Social Security in Malawi: Achievements and requirements

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LILONGWE
Background

- Social security systems have not been fully developed and implemented in Malawi.
- MCTU wishes to effectively lobby for the introduction of effective social security systems in Malawi.
- However, there is need for data documentation on existing social security systems within and outside Malawi, identify gaps within Malawi before any interventions are made by MCTU.
- It is in this respect that MCTU has undertaken numerous Social Protection campaigns, Social Security action oriented research and has participated in numerous forums on Social Security in country and outside the country including at ILO Conference level where the Social Protection Floor instrument was adopted in 2010.
- This paper seeks to provoke the thinking around achievements and requirements for Malawi to mainstream Social Security.
Social Security: Background Information and statistics
“Only 20 per cent of the world’s population has adequate social security coverage and more than half lack any coverage at all. The ILO actively promotes policies and provides assistance to countries to help extend adequate levels of social protection to all members of society. Social security involves access to health care and income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of a main income earner” (www.ilo.org)
Working definition

…. the protection which the society provides through a series of public resources against economic and social distress that otherwise would be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, invalidity, retirement and death; the provision of medical care; and the provision of subsidies for families with children. (ILO, 1984:2-3).
Levels of social security

1. **Social insurance** provides social protection to workers and their families against future contingencies. The contingencies include unemployment, employment injury, invalidity, sickness, maternity, old age and death. Social insurance schemes are normally contributory as both employers and employees contribute to the schemes. There is therefore entitlement to benefits based on the provisions in the rules of the scheme.

2. **Social assistance schemes** normally non contributory and are wholly state-sponsored and means tested.

3. **Social allowances** provide universal but non means-tested benefits to families in order to help them meet their obligations, particularly in terms of raising children. Like social assistance, social allowances are financed from tax revenues.
ILO Conventions and recommendations on social security

Very few states have ratified the ILO Social Security instruments. According to the ILO report of 2008 titled *Setting the social security standards in a global society* states the following obstacles have been cited by the member states:

1. Non conformity with national legislations.
2. Differences in societal values and political obstacles.
3. Lack of financial resources
4. Lack of administrative and statistical capacity
5. Lack of knowledge about conventions
## An analysis on ratifications

<table>
<thead>
<tr>
<th>Conventions</th>
<th>No of states</th>
<th>Ratifications in Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>C102</td>
<td>43</td>
<td>3 (DRC, Niger and Libya)</td>
</tr>
<tr>
<td>c121</td>
<td>24</td>
<td>3 (DRC, Libya and Senegal)</td>
</tr>
<tr>
<td>C128</td>
<td>24</td>
<td>None</td>
</tr>
<tr>
<td>C130</td>
<td>15</td>
<td>None</td>
</tr>
<tr>
<td>C168</td>
<td>7</td>
<td>None</td>
</tr>
<tr>
<td>C183</td>
<td>13</td>
<td>None</td>
</tr>
</tbody>
</table>
New thinking in SS

1. With increasing risks of exclusion worldwide, most experts have argued that the social security schemes need to be rolled out to all.

2. The International Labour Organization, in their report on *Social security for all: Investing in global social and economic development* (Geneva, 2006) and using national experiences from African countries such as Botswana, Namibia and South Africa, has demonstrated that it would in principle be possible and affordable to provide all of the poor in Africa with a minimum package of social benefits and services including access to basic health care, basic income transfers in case of need, and basic education.

3. In some cases these benefit systems would have to be introduced gradually, in step with the growth of the economy and the expanded fiscal space.

4. Most of the necessary resources could be raised nationally.
Country perspective-Malawi
Formal Social Security Schemes/Systems in Malawi

1. There is virtually no state sponsored national social security system in Malawi.
2. Malawi is the only country in Southern Africa and one of only five in Africa that do not have a formal Social Security System.
3. On the other hand government has made tremendous efforts to include Social Protection provisions in its poverty reduction programs as discussed below.
4. Social security in Malawi is guided by the recently released National Social Support Policy (NSSP). According to this document the primary objective is to provide a holistic framework for designing, implementing, coordinating, monitoring and evaluating social support interventions (GOV, 2009).
5. The policy directly links to the Malawi Growth and Development Strategy’s second theme which specifies social protection as the long term solution to improving the lives of the most vulnerable (MGDS, 2006).
Legislative framework

1. Malawi has not put in place any regulatory framework on social security.
2. At the moment the National Employment and Labour Policy is yet to be operationalised.
3. The country has not ratified any of the international social security instruments.
4. Private insurance companies are available and do offer private pensions and general insurance services. However the insurance penetration level for Malawi ranges between 2.5% to 3% and is the lowest in the region.
But....

