Social Protection and Informal Workers in Malawi

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Presentation outline

- Introduction
- History and evolution of Social protection in Malawi
- Social Protection coverage
- Legal and Regulatory framework
- The Informal sector
- Extension of coverage to the informal sector
- Conclusion
Introduction

- Different definitions of SP
- Few countries with comprehensive SP coverage
- SP aims at income redistribution=protect everyone against poverty
- SP is a human right (UN)
- Coverage very limited, majority in informal not covered

History & Evolution of SP in Malawi

- SP stretches to Pre-Independent Malawi (before 1964)
- 4 distinct phases in Independent Malawi
  - First Phase (1964-1981)
    - Price decontrols and universal subsidies
    - Price of inputs/outputs controlled by govt, NOT mkt forces
    - Very few formal safety nets
  - Second Phase (1981-1990)
    - Universal subsidies & price decontrols phased out
    - Facilitated by SAPs,
    - Govt dismantled SP system with no replacement
    - No effective protection for the poor & vulnerable
SP History Continued

- Phase 3 (1990-1994)
  - Interventions under social dimension of adjustments
    - Projectised safety nets introduced
    - Mkt oriented social programs eg MASAF introduced community based programs to alleviate poverty
    - Shift in policy corresponded with change in govt
    - No policy framework for effective coordination of poverty alleviation safety nets
- Phase 4 (1994-2006...)
  - Emergence of PWPs, Cash for work, Input transfers, school feeding, cash transfers etc
  - Financed by govt, development partners, NGOs
  - Mostly safety nets, hence selective
  - Inadequate coordination of various SP interventions

Coverage of Social Protection

- Legal coverage
  - If there are existing legal provisions that cover a certain group of ppl e.g. above 65 years old-state pension
- Effective coverage
  - Actual number of ppl benefiting from a given branch of social support (ILO, 2010).
  - Effective coverage is lower than legal coverage
  - Both legal and effective coverage are very low in Malawi
SP coverage in Malawi

- Legal coverage
  - No law covering both formal and informal
  - Those in Formal employment covered by some legislations
    - Pension Law of 2011
    - Some provisions in Employment Act and Workers Compensation Act
  - Informal-no legal coverage
    - Social Support Policy (2013) provides some guidelines
- Effective coverage low in both formal and informal
  - Not all in formal employment are covered
  - Apart from civil servants, few companies in private sector provide pension to employees.
  - Eg. By 2010, less than 300 private pension funds

Continued....

- Informal sector
  - No universal coverage available
  - Only through ‘means tested’ schemes for the vulnerable
  - Errors of inclusion and exclusion are very rife
  - Examples of programs implemented so far include:
    - Malawi Free Inputs Program (1998/99 to 2001/02)
    - Farm Input Subsidy Program
    - Public Works Programs
    - Social Cash Transfers Scheme
Example of SCT

- Was first introduced in 2005
- Still operating on a pilot basis
- Targets 10% of the ultra poor, incapacitated and labour constrained HH
- Being implemented in 15 districts (from 2013)
- Has so far benefitted over 110,345 individuals

One of the new districts to start benefiting from SCT

One of the 8 districts that have started implementing SCT in 2013.
Extending SP coverage to majority in Informal Sector

- Need for concerted efforts from civil society including trade unions to increase awareness for SP to become a national issue
- Civil society to advocate for abolishment of projectised interventions and call for institutionalisation of a universal basic social protection floor
- Political will and prudent use of resources

Conclusion

- Extent of social protection coverage in Malawi is still very low
- No legal framework for a comprehensive social security arrangement
- Legal coverage available for the few in the formal sector
- Need for a paradigm shift by the govt, pvt sector, civil society and communities to explore ways of making provision of a basic social protection floor universal in Malawi.
Thank you for your attention!