INFORMAL SOCIAL SECURITY
IN SOUTHERN AFRICA

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Outline of presentation

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- Reasons for the existence of informal social security
- Functions of informal social security
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Introduction

• Informal social security systems have always existed in Africa and they continue to co-exist with formal social security systems;

• Informal social security refers to those forms of social security that fall outside formal provision and are thus largely not regulated by the state;

Introduction cont’d

• The existence of informal social security is based on the assumption that individuals and households are often exposed to risks that they are not able to respond to on their own.

• There is collective response to risks (sharing of risks) based on the principles of solidarity and reciprocity.
Types of informal social security

- There are two types, namely traditional support systems and self-organised mutual aid arrangements;
- Traditional support systems are kinship-based and view the extended family as a social security institution;
- Traditional support systems operate on the basis of solidarity and generalised reciprocity;

Types of informal social security

- Traditional support systems promote a sense of belonging and togetherness.
- Self-organised mutual aid arrangements are community or neighbourhood-based support systems developed in order to meet unmet needs;
- Self-organised mutual aid arrangements are based on membership and contributions;
Types of informal social security

- Examples of self-organised mutual aid arrangements include burial societies and rotating savings and credit schemes
- Self-organised mutual aid arrangements are essentially self-help schemes;

Reasons for the existence of informal social security systems

- Traditional support systems are a way of life and instrumental in developing and maintaining the cohesiveness of the extended family system;
- Rural-urban migration has necessitated the development of mutual aid arrangements;
- Self-organised mutual aid arrangements emerged in response to gaps in formal social security provision (limited coverage in terms of both numbers and risks)
Functions of informal social security

- Informal social security contributes to human well-being;
- Their functions can be looked at in terms of Devereux and Sabates-Wheeler’s dimensions of social protection, namely protective, preventive, promotive and transformative.

Functions of informal social security cont’d

- Protective function (relief from deprivation and alleviation of poverty):
  - Traditional social support systems provide the means with which to manage risks, e.g. among the Maasai, if a man loses his cattle owing to droughts or cattle diseases, he receives cattle from the extended family (Mchomvu et al 2002);
  - In Zimbabwe, the traditional practice of Zunde raMambo (Chief’s granary) is designed to meet the needs of vulnerable groups in times of food insecurity (Dhemba et al 2002).
Functions of informal social security

- Preventive - averting deprivation or mitigating impact of adverse shocks (UNICEF 2008)
- Proceeds from rotating savings and credit schemes are used to pay fees, to access health care and purchase food. Sending children to school helps to break the cycle of poverty.
- Burial societies help to soften the blow on the family when death occurs;
- UMASIDA, a self-organised mutual health insurance scheme in Dar es Salaam also plays a preventive function.

Functions of informal social security cont’d

- Promotive function (enhancing income- earning capacity, accumulation of assets and enhancing human capital)( UNICEF. 2008);
- Savings and credit from rotating savings and credit schemes can be used to enhance members’ productive capacity and income-earning capacity; e.g. chimba in Zambia has enabled some to start or consolidate their businesses (Mukuka et al 2002).
Social protection and informal workers

- Informal workers are generally not covered by social insurance;
- There have been efforts to extend the reach or coverage of social insurance;
- The major obstacle has been the requirement that informal workers pay double contributions.

Social protection and informal workers cont’d

- Another obstacle is that existing social insurance schemes are seen as not covering priority risks for informal workers;
- A second option for extending social protection to informal workers is creating a special scheme for informal workers which take cognisance of their low contributory capacity.
Social protection and informal workers

- The third option is through micro-insurance. UMASIDA in Dar es Salaam is a good example and it is reported to have improved access to health care;
- Strengthening self-organised mutual aid arrangements by introducing linkages with formal schemes, including private insurance;
- Expanding non-contributory social security in order to have a pillar for everyone. However, the categorical nature of non-contributory social security is a major obstacle.

Conclusion

- Informal social security will continue to co-exist with formal social security;
- It should be understood it is not an option of first choice because it does not provide adequate social protection;
- The human rights discourse reminds us that everyone (including informal workers) have a right to social security.
- A multi-pronged approach to extending social protection to informal workers is needed.
THE END

Thank you for your attention

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