1. An analysis of the labour legislation in Malawi reveals that government has attempted to put in place some mandatory frameworks to protect workers in the event of their losing their jobs whether temporarily or permanently.

2. **The Employment Act # 6 of 2000.**

   The Employment Act provides for sick leave and pay during sickness, maternity leave every three years (women are entitled to eight weeks maternity on full pay). The Act also protects workers through a provision on minimum wage. Further the Act provides for severance pay to those whose services are terminated by mutual agreement with the employer.
<table>
<thead>
<tr>
<th>Sec</th>
<th>SS element</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>46</td>
<td>Sick leave</td>
<td>4 weeks paid leave at full salary and subsequent 8 weeks at half salary.</td>
</tr>
<tr>
<td>47</td>
<td>Maternity leave</td>
<td>Eight weeks leave on full pay.</td>
</tr>
<tr>
<td>54</td>
<td>Minimum wage</td>
<td>Mandates the Minister of Labour to review minimum wage at least once very three years on consultation with tripartite partners.</td>
</tr>
<tr>
<td>35</td>
<td>Severance pay</td>
<td>Provides protection to workers to ensure they get statutory terminal benefits on termination of employment by mutual agreement, unilateral termination by the employer, unfair termination, death</td>
</tr>
</tbody>
</table>
The Workers Compensation Act # 7 of 2000

<table>
<thead>
<tr>
<th>SS Element</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage</td>
<td>Employed persons. Excludes casual workers, outworkers, domestic workers and armed forces personnel.</td>
</tr>
<tr>
<td>Financing</td>
<td>Employer liability scheme. Risk taken up by Insurance companies.</td>
</tr>
<tr>
<td>Circumstances payable.</td>
<td><strong>Temporary Disability Benefits</strong>: A percentage of the insured's earnings, according to the schedule in law. The benefit is payable after a 3-day waiting period until full recovery or certification of permanent disability. <strong>Permanent Disability benefits</strong>: If totally disabled, a lump sum equal to 54 months of the insured's earnings. The minimum benefit is 54 times the insured's monthly earnings. <strong>Partial disability</strong>: A percentage of the full benefit according to the assessed degree of disability, according to the schedule in law. <strong>Medical Benefits</strong>: The employer pays the cost of reasonable medical expenses for medical, surgical, dental, and hospital treatment; skilled nursing services; medicines; prostheses; mechanical aids; and transportation. <strong>Survivor Benefits</strong>: A lump sum equal to 42 months' of the deceased's monthly earnings, minus any disability benefit paid before the date of death. Eligible dependents are members of the insured's family; a reduced benefit is paid if the survivor was only partially dependent.</td>
</tr>
</tbody>
</table>
The Wills and Inheritance Act: Cap. 10:02

1. The Wills and inheritance Act generally provides for protection of the deceased beneficiaries (primarily a spouse and children) in the way the estate is distributed.

2. Wadonda-Chirwa, 2006 argues that in some way, the Wills and Inheritance Act (Cap. 10:02 of the Laws of Malawi) also embodies social security elements by making provision for dependents that were not adequately provided for through inadvertent omission in a Will and also regulates distribution of property where a person dies intestate.

3. At the time of this report a bill had been drafted to include a provision to criminalize property grabbing.

4. This is seen as an additional social protection to surviving beneficiaries especially women.
The Government Public Pension Scheme (GPPS)

1. Government has put in place a noncontributory pay-as-you-go system that provides retirement and other benefits to civil servants.

2. These provisions are discharged mainly through the Malawi Public Service Regulations (MPSR), which provides for sick leave, terminal benefits, emergency advance, death benefit, bereavement and dependents and pension benefits.

3. The scheme only caters for civil servants and is non-contributory.
The Pensions Act. of 2011

1. For the first time in history, Malawi made pension scheme mandatory for all defined employers in Malawi. This took effect on 1st June 2011 after an Act of Parliament.

