health Insurance Fund (NHIF), which offers the main access to health services. The NHIF has 242,580 active registered members and, including dependents, covers a total of 1 million people (ILO, 2017b). The second fund is the NSSF. In 2005, the NSSF had 9,000 members of its health fund, which is just 3.4 percent of its total active membership. Tanzania's population is over 56 million people (World Bank, 2018).

In addition, there is the Community Health Fund (CHF), which was established as an alternative for the fee-for-service scheme. In 2017, only 29 districts out of 72 had access to this programme and to the matching grants from the Ministry of Health and Social Welfare, but less than 10 percent of households have joined such schemes, which represents 2 percent of total spending (ILO, 2017b).

Scheme design and innovation

Tanzania was the first country in Africa to reform its social security laws to promote coverage for workers in the informal economy. The National Social Security Act was passed in 1997, allowing self-employed persons to enrol in the NSSF. The Act granted the Labour Minister the discretion to expand NSSF coverage to workers who would otherwise not be eligible for enrolment. Building on this, other schemes such as LAPF and PPF followed suit. These legal reforms were bolstered in 2008 with passing of the Social Security (Regulatory Authority) Act, which mandates the Labour Minister to put in place regulations to extend social insurance to informal workers (Masabo, 2019). This piece of legislation is particularly innovative in that it specifically refers to workers, rather than employees, thereby extending legal coverage to those work outside of an employment relationship (Olivier, 2019).

The NSSF was established in 1997, after the dissolution of the National Provident Fund, which was found to be financially unsustainable. With the support of both the ILO and the UNDP, the NSSF was designed not only to include informal workers,

but also to provide a wider combined benefits package. This added short-term sickness, invalidity, maternity, and a lump sum funeral benefit to long-term pension and survivor's benefits (ISSA, 2020). It is a fully funded scheme running under defined benefit principles, and it is compulsory for the formal sector. Under this scheme, contributions are set at 20 percent of wages with employers and employees paying 10 percent each.

Despite the early legal reforms allowing for the inclusion of informal workers, it was only in 2014, with the establishment of the Social Security Regulatory Authority, that a voluntary scheme aimed specifically for informal workers, was operationalized. In order to join the scheme, informal workers bear the full cost of the contribution. However, contribution rates are simplified for informal workers. There are two rates available, the minimum rate of Tsh 20,000 per month (\$8), which provides a basic health benefit, and a higher contribution rate of Tsh 50,000 (\$22). Under the higher rate benefit, contributors may access additional medical benefits such as surgery, emergency treatment outside the registered facilities, hospital and bedding for more than 42 days a year (NSSF 2019).

To date, the scheme has failed to attract workers in the informal economy. From January 2014 to March 2018, the NSSF scheme for informal workers reached approximately 120,000 beneficiaries, far below the target of just over 1 million beneficiaries covered (i.e., only 12 percent of its goal). Moreover, the contribution density (how many months the people contribute per year) dropped from 8 months per year in 2014, to 6 months per year from 2015 onward (NSSF, 2019). Major challenges identified by the NSSF include the fact that the scheme accepted registration without instituting a capacity to pay screening process, low trust levels in the scheme meaning that informal workers regarded the payment as "just another tax". Related to this there was insufficient public awareness about the importance of social security. There was also a tension between the NSSF's aim

of providing a universal set of benefits to all, and the different needs of different groups within the informal economy (NSSF, 2019; ILO/UNDP, 2020).

In 2017, the NSSF was mandated to reach informal workers with a social security product. The difficulties in extending coverage through the NSSF were acknowledged, and a new pilot scheme – the National Informal Sector Scheme (NISS) – has been proposed. The scheme will be developed to be more accommodating to the needs of informal workers, with flexible contributions aided by mobile technology. However, a minimum contribution of Tsh 20,000 (\$8) per month will be required. The scheme will be piloted in three blocks. Block 1 will include a defined contribution pension, plus a health insurance benefit for the principle member only (provided through the NHIF), and access to bank loans. Block 2 will be implemented after an evaluation of Block 1, and will extend benefits to include survivor, maternity, health insurance for dependents, death and disability cover. Finally Block 3 will add to this access to soft loans to support economic activities and payments for school fees. The implementation of NISS will also include experimentation with public awareness campaigns and allow for flexibility in amending scheme rules so that members' needs are more easily accounted for (NSSF, 2019).

Assessing Tanzania's attempts to extend social protection to informal workers

It is clear from the above section that the Tanzania Government has so far struggled to adequately extend social protection to its large informal workforce. It will be interesting to watch the NISS unfold, as the proposed scheme adopts a number of best practice ideas in its design. The following section provides some further analysis on the Tanzanian context more generally.

Strategy development While the NSSF has struggled to adequately reach informal workers, the Government of Tanzania appears to be learning from this experience, and it is promising to see that the

NISS design has been based on research into the needs of informal workers, including willingness to pay studies (NSSF, 2019). There have also clearly been learnings adopted from the GEPF's relatively successful Voluntary Savings Retirement Scheme (VSRS), which combined a short-term savings account with a long-term retirement account, and allowed for highly flexible contributions (Masabo, 2019).

Within both the NSSF and NISS, the linking of long-term and short-term benefits within a single scheme (for example linking a pension and a health insurance benefit) is worth pointing out as there are few schemes in Africa which offer both in this manner. Neither is it common to see maternity benefits being extended to informal workers, which has important implications for gender equality.

