(Non)state and (In)formal social protection in Africa: focusing on Burial Societies

Gift Dafuleya
PhD Candidate, University of Johannesburg, South Africa
Lecturer, University of Venda, South Africa

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Abstract: Social protection has reached development policy agenda in Africa, and extending coverage to informal workers is now a key concern. First, this article develops a conceptual framework of social protection intersperse in Africa to identify the missing link in the evolving debates on extending social protection to informal workers. Second, the article explores African burial societies to make an argument that they are well-positioned to be engaged as pathways for providing social protection to those working informally. The article concludes by identifying three models of possible pathways for extending social protection in Africa: the state-informal single model, the state-informal collective model and the state-formal model.
INTRODUCTION

Social protection has reached development policy agenda in Africa, and extending coverage to informal workers is now a key concern. Informal workers outside the scope of conventional social protection, with no employment contracts, savings accounts or pension usually have one security – their burial society. Burial societies are organisations made up of friends, relatives, workmates, and community residents who come together to insure themselves and their extended families against death related expenses. They are part of a handful community based systems (hereafter referred as informal systems) that present a fairly well established and significant feature in Africa (Kuper and Kaplan 1944; Hall 1987; Besley, Coate and Loury 1993; Ngwenya, 2003; Ambec and Treich 2007). Several strands of development thinking do acknowledge the importance of informal systems in the provision of social protection (van Ginneken 1999; United Nations Development Program 2006; Gesellschaft für Technische Zusammenarbeit [GTZ] 2007), while some thinking highlight that they are fragile and are rapidly declining (Moser 1998; Devereux 1999). This article focuses on burial societies to make an argument that they are well-positioned to be engaged as pathways for extending social capital to informal workers.

This article develops its argument in three phases. The first phase sets out the social protection intersperse – (non)state and (in)formal – to develop an argument about the missing link in the evolving debate on extending social protection to the informal economy. I identify two expansive intersperses of social protection in Africa. One intersperse is converse, where there is the state-nonstate interchange and the formal-informal interchange. In the former interchange, I show that social protection provision in the pre-Washington Consensus period was largely based on market interventions, which were implemented through instruments such as subsidies and price floors and ceilings. In the latter interchange, I review literature on the debates on formalising the informal, informalising the formal, and linking informal to formal. The other intersperse is assorted, with social protection delivered through state-formal provision (e.g. social grants), nonstate-formal provision (e.g. social relief from Non-Governmental Organisations [NGOs]) and/or nonstate-informal provision (e.g. community-based informal insurance). I argue that state-informal provision is the missing link that may be key to extend coverage to those who work informally.

The second phase presents the case of burial societies, where I explore and highlight their minute operational details. The need to do this is twofold. One emanates from the fact that failure to expose the nature of burial societies denies interested agents the chance to understand their strengths and weaknesses, and more-so their continued existence in the presence of conventional funeral insurance. The other need is based on the fact that attempting to carry out an assessment of all informal social protection systems available in one paper would be exposing oneself to a mammoth task that would be difficult to handle. In the third phase I discuss alternative options of extending social protection to informal workers based on the missing link discovered in the social protection intersperse and on the case of burial societies.

SOCIAL PROTECTION INTERSPERSE

First, it is necessary to clarify terminology since there is a lack of consensus in most of the terms used in this article. Social protection is defined differently by donor agencies, policymakers and in academic literature. On the one hand, social protection refers to public (state) actions taken to address vulnerability levels which are deemed socially unacceptable within a given society (Norton, Conway and Foster, 2000; World Bank, 2001). On the other
hand, some definitions are broad enough to include the private sector, informal sector and social networks in addressing vulnerability (van Ginneken, 1999; Devereux and Sabates-Wheeler, 2004). Consequently, providers of social protection may either be state (public actions) or non-state actors (donors, NGOs, for-profit private providers and informal systems) or both. Non-state social protection is specifically understood to be that social protection provision that do not originate from the state (see Partnership for African Social and Governance Research 2012).