2. In summary, the Bill provides for mandatory pensions for all employers, and clarifies on matters relating to the supervision and regulation of pension funds and umbrella funds.

3. In terms of coverage, the preliminary section of the Act provides for the following: “Unless expressly exempted by the Minister in writing, with the approval of the Cabinet, this Act shall apply to every employer and employee in Malawi.”

4. Subsequently, the Minister has exempted Domestic Workers, seasonal workers, Parliamentarians among others.

5. The Act clarifies further on the definition of a pension scheme. The Bill, having been passed made an invaluable difference on social security coverage in Malawi.

6. The Act defines a pension scheme as “a scheme the primary purpose of which is the provision of retirement benefits to a member of the scheme on his retirement from any business, trade, profession, vocation, calling, occupation or employment in which the member was engaged, whether or not it also provides for benefits to be paid in other circumstances (for instance, on the death or disablement of a person).
## Analysis: Pension 2011

<table>
<thead>
<tr>
<th>Sec</th>
<th>Item</th>
<th>Provisions</th>
</tr>
</thead>
</table>
| 9(1)   | Contributions         | Employer = 7.5%  
Employee = 7.5% |
| 10(1)  | Taxation              | Contributions will be tax deductible.  
Lump sums received at retirement will be tax exempted. |
| 62(1)  | Benefits payable      | Retirement benefits. Early retirement benefits due to ill-health  
including permanent disability. |
| Second schedule | Survivors benefits | The new Act makes provisions for survivors’ benefits including the following: If there is surviving spouse, 50% of the accumulated account will utilized to purchase annuity for the spouse and the balance of the account to purchase annuities for qualifying children. |
The draft Employment Amendment Act (2010) on Severance Allowance

<table>
<thead>
<tr>
<th>SS Element</th>
<th>Current provision</th>
<th>Proposed bill</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Severance payable</strong></td>
<td>On mutually agreed termination, unfair dismissal and unilateral termination by employer.</td>
<td>On redundancy, retirement, termination due to economic difficulties, technical, structural or operational requirements of the employer, or unilaterally by the employer.</td>
</tr>
<tr>
<td><strong>Salary</strong></td>
<td>Total remuneration package (but not very clearly defined in the law)</td>
<td>Now properly clarified to include Basic pay plus other cash monthly benefits and allowances.</td>
</tr>
<tr>
<td></td>
<td>Uses the two tier table of: 1-9 years = 2 weeks wages 10 and above = 4 weeks wages</td>
<td>Uses the three tier table as follows: 1-5 = 2 weeks wages 6-10 = 3 weeks wages Over 10 years = 4 weeks wages Note: calculated on a cumulative basis.</td>
</tr>
</tbody>
</table>
The informal social insurance schemes in Malawi

1. From 1994, a lot of micro finance institutions have been registered in Malawi. According to the Micro Capital website, www.microcapital.org there are around nine microfinance institutions in Malawi (as reported in January 2009) most of them into micro lending. They are regulated by the Reserve Bank of Malawi.

2. There is a huge debate in Malawi as regards how effective these institutions have been in terms of protecting the poor from social shocks.

3. On one hand, beneficiaries believe they have benefited a lot as they have been able to work their own way out of poverty. Working in groups has assisted a lot of people, especially women, to support, encourage, and provide assistance to each other if things go wrong.

Again, microfinance institutions never lend to individuals without first providing them with the expertise and training to build a business plan that is likely to succeed. This has been an invaluable skills transfer to a lot of people.

4. On the other hand, some quarters believe micro finance institutions have only ended up ripping the poor in the name of “not-for-profit activities” when in actual fact they are making a lot of money through donor funds.

5. In the words of Honorable Goodall Gondwe, the then Finance Minister for Malawi, some institutions have ripped off a lot of Malawians though exorbitant interest rates:

“The Government cannot be used as an agent to rip off Malawians. We, therefore, have decided to part ways with the institutions”. (Note: He was referring to two of the microfinance institutions that had been stopped from providing micro loans to civil servants in 2008.)
Community based Women informal cash savings scheme

1. There is an emerging culture of savings amongst women in Malawi that deserves a mention in this study. This is called Chipereganyu in local language or the equivalent of “pardnering” in other cultures.