Establishing an enabling environment

The Tanzanian social protection landscape has been highly fragmented and inefficient (Ulriksen, 2016). The consolidation of multiple schemes is therefore a positive step forward. The fact that the extension of social protection to the informal economy is encoded in legislation is also important, although as Masabo (2019) argues, legal coverage for informal workers has been present in Tanzania for two decades and has not been sufficient to boost coverage.

Adaptive financing The original NSSF scheme offered a simplified contribution scale for informal workers, with a reduced-cost option available. However, an informal worker representative interviewed for this study suggested that while the \$8 contribution was relatively affordable, many informal workers considered the benefits insufficient to meet their needs. On the other hand, the higher-level scheme, which comprises services that would meet their needs, is considered too expensive (KIIT-TUR Interview, February 2020). Considering this, the monthly NISS contribution rate is set at the lower contribution rate of the NSSF (\$8), which means it is likely to be affordable for at least some

informal workers. NSSF representatives have also stated that if contributions fall below the minimum required, contributors will not be excluded from the scheme, but will receive benefits pro-rated to their contributions (ILO/UNDP, 2020). However, whether this will provide benefits which are considered worthwhile is a question to be considered. Moreover, with a wide range of benefits potentially on offer (particularly after the implementation of Block 2), financial sustainability may be a problem.

In relation to affordability it is also important to compare this to the profile of workers in the informal economy in Tanzania. For example, over half the women working in the informal economy (and this in turn is over 90 percent of working women), work as contributing family workers. This is the most vulnerable occupation in the informal economy, and these workers are unlikely to be earning an independent income. In this context it is questionable as to whether a contributory scheme which fails to include a solidarity component will ever be able to provide extensive coverage. In Zanzibar a universal old-age pension has been introduced for those over 70 years of age, so a precedent within the country for such non-contributory protections does exist (Seekings, 2016).

Workers have a role in the management of the scheme, as the national trade union of workers has a seat on the board of the NSSF, and informal workers are represented in this organization. However, they had a limited role in the design stage of the policy.

Actively facilitating access The NISS has made public awareness of social security a key priority. This will be important for improving coverage rates. It is reported by an informal worker representative that awareness about the previous NSSF was very low among informal workers, and that this was a major barrier to access. Interestingly this low awareness is as much a concern for the workers' movement, as it is for the Government, suggesting that partnerships should be possible (KIIT-TUR Interview, February



2020). The NISS also intends to experiment with mobile phone technology and other innovations to lower barriers to access.

Incentives Incentives under the proposed NISS scheme come in the form of soft loans but will only be available after the implementation of Block 3. Under the old NSSF scheme, incentives do not appear to have been built into the scheme.

Building trust This is likely to be a central issue for the NISS scheme. Ackson and Masabo (2013) point out that a lack of trust in contributory schemes has been a key barrier to extension in the past. It is not clear what mechanisms will be put in place for the participation of informal workers in NISS. Under the NSSF scheme informal workers were represented on the board via formal trade union representatives (KIIT-TUR Interview, February 2010).

Ahmini Programme to register women workers in rural areas

In the review of social insurance schemes, there are few that are targeted and adapted to female informal workers. As noted above, female informal workers are segregated into the most vulnerable and low-paid forms of work as dependent contractors, own-account workers and contributing family workers. As a result, they are often unable to meet set contribution values that are too high in relation to their earnings, nor can they make fixed and regular contributions due to their fluctuating incomes.

A new scheme in Tunisia started in 2016 offers some ideas for the extension of social insurance schemes to female informal workers in the agricultural sector. *Ahmini* – ‘protect me’ in Arabic – aims to collect contributions towards health care, work-related injuries and pensions among this category of workers who are rarely registered in the social security system. It allows female agricultural workers to contribute to social insurance through mobile money transfers. The programme was developed in partnership with Tunisie Telecom and the CNSS. Contributions are set at a minimum of one dinar (\$0.35) and the scheme aims to collect 20 dinar (\$7) per month per beneficiary (Haddad, 2019; L’OBS, 2019). This is lower than the contributions allowed under existing social security schemes covering permanent or seasonal agricultural workers, and the self-employed. This scheme is directed at the 500,000 female informal workers in the agricultural sector, many of whom work as day-labourers earning between 10-17 dinars per day (Blaise, 2019; Chennoufi, 2019). Their deplorable working conditions gained national recognition in 2019 after nine day-labourers died in a road accident while being transported to work on a farm. In response, the Tunisian General Labour Union committed to representing demands

for reparations for the families directly affected, improved working conditions and greater access to social security for female informal agricultural workers (WEBDO, 2019).

The *Ahmini* programme is too recent to provide a detailed evaluation in terms of coverage; however, it points to a growing trend in the region of extending social insurance using digital platforms. The World Bank supported *Ahmini* in the start-up phase through its ‘Empower Her’ project in Tunisia (Haddad, 2018). Empower Her brought together young unemployed tech graduates and rural women to develop apps facilitating access to services. The project targeted the most remote regions of the country where there are high rates of illiteracy, though most women do have access to a mobile phone. For the apps this meant incorporating voice activation technologies, providing a service on the ground, and drawing on community associations for outreach and awareness-raising.

