Social Protection and informal workers in Mauritius

Presented

By

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Commissioner, Social Security

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Mauritius

Official Name: The Republic of Mauritius
Capital: Port Louis
Population: 1.2 Million
Official Language: English
Religions: Hinduism, Christianity, Islam
Currency: Mauritian Rupee
Economy: Agriculture and Fishing, Industry and Construction, Tourism, Banking and Services

Mauritius is situated in the Indian Ocean, approximately 2400 kilometers off the South East Coast of Africa. The island, which is of volcanic origin, covers an area of 1,865 square kilometers or 720 square miles.
Definitions

Social Protection

- **Social protection**, as defined by the United Nations Research Institute For Social Development, is concerned with preventing, managing, and overcoming situations that adversely affect people’s well being. Social protection consists of policies and programs designed to reduce poverty and vulnerability by promoting efficient labor markets, diminishing people's exposure to risks, and enhancing their capacity to manage economic and social risks, such as unemployment, exclusion, sickness, disability and old age.
**Informal Sector**

- The informal sector is broadly characterised as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned.

These units typically operate at a low level of organisation, with little or no division between labour and capital as factors of production and on a small scale. Labour relations - where they exist - are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees.

**ILO**

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**Distinguishing Characteristics of the Informal Sector**

<table>
<thead>
<tr>
<th>Employment - Characteristics of the people engaged in the informal sector</th>
<th>Enterprise- Characteristics of the activities in the informal sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Absence of official protection and recognition</td>
<td>• Unregulated and competitive markets</td>
</tr>
<tr>
<td>• Non coverage by minimum wage legislation and social security system</td>
<td>• Small scale operation with individual or family ownership</td>
</tr>
<tr>
<td>• Predominance of own-account and self-employment work</td>
<td>• Ease of entry</td>
</tr>
<tr>
<td>• Absence of trade union organization</td>
<td>• Reliance on locally available resources</td>
</tr>
<tr>
<td>• Low income and wages</td>
<td>• Family ownership of enterprises</td>
</tr>
<tr>
<td>• Little job security</td>
<td>• Labour intensive and adapted technology</td>
</tr>
<tr>
<td>• No fringe benefits from institutional sources</td>
<td>• Absence of access to institutional credit or other supports and protections</td>
</tr>
</tbody>
</table>

**THE GLOBAL DEVELOPMENT RESEARCH CENTER**
Groups within the informal sector

- Self-employed
- Casual worker
- Workers employed to small-scale firms who are not taxed
- ‘Outworkers’ - work from home under the putting out system...seamstresses, basket/rug weavers etc.

Paul Streeten

An overview of Social Protection in Mauritius
**Social Security Coverage**

1st pillar: **Non-contributory Benefits** - paid from public fund

2nd pillar: **Contributory Benefits** -
- National Pension Fund/National Savings Fund
- Civil Servants Scheme
- Parastatal Bodies Schemes

3rd pillar: **Private Insurance**

**Benefits Payable by the Ministry**

- **Non-contributory benefits**
  - Universal basic benefits
  - Social aid (Means Tested)
  - Unemployment Hardship Relief (Means Tested)

- **Contributory benefits**
  - Contributory pensions
  - Industrial Injury benefits
  - National Savings Fund lump sum
  - Transition Unemployment Benefit
  - Sugar Industry Pension Fund lump sum
Contributory Schemes

- **National Pensions Fund** – Employers and employees of the Private Sector contribute to the Fund. The employees benefit from the payment of contributory pensions and are covered for industrial accidents.

- **National Savings Fund** – Contributions are paid in favour of all workers including public officers. The employees are eligible to a lump sum made of contributions paid and accrued interests thereon at retirement. Employees of the Private Sector may also benefit from Transition Unemployment Benefit whenever they lose their job.

Targeting Employees of the Informal Sector for Social Protection
**Social Insurance Scheme**

**Domestic Service**

- The sector is governed by remuneration orders.
- Employers submit annual returns instead of monthly returns.
- The minimum wage on which payment of contributions is mandatory is lesser than that of other sectors. (Rs 1295 instead of Rs 2060).
- Employers may opt to file their returns and pay contributions on an annual basis along with their income tax at the Mauritius Revenue Authority.
- The employees' share of NPF/NSF contributions is paid by Government into employees drawing not more than Rs 3000 in aggregate. This measure applies also to employees of the agricultural sector working with individual employers.

**Social Insurance Scheme**

**Self employed and non employed persons**

- Self employed and non employed persons of working age may join the NPF on a voluntary basis.
- Contributions paid by self employed and non employed persons are enhanced by 50% by way of government contributions.
- To make this scheme more effective, this category of persons is targeted through such associations to which they are affiliated. Self employed fishermen and small planters pay contributions through the Fishermen and Small Planters Welfare Funds respectively.
Social Assistance (Means Tested)

- Payment of a special allowance to single mothers in receipt of Social Aid who
  - (i) has children between 3 and 7 years
  - (ii) draw an income not exceeding Rs 7500 p.m in aggregate.
  - (iii) contributes to the NPF/NSF

- Refund of exam fees in favour of children sitting for SC/HSC exam whose parents do not draw
  - (i) up to Rs 14,500 p.m (100% refund)
  - (ii) between Rs 1450-20,000 ( 50% refund)

- Payment of Child’s Allowance to families having children between 3 and 23 years and drawing less than Rs 6,200 p.m. The children should attend school regularly with an attendance rate not below 90% in average.