2. Women, particularly low income workers and housewives usually form themselves into groups of 5 to 10 and contribute money every month to a pool. The minimum contribution is normally MK 1,000 (an equivalent of US $ 7 or so) per month. The arrangement is as follows: the total contributions are pooled and given to one woman to use for that month at no interest. For instance, if it’s a group of 10 women, it means one woman from that group will get MK 10,000 which she can use to boost her business or buy household essentials or indeed help her in time of need. The latter underscores the role played by Chipereganyu in meeting periodic social shocks experienced by the poor.

3. Others do it in kind. Each month some women organize themselves to purchase household essentials for one group member. They throw a party and have fun at the member’s residence. The member finds herself with microwaves, refrigerators and other household times ordinarily which she could not afford to buy using her normal income. This is called a “Kitchen Top-up”.

4. From 2009, women, especially in the urban area have extended the concept to help fellow business women boost their small businesses in the name of a gathering called a “Business Top-up”. The function takes the form of a normal kitchen top up but only this time around, the presents/gifts relate to business related products such as sewing machines, sausage makers, etc.

5. This study asserts that the concepts of Chipereganyu, Kitchen Top-up and Business Top-up are a form of informal social security insurance amongst common women in Malawi who help each other in time of need. They cannot ordinarily get this type of help from the commercial sector. This seems to agree with the report by Beckmann and Kirsch, 1995 titled “informal social security systems in Africa” which points to the fact that in modern era, lifelong kinship relationships do not matter any more. What matters most is the inter-group dynamics and emergence of self-help groups with the primary objective of reciprocal assistance.
SACCOs’

1. The Savings and Credit Co-operatives (SACCO) are adding a lot of value to the low income members of the population in Malawi. According to Hopfauf (2008) there are 58 SACCO’s in Malawi most of them established in 1995. They are regulated by their mother body, Malawi Union of Savings and Credit Co-operatives MUSCO). The SACCO’s have over 75,000 members and growing every day.

2. SACCO’s in Malawi have a cumulative national coverage targeting small scale entrepreneurs’ as well as low salaried workers such as Teachers.

3. The co-operatives have helped in filling the gap in as far as provision of basic financial services to the urban and rural poor through voluntary savings. Beneficiaries get soft loans as well as death cover in case of their demise whilst as a member.

4. This is an important aspect of social security as these people would not ordinarily get death cover from the private insurance companies who normally would prefer providing group covers to salaried workers in the formal employment sector.
1. The vital role played by SACCOs in Africa and Malawi in particular in alleviating the plight of low income workers and the informal sector was highlighted during the 8th Annual World Council of Credit Unions’ (WOCCU’s) Africa Congress that took place in Blantyre, Malawi in 2007 under the more appropriate theme of “SACCOs: Mobilizing Savings for Sustainable Community Development.”

2. The Minister of Trade and Industry (Hon Ken Lipenga at that time) summarized the role of SACCOs as “the work of SACCO’s complements government efforts to reduce poverty levels and that savings mobilization is crucial to decreasing the amount of foreign aid flowing into the country……the only hope for our people as far as access to financial services is concerned is the SACCO movement”

3. Finally, it must be put on record that SACCOs have provided job opportunities to thousands of Malawian men and women who ideally would have been unemployed.
Social Security for Informal Economy: Trade Union Interventions

1. From MCTU’s membership base of over 200,000, less than 5% come from the informal sector.

2. The informal sector members are organized through two major MCTU affiliates: the Malawi Union for the Informal Sector (MUFIS) and the Building Construction, Civil Engineering and Allied Workers Union (BCCEAWU).

3. However, in recognition of the growing informal sector and the need for representation, MCTU has developed a deliberate strategy to help the mother body and its affiliates penetrate the naturally elusive sector.

4. Through MUFIS, building unions and other affiliates, MCTU has set up committees in places where informal workers are more than 30 and use the created structures to recruit fellow informal workers encouraging more participants and members joining the union.

5. On the other hand, the Commercial Industrial & Allied Workers Union (CIAWU) follows up those members who were retrenched a few years back and have now formed their own small businesses and entice them to join the union.