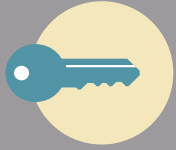
Context

Despite being one of the first countries to try to measure the size and composition of the informal economy in the 1970s, Tunisia has not conducted any recent national surveys on the informal economy (Charmes and Ben Cheikh, 2016; ILO, 2015). There exists no statistical definition of informal employment. The estimations available are based on population survey data and information collected on micro-enterprises through the CNSS. In 2014, estimates suggest that informal employment accounts for 40 percent of total non-agricultural employment (Charmes and Ben Cheikh, 2016; ILO, 2015a).

Tunisia is a leader in the region as one of the first countries to make changes to their social security

| | |
|--------------------|---|
| Scheme Name | Tunisia <i>Ahmini</i> ('Protect me') Programme |
| Established | 2016 |
| Coverage | Targets 500,000 female informal workers in agricultural sector (2019) |
| Design | The programme was developed in partnership with Tunisie Telecom and the <i>Caisse Nationale de Sécurité Sociale</i> (CNSS). It provides access to health care for female workers and their family members in addition to work-related injuries and a pension. Contributions are set at a minimum of one dinar (\$0.35) and the scheme aims to collect 20 dinars (\$7) per month per beneficiary. The scheme relies on 'ambassadors' to collect registration data from rural women including their national ID number, birth certificate, social security registration form, and certificate of agricultural activity. Their social security number is then registered to their mobile telephone numbers allowing them to make contributions using mobile money transfers. |





KEY INNOVATIONS

Reaching women: As one of few, the scheme is targeted and adapted to female informal workers in low-paid forms of work as dependent contractors, own-account workers and contributing family workers.

Digitalization: A growing trend in the region of extending social insurance using digital platforms; the scheme brought together young unemployed tech graduates and rural women to develop apps facilitating access to services, including voice activation technologies, providing a service on the ground, and drawing on community associations for outreach and awareness raising.

Reaching remote areas: The mobile app addresses the high illiteracy rates among rural female workers and the long traveling times women would need to spend travelling to social security offices to register and make regular payments.

Flexible contributions: The scheme recognises the limited contributory capacity of rural female workers and allows for low minimum payments that can be paid on a daily, weekly or monthly basis to reflect female workers' seasonal and irregular earnings.

Collaboration with mobile provider: Contributors receive bonus mobile phone credit through Tunisie Telecom when making contributions through mobile phones.

Tackling youth unemployment: The programme recruits young volunteers to facilitate the registration process and engage local communities to raise awareness about the programme and its benefits; it may be an attractive experience given high rates of youth unemployment and underemployment in Tunisia.



MAIN LIMITATIONS

Data: Limited availability of data on the scheme makes it difficult to assess whether it is being successful in its aim of reaching a very marginalized group of female workers.

Poverty impact: Given high levels of poverty among this group of female informal workers, there are questions as to whether a contributory scheme is appropriate.

code that 1) recognize the diversity of informal and formal employment within the agricultural sector and 2) include self-employed workers. In 1981 it changed the social security code to allow agricultural workers to contribute to social insurance if they worked a minimum of 45 days per quarter for a single employer. Prior to this amendment, the minimum number of days per year was set at 180. This allowed many more agricultural workers to benefit from social insurance whether they were permanent or seasonal workers (Charmes and Ben Cheikh, 2016).

In 1995 the Government made innovative changes to the social security system by combining the two existing schemes for the self-employed in the agricultural and non-agricultural sectors. The value of the contributions was then reviewed to reflect different levels of earnings within this broad category of workers (Olivier 2012). The self-employed are grouped into 10 income brackets regarding the occupational group and the size of the firm or farm. The scale is based on the average incomes for each occupation and income brackets vary from 1 to 18 times the minimum wage or the minimum agricultural wage. Insured persons must contribute according to the income bracket on this scale (ILO, 2019b). They can contribute to a higher income bracket or can ask to be grouped into a lower bracket if they can prove their real income is lower than the income set for their category. The effect was to increase both coverage of members and the benefits (Olivier 2009). Self-employed workers receive the same benefits as employed workers including old-age, disability, survivorship, illness and maternity benefits. Despite these reforms, it is estimated that less than 50 percent of seasonal agricultural workers (working less than 45 days per quarter for a single employer), domestic workers and fishers in rural areas are covered by social insurance (ILO, 2019b; Charmes and Ben Cheikh, 2016).