Formal and informal concepts are rampant in various discourses in Africa and beyond (see Hart 1973; Moser 1978; de Soto 1989). Perhaps this is justifiable given that a large number of workers are informally employed. But what exactly is informality and how different is it from formality? Chen (2012) has shown that the definition of informality rests on the school of thought appropriate to a particular context. For the purposes of this article, the term informal refers to legal, unregulated and not-underground (save in some few countries) community/group-based systems. The difference between informal and formal is drawn from the fact that the latter is regulated.

The preceding definitions provide a signal of how social protection is interspersed in the way it is delivered to clients. Table 1 below provides the framework of which this can be conceptualised.

Table 1: Conceptual framework of Social Protection Intersperse in Africa

<table>
<thead>
<tr>
<th>State-formal provision e.g. social assistance</th>
<th>Nonstate-formal provision e.g. NGOs and Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Child grants</td>
<td>- cash transfers, school feeding by NGOs (donors)</td>
</tr>
<tr>
<td>- Non-contributory pensions</td>
<td>For-profit private providers</td>
</tr>
<tr>
<td></td>
<td>- insurance, savings, loans by private financial markets</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>State-nonstate interchange e.g. – market-based intervention – donor funding</th>
<th>Nonstate</th>
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</thead>
<tbody>
<tr>
<td>State-formal informal interchange e.g. – formalising the formal – informalising the formal – linking informal and formal</td>
<td>Nonstate-informal provision e.g. informal systems</td>
</tr>
<tr>
<td></td>
<td>- interhousehold allocations</td>
</tr>
<tr>
<td></td>
<td>- Burial societies, ROSCAs, Savings clubs, etc</td>
</tr>
</tbody>
</table>

Informal

State

Nonstate

1 This figure does not attempt to exhaust all examples of social protection within the conceptualised intersperse. There are definitely other examples and these listed here are not in any way taken to be better than those not mentioned.
Converse Intersperse of Social Protection

Table 1 provides the social protection intersperse within the state-nonstate interchange and formal-informal interchange. Each of these interchanges represents a converse relationship. As such they are referred to as the converse intersperse of social protection. Each interchange is considered separately below.

State-nonstate interchange

Before the Washington Consensus\(^2\) era, some Southern Africa countries such as Zimbabwe focused on market interventions in the goods and financial markets. Price subsidies on strategic commodities and food price controls were often implemented. Interest rates were fixed, while exchange rates were allowed to vary only between a defined floor and ceiling or not allowed to vary at all. Arguably, this was a form of social protection addressed through state interventions in markets of non-state actors in order to stabilise food security and reduce household vulnerability to negative price and interest rate variability. Despite the popularity of this intervention with consumers, it could not separate and target poor and vulnerable households; hence it proved to be fiscally unsustainable. On the other end, economic thinking, which has been termed the first and second welfare theorems, has had a massive effect on how the World Bank and International Monetary Fund (IMF) view markets. These institutions view markets as efficient and any state interventions are seen as market distorting. As a result, the Washington Consensus called for market liberalization policies that led to the removal of price controls and subsidies.

Current thinking in social protection reverts to state intervention in markets, although this time around in labour markets. In South Africa state intervention in labour markets has been through labour legislation to ensure decent working conditions and a statutory minimum wage. Devereux (2013) refers to this form of social protection, and social welfare systems for the non-working poor as comprehensive and sustainable. This is also the thinking applicable for the Productive Safety Net Programme (PSNP) in Ethiopia, the Vision 2020 Umurenge Programme (VUP) in Rwanda and food for work programmes in Zimbabwe.\(^3\)

Nonstate actors such as donors and NGOs have been active in supporting some Southern African governments to implement social protection and this interplay has been important especially for Malawi and Zambia. In Malawi, United Nations Children’s Fund (UNICEF) has been managing food and cash transfer programmes to targeted poorest households with school age children in partnership with the government. In Zambia, GTZ has provided technical and financial support for social cash transfers targeted to very poor households. These programmes largely reflect that much of the impetus has come from nonstate actors, with little firm government support (Barrientos and Hulme 2008).