6. The Road Transport Operators Union has on its membership register drivers and conductors who work for minibus and transport operators in the informal sector belonging to the Road Transport Operators Association of Malawi (RTOA).
7 Structural adjustment programmes in 1980s and 1990s, privatization, globalization and many factors led to retrenchments’, ‘redundancies’, ‘lay-offs’ or ‘right-sizing of the public service and other semi-private entities. These have significantly reduced employment levels in the country. A lot of employees have had an exodus into the informal sector.

8 With an increasing number of such employees seeking protection the Malawi Union for the Informal Sector was formed in the year 2000 to organize these workers.

9 The body has also formed Women’s committees in the Southern and Central Regions targeting cross border women traders.

10 The body has been partnering with international bodies such as War on Want of United Kingdom, International Federation for Workers Education Association of United Kingdom including the umbrella body Street Net international.

11 More recently an Italian local organization called Comitato Internazionale Per Lo Sviluppo Dei Popoli (CISP), trained the informal sector members in business/financial management skills.
In an interview with the President of MUFIS and the Secretary General of MCTU, it was established that the two bodies had worked out a Memorandum of Understanding (MOU) specifically to put in place recruitment strategies for the informal sector.

Their working agreement includes the following social security areas:

- Effectively organize the informal sector so that they are accessible.
- Place priorities in the MCTU campaign to extend the social security to all as advocated by various partners including the International Labour Organization.
- Work with other agencies to provide income security to those working in the informal sector.
- Work with community based organizations (CBO’s) that have ready access to community based small traders to effectively penetrate the rural sector and thereafter work out means of ensuring social protection to the members.
The Malawi Decent work programme and the contribution by MCTU

1. The Decent Work Country Programme (DWCP) is a new tool by the International Labour Organization (ILO) to re-programme its activities in its member states. This is in line with the changes and reforms in UN programming at the global and country level.

2. According to the (ILO) the new orientation is placing emphasis on managing for results and has been progressing towards a more coordinated and streamlined programme that is grounded in national priorities that are rooted in the national development agenda. The DWCP is now emerging as the blueprint for ILO cooperation and assistance to any country in furtherance of the ILO’s mission to promote human rights and social justice and contribute towards the achievement of millennium development goals.

3. The primary purpose of the Decent Work Country Programme for Malawi is to coordinate and align technical assistance, support and resources around an achievable set of priority outcomes related to the promotion of decent work agenda. The major issues to be addressed in the Malawian DWCP were identified and prioritized through a participatory planning process involving all of the constituents: including workers through MCTU.

4. These areas include building capacity among the social partners INCLUDING Social Protection; and promotion of Women’s economic empowerment. These components of the DWCP will also contribute towards achieving the objectives of the Malawi Growth and Development Strategy, and more broadly the Millennium Development goals. According to Masanjala (2006) these priorities identified also reflect the nexus between Malawi’s development strategies and the common United Nations Development Assistance Framework (UNDAF), to which the ILO is a contributor.

5. Expanding on the Social Protection pillar, the DWCP advocates for development of a comprehensive social security mechanism in Malawi to protect not just those in the formal sector but extending the same to those from the informal sector.
Other interventions by workers

6 MCTU and its affiliates have used different forums to table their concerns as regards the need to protect the informal sector.

7 At least once every year, the tripartite partners in Malawi with funding from LO-Norway, organize regional and national conferences on social dialogue. MCTU has taken advantage of the forums to table proposals on various issues including social security. At both the 2007 and 2008 conferences, the body specifically lobbied for not just a social security system for workers in Malawi but lobbied for the extension of the same to the informal operators (see MOL, Social Dialogue reports, 2007, 2008).

8 More important, from 2009 the Malawi Congress of Trade Union has been part of the high level discussions in the drafting of the Malawi Pensions Bill that will create an enabling environment to make pension scheme mandatory in Malawi. This is a huge step towards creating a social security vehicle for workers in Malawi. Initially employers through the Employers Consultative Association of Malawi have been resisting this. However, MCTU had made several presentations at the consultative forums to ensure the bill was drafted. Currently the bill is at cabinet level and most likely will be tabled and passed in Parliament by end of this year.