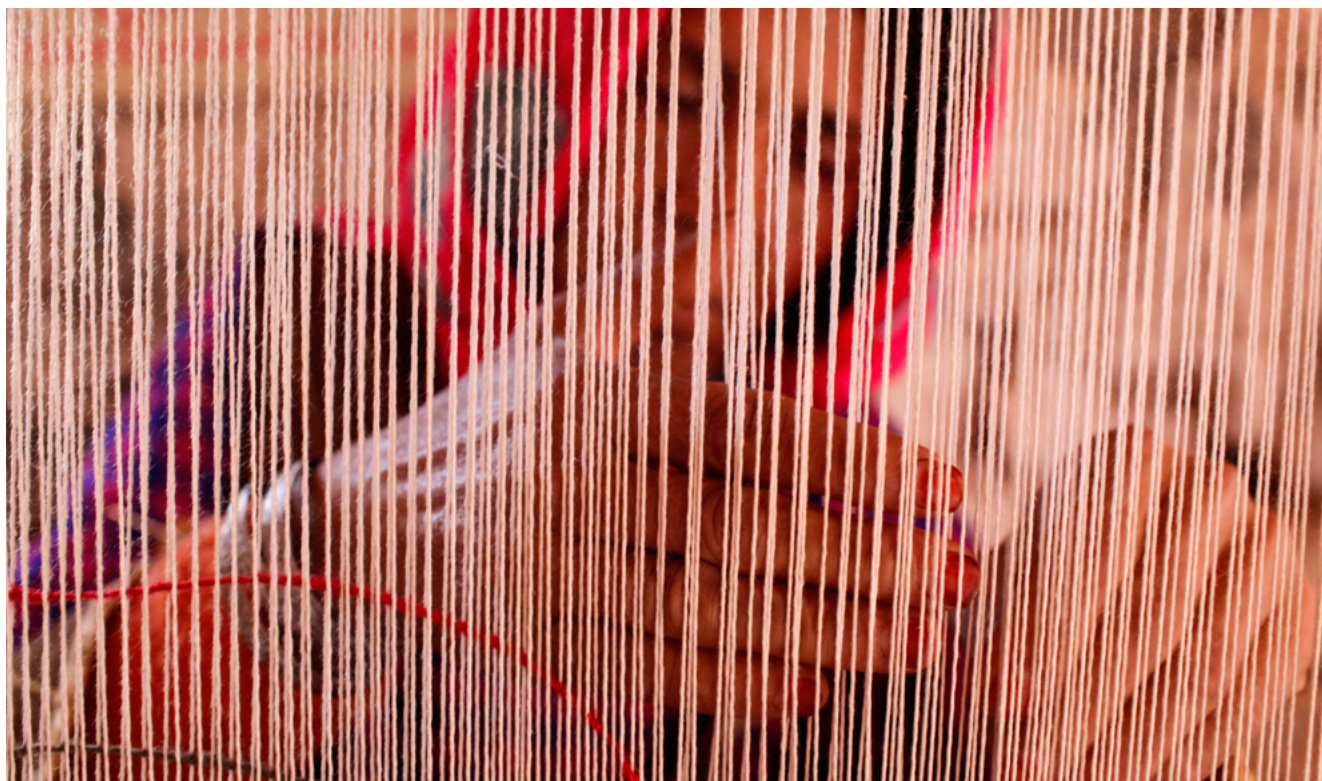
Assessing *Ahmini*

Strategy development *Ahmini* was designed to address the low uptake of social insurance among female seasonal agricultural workers, own-account workers, and contributing family workers in rural areas. Despite the social security reforms, agricultural workers who work less than 45 days per quarter with an employer could not qualify for the social insurance scheme. This affected primarily female informal workers in the agricultural sector who are more likely to be own-account workers or contributing family workers.

The mobile app also addresses the high illiteracy rates among rural female workers and the long travelling times women would need to spend travelling to social security offices to register and make regular payments. The app saves women time and money spent travelling and missing out on a day's work. The programme aims to reach the estimated 500,000 rural female workers who are currently not registered in the social security system (Haddad, 2019).

Under the World Bank Empower Her programme, rural women's groups were connected to tech graduates to discuss their needs and design apps that could have a positive impact. In these initial programme development stages, rural women's organizations were involved as well as the relevant government ministries and departments.

Establishing an enabling environment In its inception stage, *Ahmini* collaborated with four ministries (women's affairs, social affairs, digital economy, and agriculture), the CNSS, and the Post Office, as well as Tunisie Telecom – a public limited company. The CNSS revised contributory values to enable rural female workers to register for social security. This was facilitated by the reforms in 1995 which first recognized the variation in contributory capacities among the self-employed and aligned contribution levels to income earnings.



Adaptive financing The CNSS recognizes the limited contributory capacity of rural female workers and the *Ahmini* programme allows for much lower minimum payments that can be paid on a daily, weekly or monthly basis to reflect female workers' seasonal and irregular earnings.

Actively facilitating access *Ahmini* serves as the middleman between the CNSS and the hard-to-reach target population of female agricultural workers in remote areas. *Ahmini* relies on ambassadors to collect registration data from rural women including their national ID number, birth certificate, social security registration form, and certificate of agricultural activity. This information is then sent electronically to the CNSS to process. Once the registration process is complete, CNSS sends the health insurance cards to *Ahmini* ambassadors to distribute among the registered female agricultural workers in the community. Their social security

number is then registered to their mobile telephone numbers allowing them to make contributions using mobile money transfers. Women simply go to any shop and top up their mobile with a minimum contribution of 1 dinar (\$0.35) which is transferred to their social security account, and they receive bonus mobile phone credit through Tunisie Telecom (*Ahmini*, 2020).

Incentives A key incentive is the access to health care for female workers and their family members in addition to work-related injuries and a pension. This provides a more comprehensive benefit package than the social assistance programme of subsidized health care for the poorest and most vulnerable households.

Building trust It should be noted here that as a middle-income country, the majority of the working population in both the public and private sectors are contributing to the social security system

(Olivier 2009; Charmes and Ben Cheikh, 2016). The Government has always taken a lead in consulting with trade unions and workers' organizations to design and adapt new schemes for informal workers and run large awareness-raising campaigns (Olivier, 2009; ILO, 2019b). Given the perceived benefits of contributing to social security, there is a relatively high level of trust in the national system (Olivier, 2009). The 2011 economic and political crisis has impacted on this relationship of trust as many young people are finding employment in the informal economy without access to social security (ILO, 2015a; Charmes and Ben Cheikh, 2016). For female informal workers in rural areas it is difficult to assess what this programme represents for them. They were always the exception among the Tunisian labour force, despite past successful reforms to integrate more informal workers.

