• Sub-Saharan Africa remains with persistently low coverage

• Innovative experiments with cash transfers and other social safety nets (e.g. cash ‘plus’ interventions)

• Limited (to extreme poor) but expanding coverage
THE AFRICAN “INFORMAL SECTOR”

• Sub-Saharan Africa has highest incidence of informal employment as share of overall employment

• Youth and older workers overrepresented in informal employment

• Workers with lower levels of education

• Rural and female workers

Share of informal employment in total employment, including agriculture (percentages, 2016)

SOCIAL PROTECTION IN ZAMBIA

- Social insurance coverage for small formal sector (~10% of employed):
  - National Pension Scheme Authority (NAPSA)
  - Workers’ Compensation Fund (WCF)

- Social assistance, PMT plus categorical targeting for disability, elderly, etc. (~5%)
  - Social Cash Transfer (SCT)

Percentage of the total population covered by at least one social protection benefit (effective coverage), 2015

ILO World Social Protection Report, 2017-19
REACHING INFORMAL SECTOR WORKERS

• Technical Working Group on Extension:
  • High-level leadership (Permanent-Secretary, Min. of Labour)
  • Broad participation from across sector

• “National Strategy for Extension”
  • Social assistance (non-contributory)
  • Mutual funds (contributory)
  • Social insurance (contributory)
    • Defined-benefit
    • Defined-contribution
    • “Hybrid” schemes

Zambia recognized by AU for institutionalizing the coverage of social security to the informal sector
SOCIAL INSURANCE FOR THE INFORMAL SECTOR

Challenges:
- Lack of information regarding social security, faith in state institutions
- Shorter time horizons
- Lower, irregular incomes for many informal sector workers
- Absence of employment relationship
- No legal framework

Actions:
- Outreach
- Benefits adaptation
- Contributions adaptation
- Legal review
EXTENSION IN PRACTICE, BY SECTOR

• NAPSA: Extension of Coverage to the Informal Sector (ECIS)
  • Domestic workers
  • Bus and taxi drivers
  • Marketeers and traders — Self-employed

• NAPSA: Social Protection for Informal Economy and Rural Workers (SPIREWORK)
  • Small-holder farmers — Self-employed
**ONE SCHEME, DIFFERENT RULES**

- Access to same defined-benefit scheme (old-age, invalidity, survivors’) as formal sector members with possible cross-subsidization
- Average annual income ZMW 8800 (USD 675), 2017 indexed to national average earnings growth

<table>
<thead>
<tr>
<th>Employer contribution waived</th>
<th>From 10% to 5%</th>
<th>Accrual rate halved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shorter vesting period for “long-term” benefits</td>
<td>From 15 to 10 years</td>
<td>Minimum pension reduced by $\frac{1}{3}$</td>
</tr>
<tr>
<td>New “short-term” benefits added</td>
<td>Maternity, weather index insurance</td>
<td>Additional 0.4%, ZMW 50 (flat) contrib.</td>
</tr>
<tr>
<td>Annual contribution</td>
<td>From 12 to 1 contribution</td>
<td>-</td>
</tr>
</tbody>
</table>
SOCIAL INSURANCE FOR CASUAL SAW MILLERS IN ZAMBIA
**ORGANIZATION OF SAW MILLING**

**ZAFFICO**

- **ZNAS**
  - SME
  - Supervisor
  - Casual worker: 7 / firm on avg.

- **COSTIGA**
  - SME

- Unaffiliated

**Industrial plantations**

**Employers associations**
  - Organized, well trusted

**Saw milling firms**
  - Small, limited capital
  - Low margins
  - Low capacity for investment, growth

**Supervisors, admin. staff**
  - Written contract, long-term

**Casual workers**
  - Oral contract, no contract
CONDITIONS OF CASUAL SAW MILLING WORK

• Low coverage in social protection schemes (3% affiliated to NAPSA, 9% WCF); low awareness

• Cash wages for groups or individuals calculated by task (e.g., # trucks loaded, # trees cut, etc.)

• On average, ZMW 600 – 800 /mo. (USD 56 – 62 /mo.)

• Workers faithful to one employer across the year (average 3-year tenure), or rotate

• Frequent accidents, underreporting
OPPORTUNITIES

Compliance
• ZAFFICO allotments require SME registration with NAPSA, WCF

Outreach
• Sensitization and outreach activities to increase demand among casual saw miller workers

Accommodation
• Replace payroll-based system with social security levy applied at purchase of ZAFFICO allocation
  - Agreed standards on the number of workers required for each position along the production chain, and per volume allocated
  - Agreed standards on average earnings for each position
  - Alignment with existing contribution rates (NAPSA, WCF) – or modified ones, if corresponding benefits adjustment
THANK YOU