- “Our research has shown that people who have reached retirement age do not easily go for fear of abject poverty once they are out of work. Instead, they sign new contracts with their employers,” (Sunday times, March 2010)
Notable challenges

Again, the labour movement cites the following challenges:

1. Financial constraints to adequately deal with issues of Social Security.
2. Lack of enough financial resources to organize the whole country especially in the informal sector.
3. Limited informal economy policies by government and local government (Assemblies) laws (outdated bylaws) which could provide direction in the sector.
4. Lack of financial empowerment for union members from the informal sector and hence don’t see the need to belong to a paying union.
5. Lack of enough resources to conduct more seminars and workshops for the members in business management skills, leadership skills, representation skills, human rights, etc.
6. Limited consultation by government on some matters. They cite an example of the draft pension bill where MCTU was only drafted in the consultative committee way after the bill had already been drafted.
7. The labour movement has tremendous problems in collecting membership fees from the informal sector.
8. Lack of adequate training in social security issues.
Government interventions to protect the vulnerable.

1. **Public works programmes** - Public works programmes (PWP) have become an important tool of helping the most vulnerable groups to move out of poverty in Malawi. The national public works programme in Malawi was first implemented in July 1995 on a pilot basis under the Malawi Social Action Fund (MASAF), and later in July 1996 as a national intervention programme.

2. **Food transfers** – normally temporary safety nets by government to cushion the vulnerable during the lean period. This scheme has been heavily criticized by most donors (EP & D, 2004).

3. **Cash transfers** – being piloted in seven districts in Malawi and targeting the extreme poor.

4. **Targeted input subsidies (TIP)(2000-2004), Starter pack programmes(1998-2000) and the Input Subsidy Program (ISP)(from 2005)** which have brought a significant improvement in food security in Malawi.

5. **Integrated livelihoods support** – A program aimed at improving sustainable livelihood of the communities through integrated interventions in communities.
KEY ISSUES IN MALAWI SSS
Key factors characterizing SS challenges in Malawi

1. A formal national social security system in Malawi does not exist. However, the country’s labour legislation has attempted to put in place elements of social security and social safeguards to the workers and the vulnerable though various statutory instruments.

2. Malawi just like so many African countries has not ratified a single ILO Social security instrument.

3. **Existence of alternative forms of social security and safeguards in Malawi through** a proliferation of not-for profit and commercial Micro-Finance Institutions (MFI’s) in Malawi. The effectiveness of these MFI’s in alleviating the plight of the poor is still a subject of debate up to now.

4. However, there has also been a proliferation of informal and unregulated community based schemes such as “Chipereganyu” that seem to be filling the gap left by the regulated MFI’s.
Current challenges and gaps in the existing interventions

1. **Lack of an employment policy in Malawi** - the country does not have a formal employment and labour policy. **Lack of comprehensive labour statistics** - Malawi has hardly any mechanism to centralize labour market information. As such, it is difficult for policy makers to take decisions on important labour matters such as social security due to the absence of appropriate labour market information.

2. **Capacity of the tripartite partners** - the Labour tripartite partners, the Employers Consultative Association of Malawi and the Malawi Congress of Trade Unions in Malawi (MCTU) do not have structures and critical mass to deal with issues relating to Social Security. As such they cannot effectively engage government to improve on social security systems in Malawi.
3 Voluntary nature of Pension Schemes.

As discussed above one of the main challenges in the country is that pension schemes are not mandatory. This has given a lot of lee way to employers, especially in the MSME’s to engage employees without any provision for basic social security systems in the workplace.

4 Gender challenges

In a country where only a few are employed in the formal sector and in a country where from the few that are employed in the formal sector, less than a third are women, it becomes really a challenge to roll out social security coverage to women and children. This also means that most of the women are excluded from the limited social security benefits that are being provided in the country at the moment.

5 Challenges at the Administrator General’s office

Death and survivors’ benefits are usually paid to the Office of the Administrator General. Rampant corruption at the office has led to untold miseries to widows and other beneficiaries.
6 Exclusions in legislation: some statutes already exclude those that need social security in earnest. For instance, in the draft Pensions Bill, the bill intends to exclude employees below a certain threshold. This means that much as the Bill intends to protect workers from unscrupulous employers, many workers who receive wages just above the minimum wage will be excluded from the main provisions of the bill.

7 The Workers Compensation Act already excludes casual workers and outworkers. This is the cadre that deals with more hazardous jobs than those on permanent employment.