The *Ahmini* programme, if successful, may demonstrate the value of targeted registration drives and programmes for women within the informal economy. Social security codes increasingly address contributory capacities of different sectors, but rarely is gender an explicit consideration in the design and implementation of a social security scheme. The low contributory value, flexible payment schedule and use of mobile money transfers responds to specific gendered needs – such as low and irregular earnings and limited mobility and time to travel to social security offices. Increasing access to health care and pensions are important policies towards recognizing the challenges women face to secure an income across their working lives due to their segregation in low-paid work and their primary responsibility for unpaid care work. In this way, the *Ahmini* programme could be a way to build trust between female informal workers in rural areas who have always been excluded from the social security system. This will also depend on the social solidarity component built into the social insurance system and the level of benefits women receive. Given high levels of poverty among this group of workers, there are questions as to whether they should be asked to contribute at

all if the social insurance benefit is too low to pull them out of poverty. For instance, how can their work cooking, cleaning, farming and caring for their households also be recognized and compensated through high social benefits (Elson and Cagatay, 2000)?

The *Ahmini* programme recruits young volunteers to facilitate the registration process and engage local associations, women's groups and municipalities to raise awareness about the programme and the benefits of registering with the social security system. Drawing on local structures is one way to gain trust among female informal workers. The programme may also be an attractive volunteering experience given high rates of youth unemployment and underemployment in Tunisia (ILO, 2015a). To cover its own running costs, the programme is also looking for individual or corporate donations. However, it is too early in the programme to fully grasp how relationships of trust are evolving between rural female informal workers, the CNSS and the *Ahmini* programme.



Section 4

PROGRESS AND GAPS

Section 4 | Progress and gaps

The case studies included in this report show a real progress towards the extension of social protection to informal workers in Africa. A number of countries are experimenting with innovative modalities to better reach informal workers, including the large numbers of self-employed informal workers in the region. Drawing on the framework established in section 1 of the report and the case studies presented in Section II, this section provides an overview and an analysis of this progress. It also points to some of the major gaps in extension which governments may need to consider in the future.

Research and strategy development

The case studies presented here show that there is an increasing effort being made to better match social security schemes to the actual needs and capacities of informal workers. Several of the country examples reviewed revealed the presence of extensive field-level research with groups of informal workers as part of the programme development process. In Tanzania, the shift from the NSSF to the NISS is a good example of the increased awareness that the needs of informal workers are different, and that scheme development should be based on extensive consultation with informal workers themselves. In Zambia, the extensive piloting and experimentation with extension practices has established a solid base of evidence on which to build in future.

There are innovative attempts to combine different types of benefits into social protection schemes. *Ejo Heza* in Rwanda combines a more traditional work-related and long-term social protection scheme

(a pension) with specific shorter-term needs of informal workers, using the savings as collateral for credit and loans for school fees. The Togolese mutual schemes are also a good example of this, combining coverage for priority issues such as work-related injury, with skills training - a priority particularly for younger informal workers. Both of these schemes move beyond the nine traditional work-related contingencies of the ILO's Convention 102 on Minimum Standards of Social Security towards coverage of a broader set of issues which have relevance to informal workers. This of course is not the case everywhere. In Zambia, the NAPSA ECIS pilot has offered a more traditional package to informal workers. However, it is still in pilot phase, and new legal instruments suggest that in future there will be a greater mixture of benefits available.

However, developing schemes which are specific to the needs of informal workers - and particularly different groups *within* the informal economy - does require certain trade-offs. In Kenya, the *Mbao* scheme is grappling with how to develop a uniform set of benefits for members while also catering to the specific needs of different sectors. It is also struggling to balance the incentive allowing for short-term withdrawals with its mandate to establish a long-term savings scheme (discussed in more detail below). The NAPSA scheme in Zambia has attempted to find a balance between a universal set of benefits and different payment modalities for different sectors within the informal economy, but it has not dealt with the issue that different groups may prioritize different benefits. The Togolese have attempted to overcome this issue by promoting sector-based mutual schemes, a design other countries could consider.¹¹

¹¹ Although not prioritized in the Tunisia case study, it should also be noted that this country provides additional good examples of sectoral extension into the informal economy.

It should also be pointed out that a real tension exists between establishing special schemes for informal workers which are flexible and adapted to their specific needs, and the financing of adequate benefit levels. Separate schemes limit the kinds of risk pooling between the formal and informal sectors which has, for example, allowed for the extension of universal schemes to informal workers in some Latin American countries by including a solidarity component. Sector-based schemes which incorporate both formal and informal workers may present a method of creating a larger risk pool and establishing the conditions for cross-subsidization between formal workers and their employers and informal workers. In this way they may also be a pathway to more creative financing options.

A significant gap, however, is the absence of active maternity and paternity benefits in the case studies presented here (although it is important to recognize that in both Tanzania and Zambia, these benefits may be available in future). This is the case even for the *Ahimini* scheme in Tunisia, which is specifically aimed at increasing uptake of social insurance among female informal workers. The absence of maternity benefits does not in and of itself mean that schemes are not gender-sensitive - female informal workers also prioritize access to health care and income security in old age. However, it is well known that the impact of maternity on the income stability of women can be severe, and that the specific needs of female workers for social protection are often marginalized in favour of more universal benefits (Alfers and Moussié, 2019). If governments are serious about addressing women's economic empowerment, consideration does need to be given to benefits which provide at least a basic level of income security just before, during and after childbirth. Establishing connections with social services such as health care and childcare is also important, particularly as the negative impact of care responsibilities on women's incomes may last for many years (Moussié and Alfers, 2018).