Formal-informal interchange

Debates on formal and informal social protection have largely concentrated on formalising the informal systems (registering and regulating informal activities), linking or integrating formal and informal systems (group lending in microfinance), and recently informalising the formal (innovatively evading regulation). The debate about registering and regulating informal systems of social protection in Africa is not clear. Most governments rarely take the

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\(^2\) This consensus was a convergence of views between the Reagan administration, the International Monetary Fund, and the World Bank that emerged in the 1980s. It resulted in Economic Structural Adjustment Programmes being proposed and implemented in low-income countries.

\(^3\) This programme is no longer existent in Zimbabwe.
initiative to register and regulate informal systems. However, some countries require in particular burial societies to be registered. In Ethiopia, for example, over 4000 burial societies are registered in the capital city, Addis Ababa alone (AKDN Civil Society Programme and INTRAC 2007). There are a number of burial societies that remain unregistered and yet the government does not consider them illegal (Dafuleya 2012). This phenomenon is also present in Southern Africa. For instance a burial society can operate in South Africa without any form of regulation (Bester et al 2004).

Most informal systems such as Rotating Savings and Credit Associations (ROSCAs) bank their money with formal financial institutions, thereby creating informal-formal links. Microfinance is one sector that has benefited from formal-informal interchange. The financial sector is bedevilled by adverse selection and moral hazards. As such, the poor who do not have collateral cannot access credit to smooth consumption and manage vulnerability when faced with shocks that affect their meagre incomes. The idea behind microfinance was then to use social networks within informal systems of the poor to develop self-selected group lending. This formal-informal interchange has been successful in reducing adverse selection and moral hazards and increasing repayment rates.

In the formal-informal debates, the extant literature hardly focuses on the possibility of informalising the formal social protection. Chen (2012) has demonstrated the likelihood of this in countries where social insurance is not managed properly or their terms and conditions are not transparent. In this context, social insurance is avoided by mutual consent of the employer and the employee based on the fact that employees do not expect any benefits in return for contributions and prefer a greater take-home pay and that employers would be saving. Consequently, the formal will be informalised.

**Assorted Intersperse of Social Protection**

Table 1 also shows the assorted social protection intersperse in terms of delivery to clients. Each relevant assortment is considered separately below.

**State-formal provision**

The state social protection is mostly delivered to clients through formal statutory systems. For instance, clients have to be registered and legally approved to qualify for social assistance. The result has been social protection enshrined in legislation and, recently, in proposed social contracts (Devereux 2013). Social assistance programmes characterised by grants and non-contributory social pensions connected to citizenship rights tend to be found in Southern Africa (Nino-Zarazúa et al 2010). In many other African countries, notably Benin, Burkina Faso, Cameroon, Ghana and Mali, state-formal provision is visible but coverage continue to reach a limited number of clients. In Zimbabwe, for example, state-formal provision has been impaired by non-supportive and non-conducive economic environment (Ministry of Public Service, Labour and Social Welfare 2002)

**State-informal provision: the missing link?**

The state-informal provision is arguably the missing link in the assorted intersperse of social protection in Africa. For this reason, most African states have committed to extending social protection to the informal economy with special emphasis on informal workers (Africa Union 2008). How this can be achieved remains a technical challenge. However, there are promising innovative initiatives that seek to provide for better protection of informal workers. Ghana and Tanzania provide illustrious examples of such initiatives. In 2008, the existing Social
Security and National Insurance Trust established an Informal Sector Fund. In 2011 the Daily Graphic online news reported that 90 00 workers in the informal sector had joined the fund. Contributions to the fund are flexible, that is, they can be made daily, weekly, monthly, annually or seasonally. Tanzania introduced a Community Health Fund in 1996 where households pay uniform contributions and the government tops-up by 100% of total contributions from members (Labour and Social Affairs of the African Union 2011; Olivier, Andrianarison and McLaughlin 2012). This article draws partly from this section to provide alternative options and pathways for extending social protection to informal workers.