Challenges

- Sensitization and education of workers on the importance of having social protection coverage. It is estimated that around 35% of employees in the informal sector have no pension coverage.

- Devising improved reach out strategies.

- Obtaining testimonies from employees for enforcement of NPF/NSF legislations and prosecution of non complying employers.

- Assessment of income to process means tested benefits. To overcome this weakness, the SRM - Child Allowance scheme is based not on means test but on proxy means test (PMT)
**Understanding the PMT**

- Given that household income for workers in the informal sector is often difficult and expensive to measure accurately, the methodology relies on household assets and other indicators—or proxies—to estimate household welfare.

- To work, the proxies used need to be easy to measure. They include demographic characteristics (such as age of household members and size of household), human capital characteristics (such as education of head of household and enrolment of children in school), physical housing characteristics (such as type of roof or floor), durable goods (such as refrigerators, televisions or cars) and productive assets (such as land or animals). Regressions are run to find the proxies that most correlate with welfare. While individual proxies may be weakly correlated with welfare, multiple proxies show stronger correlations.

- The PMT uses a set of proxies that best explain welfare. Each proxy is given a weight based on its estimated impact on household expenditure. Investigators visit households to see if they have the proxies being used in the PMT. Then, using the agreed weights, a score is calculated for each household. Households that score below the cut-off point are eligible for the social protection program being considered.

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**Statistics**

*Breakdown of Employees by occupation in Mauritius*

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>29,284</td>
</tr>
<tr>
<td>Professionals</td>
<td>44,930</td>
</tr>
<tr>
<td>Technicians &amp; Associates Professionals</td>
<td>48213</td>
</tr>
<tr>
<td>Clerical Support Workers</td>
<td>43,815</td>
</tr>
<tr>
<td>Service Sales Workers</td>
<td>96,982</td>
</tr>
<tr>
<td>Agricultural, Forestry &amp; Fishery Workers</td>
<td>21,038</td>
</tr>
<tr>
<td>Craft &amp; Related Trades Workers</td>
<td>91,710</td>
</tr>
<tr>
<td>Plant &amp; Machine Operators/ Assemblers</td>
<td>61,363</td>
</tr>
<tr>
<td>Elementary Occupations</td>
<td>83,599</td>
</tr>
<tr>
<td>Total</td>
<td>520,934</td>
</tr>
</tbody>
</table>

*Source: Statistics, Mauritius (2012)*
# Statistics

**Breakdown for Craft & Related Trade Workers**

<table>
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<tr>
<th>Occupation</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building &amp; Related Trade Workers</td>
<td>47,917</td>
</tr>
<tr>
<td>Metal Machinery &amp; Related Trade Workers</td>
<td>14,890</td>
</tr>
<tr>
<td>Handicraft &amp; Printing Workers</td>
<td>5,781</td>
</tr>
<tr>
<td>Electrical &amp; Electronic Trade Workers</td>
<td>6,376</td>
</tr>
<tr>
<td>Food Processing, Wood working, garment &amp; Other Related Trade Workers</td>
<td>16,746</td>
</tr>
<tr>
<td>Total</td>
<td>91,710</td>
</tr>
</tbody>
</table>

*Source: Statistics, Mauritius (2012)*

**Breakdown for Elementary Occupations**

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleaners &amp; Helpers</td>
<td>33,246</td>
</tr>
<tr>
<td>Agricultural, Forestry &amp; Fishery Labourers</td>
<td>16,981</td>
</tr>
<tr>
<td>Labourers in Mining, Construction, Manufacturing &amp; Transport</td>
<td>14,375</td>
</tr>
<tr>
<td>Food Preparation Assistants</td>
<td>2,108</td>
</tr>
<tr>
<td>Street &amp; Related Sales and Service Workers</td>
<td>2,367</td>
</tr>
<tr>
<td>Refuse Workers &amp; Other Elementary Workers</td>
<td>14,522</td>
</tr>
<tr>
<td>Total</td>
<td>83,599</td>
</tr>
</tbody>
</table>

*Source: Statistics, Mauritius (2012)*
Statistics

* No of Household Employees paying NPF/NSF contributions - 3959
* No of self and non employed paying NPF contributions –
  - Self/Employed persons - 169
  - Small Planters - 41
  - Fishermen - 89
  - Bulk Sugar Terminal - 45
* No of employed population (20 to 65 years) - 504,027
* No of employees contributing to NPF/NSF - 321,452 (Civil Servants - 66,899)
* No of employees having no pension coverage -182,575 (35.29%)

Source: Statistics, Mauritius /MSS0813

Questions

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Thank You
For
Your Attention