A final point to make in relation to strategy development is that there is a discernible link between the presence of national level data on the informal economy and attempts by the State to extend social protection schemes to informal workers. Although most countries in Africa do not have national data which conforms to the ILO norms, all but two (Tunisia and Kenya) of the countries reviewed here produce national-level statistics on the informal economy which conform to international standards (ILO, 2018c). This does suggest an important relationship between data and policy reform, and further movements towards improving statistics on the informal economy in the African region is critical work.

Establishing an enabling environment

Unlike non-contributory social assistance, which remains largely uncoded in law, in most of the countries reviewed, the schemes are embedded in law (Ghana, Togo, Tanzania, Tunisia), or there have been positive moves towards codifying them in law (Zambia). Importantly, this has included the self-employed for whom more extensive legal reform is required than, for example, informal workers in employment relationships (such as domestic workers). In this way the rights basis for the extension of social protection to informal workers is becoming increasingly established at the national level.

However, coordination and alignment of different schemes remains a challenge for governments. In this respect, the examples from Latin America – such as Uruguay's *monotributo* – may be instructive. Tanzania and Tunisia have both been through a process of consolidating multiple schemes which is certainly positive, and Kenya has recently implemented a national single registry for social protection which will be extended to include social insurance schemes. In Rwanda the CBHI

scheme is closely linked to health service provision. Nevertheless, in most cases schemes remain disjointed.

In Togo this has created an unproductive competition between schemes. In Ghana the failure to link the health insurance scheme to quality health service provision has been a key failure of the scheme and should be an important lesson for all African governments wishing to expand social health insurance to informal workers. In Kenya it is not clear what connections will exist between the much-publicized social pension and the contributory retirement schemes such as the *Mbao* scheme. As McClanahan and Gelders (2019) point out in the context of Viet Nam, establishing connections between non-contributory and contributory elements of a benefit can attract informal workers into the social protection system, and may eventually encourage those with some contributory capacity to contribute towards higher-level benefits. The coordination of contributory and non-contributory elements may therefore be central to expanding coverage.

There has been some policy movement in terms of providing a supportive environment for informal or semi-formal social protection systems. For example, there have also been innovative attempts to develop partnerships between national-level schemes and community-based or grassroots schemes and/or existing organizations. This is the case in the Ghana, Rwanda, Togo and Kenya examples. However, it is questionable as to how authentic these attempts have been. In three of the cases, Ghana, Rwanda and Togo, it is clear that the community-based schemes and mutual schemes have in fact been developed by the national government in a top-down fashion as local extensions of the State. It is only in the Kenyan case that there has been a genuine attempt to work with existing grassroots organizations. This brings to the fore the real challenges that exist in building truly hybrid models which seek to integrate community-based social protection with state structures which build on solidarity principles to improve risk pooling

and sustainability. In this context there is potentially much to learn from experiments with hybrid schemes in other regions, such as the *Asuransi Kesejahteraan Sosial (Askesos)* scheme in Indonesia.

However, as noted in section 1, establishing an enabling environment must also move beyond social protection. A critical aspect of building trust in social protection schemes, is the building of a wider sense of trust of citizens in the State. For informal workers this also means establishing the economic conditions under which incomes may be stabilized and contributory capacity improved. It is beyond the remit of this paper to explore the presence or absence of these wider conditions in depth, but it is certainly worth reiterating this point.

Adaptive financing

All of the case studies reviewed show that attempts are being made by the State to simplify and reduce the contribution levels for informal workers, and to introduce more flexible contribution schedules. While this has made social insurance schemes more affordable and flexible, it has also created challenges. With low contribution rates, maintaining the financial sustainability of health schemes has clearly been a challenge in both Rwanda and Ghana, and has also been an issue for Tanzania's NSSF. Another problem is the low level of benefits on offer. This was the case with Tanzania's NSSF \$8 contribution package, where workers considered the benefits to be of very little value.

Schemes such as *Mbao* and *Ejo Heza* are designed as defined contribution, rather than defined benefit, meaning that financial sustainability is less of an issue since workers will receive an income proportionate to their contributions. However, these schemes exist outside of the mainstream social security system and are essentially individualized savings schemes. This means that contributors do not benefit from the risk-sharing and cross-subsidization that come with integration

into mainstream social security funds (see recommendations).

From the evidence presented, it is possible to identify at least two key gaps in relation to the role of the State in the financing of social protection. The first is that there has been little exploration into alternative ways of co-financing contributory social protection. In Zambia, domestic workers should have their contributions matched by their employers, although it is questionable as to how successful this will be considering the imbalance of power between domestic workers and their employers. For the self-employed, however, it appears as if self-financing is the only option in most cases, and creative attempts to raise funds from alternative sources, such as those established by the Workers' Welfare Boards in India, have been less well explored. Rwanda stands out as having made a (limited) commitment towards making an explicit contribution through matching co-contributions, which is rare in the African context. It will be interesting to see how much of an impact this will have on enrolment rates into the *Ejo Heza* scheme. As noted in section 1, evidence from other regions suggests that the size of the co-contribution is critical to the impact it is likely to make on enrolment rates.