**Nonstate-formal provision**

The provision of social protection within this intersperse predominantly emanates from NGOs and donors, and minimally from for-profit private providers. As noted in the previous section, delivery of social protection in Middle Africa hinges more on NGOs and donors, with or without state-nonstate interchanges. In this section, I focus on nonstate-formal provision of social protection without state-nonstate interchange, as the latter has already been discussed in the earlier sections. This intersperse is in sharp contrast with the social assistance programmes in Southern Africa. In Middle Africa the donor funded programmes are not connected to state programmes as they allegedly favour new initiatives rather than building on existing state policies and thus do not have state support or if there is, it is only minimal (Devereux and White 2010; Nino-Zarazúa et al 2010). (Devereux and White 2010). Marianne (2013) provides a comparative case of Lesotho in Southern Africa and Zambia in Middle Africa. Despite being as poor as Zambia, Lesotho provides rights-based social pensions while Zambia only provides cash transfer pilot projects financed by donors.

For-profit private institutions offer financial products that help employees who receive contributions from their employers as part of their remuneration. These products help employees to mitigate risk and cope with shocks. Risk mitigation is *ex-ante* strategy where employees get insurance (save up) for risks that drastically affect their incomes before they occur. Coping with shocks is *ex-post* strategy that takes place after the risk or shock has occurred. A financial product available for employees to cope with shocks is credit, which allows an employee to tap from future income during bad times and to repay during good times.

**Nonstate-informal provision**

The provision of social protection in this intersperse comes from interhousehold allocations and community-based systems. Interhousehold allocations can be cash or in-kind transfers from one household to the other. In recent years, migration and divorce has created geographically stretched households where remittances and child maintenance act as transfers from one household to the other respectively. Besides, households within the same communities usually have social and financial ties that allow them to switch monetary transfers at no cost and without fear of default. While these practices remain widespread both in rural and urban African communities, they are highly vulnerable to covariant risk. For example, if there is drought all households in a particular community will be affected and will fail to help each other. Most households have managed covariant risk either by letting their grown children to reside in a different community than theirs, a prime example being children residing in urban areas and parents residing in rural areas.

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Community-based systems are also widely acknowledged as providing social protection within the nonstate-informal intersperse. These take different forms which can operate at family, extended family, friends, workmates, gender, ethnic grouping, or community levels. While examples of these systems are many, burial societies have attracted intense debate in the social protection cog. The following section presents a discussion on burial societies as a special case study in order to demonstrate why they continue to exist when they were expected to subside in the face of competition from efficient for-profit insurance providers.

**THE CASE OF AFRICAN BURIAL SOCIETIES**

Burial societies are organisations made up of friends, relatives, workmates, or community residents who come together to insure themselves and their extended families against death related expenses. Burial societies’ finances rely on monthly subscriptions to build on their collective investment fund. Contributions from each member are recorded by the Treasurer and in many cases are deposited with a financial institution. To join the society an initial once-off joining fee is paid. To overcome moral hazards immediately after joining, most burial societies allow three months to pass before a new comer can start to claim. A member enjoys unlimited insurance cover for the whole family.

Claiming is a relatively simple process. The beneficiary or the household where bereavement has occurred notifies any member of the committee through a letter or by word of mouth and the committee arranges to disburse the payment within a period of 48 hours. Death is confirmed by visiting the deceased’s household later during the day or the following morning. The burial society committee is generally responsible for the smooth running of the societies’ business. Nomination of committee members, including the chairman and treasury is done by the members through the ballot box. The constitution determines the maximum number of terms in office the committee members are allowed to serve.

**Types of Burial Societies and Social Networks**

There are different types of burial societies found in African countries. Each type represents a certain category of social networks – called bonding social networks – of people sharing homogenous demographic characteristics.