However, as stated in the introductory section, without an integrated non-contributory component being attached to contributory schemes it is unlikely that they will reach large numbers of informal workers in the African context, ultimately undermining the long-term sustainability of the schemes. This point is fundamental, and it is telling that the only scheme reviewed in this study which has been able to reach large numbers of informal workers – the Rwandan CBHI scheme – includes such a component for the poorest citizens on *ubudehe* levels 1 and 2.

Related to this point, a second key gap is financing to promote gender equality. In all the countries reviewed, women occupy a more marginal position than men in the informal economy. In almost

all cases cited, women working as contributing family members significantly outnumbered men, meaning that their ability to contribute is lower or non-existent. This means that a non-contributory component is particularly important for women working in the informal economy, large numbers of whom are working as contributing family workers (Bonnet *et al.*, 2018). Aside from the *Ahrmini* scheme in Tunisia, there appears to be little recognition of this gendered inequality in the scheme design. Certainly, ideas such as the care credits implemented in the Latin American countries discussed in section 1 seem to be far from the minds of policymakers in the current African context.

Actively facilitating access

From the information available, it appears that attention is being given by African governments to actively facilitate access to social protection schemes. Kenya, Tunisia, Zambia and Rwanda have all developed innovative marketing strategies, and have drawn on popular digital technologies, such as mobile phones and mobile money, to allow informal workers to register, pay contributions, receive benefits, and check balances. As the Philippines has shown, this potentially not only reduces the availability costs of scheme membership, but also aids transparency. Nevertheless, it is also important to recognize the limits of technology, as has recently been argued by Dreze and Khera (2020) in the Indian context. A total reliance on these modalities may reinforce the marginalization of vulnerable groups – such as contributing family workers – who have less access and ability to operate digitally. In this context it is important that access is facilitated in multiple ways – drawing on more traditional methods (such as in the Cape Verde example), as well as new methods – and beneficiaries are provided with a choice as to how they wish to pay contributions and access benefits.

There appears to be a general awareness from governments about the need for social security education. However, within the limitations of a

desktop review, it is difficult to assess the extent to which this awareness has been acted upon. In Rwanda, the informal worker representative interviewed for this study felt that much more could be done by the Government in this respect.

In several cases, governments have also attempted to establish partnerships with organizations of informal workers in order to spread awareness, but also as a mechanism for collective registration of the self-employed. This is allegedly the case in Rwanda and is also being considered in Tanzania. In Zambia, the Government has established the most formal agreement with organizations of informal workers through a series of memoranda of understanding, and these partnerships are being drawn on for registration and awareness-raising. The Zambian case also highlights the possibility of working with employer associations as a means to create awareness and facilitate scheme access. This is particularly important for employed informal workers (as opposed to the self-employed). An important form of outreach to contributing family workers may involve working with the heads of family businesses – this may be another option for the *Ahimini* scheme in Tunisia to consider.

Ensuring compliance and incentives

The majority of the cases discussed in this paper are voluntary schemes, despite the growing evidence that mandatory schemes are more likely to provide widespread coverage (ILO, 2019b). The two exceptions are the Rwandan CBHI scheme and Ghana's NHIS which are both mandatory. Important to note, however, is the fact that while Rwanda has managed to achieve near universal coverage, Ghana has not. A crucial difference here is the fact that Rwanda has a more extensive payment exemption component than does the Ghana scheme. As has been seen in the international context (e.g. Indonesia's JKN scheme), such an integrated component is critical to ensuring that mandatory schemes can realistically be enforced. Also important is that, drawing on its local

governance structures, Rwanda actively enforces CBHI membership through fines, while Ghana does not.

In a few cases there has been a noticeable shift towards motivating compliance, with Rwanda's Ejo Heza scheme making the most explicit attempts to do so through co-contributions and preferential access to loans. In Tunisia the *Ahimini* scheme gives female workers access to a better standard of health care as an incentive. In Tanzania, the NISS aims to facilitate access to soft loans as an incentive for scheme compliance. For self-employed workers in particular incentives are a way in which to support compliance.

Loans are the most popular incentive out of the case studies included in this paper. This may be because they better enable and expand economic activity within the informal economy. Access to credit is certainly a priority for many informal workers, and so in this way the schemes are responding to expressed needs. A concern, however, is the ability of informal workers to pay back those loans, even at preferential interest rates. It would be an unfortunate situation if the loans attached to social security schemes were keeping poorer workers in debt and thereby contradicting the attempt of the scheme to provide greater income security. Again, Rwanda may be an important example with an in-built screening process whereby loans are only offered to contributors who have saved above a certain amount. Another concern is that, as the case of the *Mbao* pension scheme illustrates, the loan incentive becomes the main motivation for joining the scheme, thereby undermining its longer term social protection objectives.

Building trust

When it comes to the success of contributory schemes, this is perhaps one of the most important roles that the State can and should play – but also one of the most difficult. In many African countries, informal workers have low levels of trust in the government, and regularly experience the



negative aspects of state power. In these contexts, it is difficult for them to see social protection contributions as anything but 'just another tax' imposed upon them.