**Community burial societies:** These are mostly found in Botswana, Ethiopia and Zimbabwe. In Botswana members of the societies cut across social and physical boundaries (village ward). In Ethiopia they are called *Kebele Iddirs* and they can have a membership of up to 5000. In Bulawayo, the second largest city in Zimbabwe, community burial societies are an insurance scheme without commitment. That is, they operate without a constitution or contract but are based on repeated interactions. They are generally called *Omazibuthe*. The collection of such funds is a social norm done in most high density or low income suburbs. When a community member has experienced death in the family the community contributes small amounts of money or food. Gifts, either in cash or in kind, are recorded on community

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5 Much of this section draws from my previous work on burial societies, for example see Dafuleya (2012); Dafuleya and Gondo (2010) and Dafuleya and Zibagwe (2010; 2012).
6 This discussion does not include some form of burial societies owned by individuals that are found in South Africa. These fairly fit in the nonstate-formal intersperse as they are registered and regulated.
7 Woolcock and Sweeter (2002) and Field (2003) provide different forms of social capital (or networks). First is bonding, which refers to connections within a homogenous group. Second, is linking. This one refers to links created with people in power. Third is the bridging type of social capital, which connects people across diverse dimensions.
8 *Kebele* is the smallest administrative level in Ethiopia. Burial societies are referred to as *Iddirs*. 
cards or booklets for future reference. Attendance at funerals is also recorded in some communities. These norms and activities create bonds in the communities.

**Work-based burial societies:** There is loose bonding in these burial societies. Although burial societies of this type are made up of people working in the same institution or similar profession, most workers do not take their relations and networks outside work. However, in times of need and hardship work-mates constitute a strong nonstate-informal social protection. In Gaborone (Botswana), these societies are found in workplaces such as universities, government offices and manufacturing plants and are made up of people with loose ties only to emerge stronger when death strikes. This makes this loose bond very important for urban residents.

**Religious, ethnic and tribal burial societies:** There is strong bonding within these societies due to two reasons. First, there are a lot of commonalities such as sharing the same religion or culture within these societies. Second, the activities of the burial society further enhance the bonding. However, the main weakness of these societies is social exclusion.

**Gender-based burial societies:** Most female based burial societies are sub-burial societies of religious or ethnic based societies. They mainly deal with food preparation and hospitality during mourning. These societies often lack written rules and regulation. Trust and reciprocity is the glue that binds them together. On the other hand, male based funeral societies have clear set of rules and regulations.

**Migration burial societies:** These, just like work-based burial societies, have a weak bonding that rarely takes place outside formal meetings. It is based on the similar characteristic of being away from home. This burial society has proved to be very popular for many Zimbabweans living in South Africa as it once did for many Malawians who had migrated to Zimbabwe 4 to 5 decades ago.

These types of burial societies have bridging social networks that easily transmit what works and what does not work in managing burial societies. There are few cases of linking social network as most of the burial societies operate without assistance. Assistance could easily be treated with suspicion of political capture in countries like Zimbabwe. However, some burial societies in Ethiopia have been linked with formal NGOs and it has proved to be working for them. Figure 1 provides a picture of how networks link, bond and bridge among different types of burial societies.

**Burial Societies and Issues of Fragility**

Debates on the risks associated with burial societies have been raging. Cox and Jimenez (1995) believed in the robustness of informal systems of social protection. They argue that state transfers have little net impact because they simply displace well-functioning nonstate-(in)formal provisions of social protection. Some critiques believed this to be an overstatement. They argue that informal systems are fragile and not robust in the face of covariant risks. As such they conclude that displacing them will most likely be socially and economically preferable. But are informal systems fragile and not robust?

Before answering this question, it is important to note that the crowding out argument does not necessarily imply that the informal systems have been weakened (Oduro 2010) but it could be that state-formal transfers allow for welfare-enhancing intrahousehold re-allocation as demonstrated by du Toit and Neves (2009). Also, the argument by critiques that informal
systems are fragile and are not robust should be taken with caution as activities and systems in the informal economy cannot be treated like a single case. Rather, there is a strong case for treating informal systems on case by case bases. This article has done this based on the case of burial societies.

**Fig1: Social networks in Burial Societies**

In addressing the above question it should be remembered that the question is answered in the context of burial societies. Consequently the question becomes, are burial societies fragile and not robust? The mere fact that they continue to exist for close to two decades after the genesis of the debate presupposes otherwise. However, mixed evidence emerges once they are scrutinised more closely. A number of burial societies that were affected by the unfavourable environment in Zimbabwe were dynamic enough to survive the crisis. They survived the rise in mortality rates, though with difficulties. In Ethiopia some burial societies have gone entrepreneurial hoping to supplement and eventually replace subscriptions. This is also true for some few burial societies in Zimbabwe. However, going entrepreneurial has presented new challenges for otherwise traditional burial societies resulting in splitting of membership with problematic consequences on the distribution of accumulated financial and physical assets. As such an increase in the numbers of burial societies should be taken with caution as it may not necessarily reflect positive gains but deep seated divisions.