As seen in the Rwandan case, an important way to build trust is through good governance and effective service delivery so that people see and feel the benefits of their contributions. This was also a learning from the VimoSEWA scheme in India - informal workers are more likely to contribute when they know that the returns are worthwhile. This suggests that building in short-term benefits alongside long-term benefits is a good strategy, if the short-term benefits are adequate enough to build trust in the system.

Another way to build trust is through participation and the inclusion of informal workers in policy processes and scheme oversight. Institutionalized spaces for representation of informal workers

continue to be limited, however. Two of the more promising examples emerging from this study are the Inter-Ministerial Technical Working Group in Zambia, in which informal worker organizations are represented. This has bypassed the official tripartite spaces which continue to be dominated by formal unions and do not allow direct representation from informal workers. In Togo the National Committee for the Promotion of Social Protection has also established a policy space which has the potential to bring in actors outside of the traditional social partners. However, spaces such as these are not common in the African context, and while there are varying levels of consultation with informal workers, the building of true participatory channels in the design, management and oversight of the schemes does not appear much advanced. Here the example of the Thai Homeworkers Protection Act mentioned in section 1 is a good example of how such channels may be established and put into operation.





CONCLUSION AND RECOMMEN- DATIONS

Conclusion and recommendations

The case studies highlight that African governments are increasingly engaging and experimenting with contributory social protection schemes for informal workers. There are promising trends such as the collection of national statistics on informal employment and engaging with informal workers' needs and constraints to inform programme design and implementation. Efforts to lower and allow for more flexible contributions, improve the benefits package, and draw on the power of technological innovation to reduce transaction costs are notable developments (although this should continue with care to ensure the inclusion of those unable to access such technology). Governments are also ambitious and intentional about building trust and awareness regarding social insurance schemes. If these attempts are to succeed, uptake among informal workers could be expanded considerably.

However, it is also clear that challenges lie ahead. Many of the schemes reviewed here are vulnerable precisely because they are solely targeted at informal workers – the risk pool is too narrow. Establishing solidarity between formal and informal workers by contributing to the same scheme is one way of ensuring greater financial sustainability. Another is seeking co-financing options through employer contributions and businesses who profit from the work of informal workers, whether they are in an employment relationship or not. Greater solidarity and trust can come from linking contributory and non-contributory schemes. As the paper discusses this can have a significant impact on bringing in more women into the social protection system. Moreover, institutional representation through tripartite structures as well as bottom-up approaches evident in the Mbao Pension Plan in Kenya are critical for

informal workers to perceive the Government as a collaborator in this process. Greater representation by informal workers' organizations particularly in sectors where women dominate – such as in agriculture, street vending and market trading, and domestic work – may give rise to more demands for maternity protections which currently are missing from most of these social insurance schemes. Attempts to address the trade-offs between vertical and horizontal coverage by the State alone will be ineffective.

In line with these considerations, key general recommendations are:

1. **More attention must be paid to financing solutions which move beyond vulnerable informal workers financing their own social protection**

This is particularly the case for self-employed informal workers. As noted throughout the paper, African countries have high numbers of female workers who fall into the category of contributing family workers. This is a vulnerable status in employment, and such workers are unlikely to be contributors. For them, a solidarity component to contributory schemes will be critical. Financing options could, among other strategies, draw from innovative taxes on lead firms in supply and distribution chains, and more conscious efforts to establish cross-subsidization between the formal and informal sector. In the longer term, efforts must be made across policy sectors to provide the support necessary to improve incomes in the informal economy, thereby also improving contributory capacity.

2. **Contributory and non-contributory schemes must be better aligned**

Informal workers are a heterogeneous group who may or may not be able to contribute to social protection at different points in their work histories. There is a need for social protection schemes which take these variations into account. As suggested in the above recommendation, this is possible through schemes which integrate contributory and non-contributory components. The number of non-contributory social protection schemes are growing in Africa. However, they are often not well aligned with existing contributory schemes. An opportunity may be missed to establish comprehensive national social protection systems which are able to cater to the needs of the majority of the working population in the region.

3. **Gender-sensitivity is required in the design of social protection schemes**

In SSA, women predominate in the informal economy, yet specific gendered concerns are rarely at the forefront of considerations when social protection schemes are extended to informal workers. This is evidenced by the lack of integrated components within pension schemes and the lack of parental leave benefits, as well as the common disconnect between social protection schemes and social services (such as health care and childcare) which would help to redistribute women's care burden. If social protection schemes are to be matched to the majority of workers in the region, then these gendered concerns need to be better considered. Gender disaggregated data on scheme uptake should also be integrated into monitoring and evaluation systems.

4. **The inclusion of informal workers in social dialogue, scheme design and oversight should be prioritized**

Much of what makes social protection schemes successful is whether or not there is trust between the State, citizens and workers. In many African countries, this level of trust simply does not exist. Ensuring the participation of informal workers in scheme design and implementation from the outset may be one way to start building trust and, in the longer term, establishing a strong social contract around social protection. Such participatory mechanisms should also include other relevant stakeholders, employers' associations and government, and may also benefit from the inclusion of other civil society groups.

5. **Social protection approaches to informality need to consider combined economic empowerment measures that go beyond benefits attached to social insurance**

Enhancing access to productive capacities of vulnerable groups through entrepreneurship, access to finance, micro-loans, as well as challenging structural and infrastructural barriers to economic inclusion, are important complementary programmes. Training and skills development, particularly for young workers, can open up better economic opportunities for vulnerable workers.

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