There are five reasons why burial societies can continue to enjoy a large, consistent and devoted membership despite the availability of insurance provided by for-profit formal institutions. First is that the funeral insurance offered by burial societies is tied to social and emotional support to the bereaved family. Members of the burial society are usually there to comfort the bereaved family and cook for mourners. Second, the fear of death and the need for burial draws most of the household’s attention to be focused on funeral insurance as the
only plausible form of social insurance. Third, members have a strong sense of ownership and thus the feeling is that the money contributed is within their reach and control. As such self-commitment is high and the need to see their burial society succeed is real. Fourth, burial societies could be the only source of insurance for informal workers without a bank account and street address. The fifth is that burial society’s financial assets can be used as a source of credit unlike the case when a worker insures with formal insurers. These reasons position burial societies to be possible pathways of extending social protection to informal workers.

EXTENDING SOCIAL PROTECTION TO INFORMAL WORKERS

The pertinent question here is: what are the possible pathways for extending social protection to informal workers? In an attempt to simplify the representation, I identify three models of possible pathways for providing social protection to informal workers: the state-informal single model, the state-informal collective model and the state-formal model.

The State-informal Single Model

The recent initiative stresses on the state setting community-based funds or informal sector funds where informal workers may participate voluntarily and is identified as the state-informal single model. The main advantage of this initiative rests on the fact that the informal employee may commit to saving towards her pension, or insure her health, which would not be the case if the initiative was not there. Furthermore, the incentive of government top-ups associated with this initiative is an attractive ‘incentive design’ for the state-informal provision to be realised – a likely answer to the missing link. The effectiveness in terms of coverage of this intersperse remains to be seen. However, the take-up has not yet been very impressive.

The State-informal Collective Model

The case of burial societies discussed above demonstrates the possibility of another pathway. There is high probability that most informal workers belong to informal systems such as burial societies. Within the context of social protection intersperse, informal workers are most likely to be covered within the nonstate-informal provision. Another ideal pathway to extending social protection would be to target this intersperse. Several NGOs have attempted to do this particularly in Ethiopia (see Soloman 1999). Unfortunately, most of them target the social networks in informal systems to harness other developmental activities that are not of particular interest to informal systems. Very few NGOs have attempted to pursue the core objectives of informal systems. This is especially true for burial societies. Their insurance is believed to be channelled towards a wrong end – death. Yet there is evidence that burial societies have paid for hospital fees and assisted the unemployed (Cormark 1983; Hall 1987) and do provide credit towards school fees in good times (Dafuleya 2012). The state may also target burial societies, or other informal systems, as a way of escalating social protection to the informal workers, through incentives of government top-ups and is identified as the state-informal collective model.

The state-informal collective model has two advantages over the state-informal single model. First, targeting burial societies means that they remain delegated monitors of the fund. This maintains the social networks of members and avoids the problem of moral hazard, which may most likely be rampant in the case of state-informal single model. Second, the take-up may be quick. As demonstrated in figure 1, burial societies do not only command a large number of households, they are also embedded in bridging social networks that may quickly
transmit the positive effects of state-formal provisions to other burial societies who may initially be hesitant to join.

The State-formal model

There are concerns that are usually raised especially by legalists relating to state-informal provision. Legalists are usually comfortable with state-formal provision. There are two possible pathways that may make it possible for the state to target and transform nonstate-informal provision into state-formal provision. One pathway relates to formalising the nonstate-informal provision, and the other relates to linking nonstate-formal provisions to formal activities. The latter pathway may have the back-up of dualists and structuralist who point to the normality of the informal employment. Either way, these two trajectories pave way for the state-formal provision to be realised. This is identified as the state-formal model – another possible answer to the missing link.

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