8 Most private employer-run medical schemes exclude temporary and casual employees from coverage. This leaves out thousands of employees not covered.
Recommendations/Requirements
Requirements/Recommendations

1. In the words of the ILO (see Social Security, New Consensus, 2001), there is no single right model of social security. It grows and evolves over time. Each society must determine how best to ensure income security and access to health care. These choices will reflect their social and cultural values, their history, their institutions and their level of economic development.

2. Again, to borrow from Kaseke(2005) assertions, African countries need an African solution on social security and protection. This assertion agrees with the conclusions by Arne Tostensen in the report, “Feasible social security systems in Africa” that for a social security system to be feasible in circumstances of severe budget constraints, formal and informal mechanisms must be combined. Hence, copying and pasting social security strategies from the west will solve nothing. Africa as a region, and Malawi to be specific, has unique social security challenges that need Malawian solutions.

3. MCTU and its social partners should lobby government to come up with a Malawian tailored solution to social security problems in Malawi.
Lobbying strategy

The Labour movement should come up with a lobbying strategy to specifically deal with social security issues in Malawi. The strategy should include an analysis of the current gaps in the social security mechanisms in the country, a review of the current interventions taken so far by the labour movement, a stakeholder analysis, capacity of MCTU and how to address capacity problems within the labour movement and actual intervention programmes to be taken within the next five years.

Capacity building

There some glaring capacity problems within the labour movement in dealing with issues of social security. The concept of social security is very technical in nature and needs generally technical minds in order to articulate any lobbying on the same. As such this report recommends an immediate raining for all lobbyists within the labour movement.

Partnership

The fight for Social Security systems in any country needs a concerted effort. Government may have different priorities and such may need multi-facial combination of lobbying in order to be pushed. Apart from this, there is also the question of capacity as raised in 6.1.5.2 and one of the ways to address this problem is through partnerships. Potential partnerships have been addressed in sec 7.5 above.
Gender mainstreaming

- Gender issues play vital role in successful implementation of any social security scheme. As highlighted above, women approximately comprise about 15 percent of the labour in the formal employment sector mostly working in teaching, nursing, community development, secretarial and sales work among others and that in the agricultural sector it is estimated that women constitute about 70% of full time farmers, carry out 70% of the agricultural work and produce 80% of food for home consumption.

- In all the social security intervention by the labour movement, gender issues should be prominently highlighted and mainstreamed in the programme activities.
Cont..

**Joining the bandwagon on pushing for a universal social security and protection scheme**

- Various stakeholders including the International Labour Organization have successfully lobbied at international level to request governments to move away from the restrictive social security system for a “lucky few” to extending the same to the whole population. As highlighted above, various studies have shown that all governments including poor ones can afford to run universal social security schemes from their national budgets.

- The labour movement should take a similar stand with the Government of Malawi to enhance social security by extending coverage to these groups that are currently excluded. Just like in the Tanzanian programme, **MCTU should advocate for a three-tier system** where, Tier 1, sponsored largely by government, should target all those that are not able to purchase social security on their own (e.g. the sick, elderly and disabled, etc). Tier 2 should cater for all those who can afford to pay, should be mandatory and should be supervised by government. Tier 3 should be for those who would want to add on to Tier 2 benefits though private social security arrangements and is voluntary. This system seems to work in other African countries as it caters for different groups of the society with different needs but at the same time providing the minimum benefit to all members of the society.
Campaign for living wages rather than minimum wages

- Low wages translate into low saving capacity. Poor workers live a hand to mouth kind of lives and do not save for the future.

- In the words of the International Social Security Association, ISSA, Geneva, Minimum Wage negotiation is good starting point from which social security and collective bargaining can branch out. There is need to provide protection of the lowest-paid, most vulnerable and most difficult-to-organize workers, e.g. domestic, agriculture and casual workers. “Thus, Minimum Wage can be used as a Social Floor.”

- All the stakeholders consulted including Government confirm that the current minimum wage in Malawi does not meet the average living expenses for a worker. This means that as part of its strategy, the labour movement should continually lobby for better minimum wages through the Wages Advisory Board in which they are part of. A better option would be to lobby for a replacement of the “minimum wage” with a “living wage”. This will enable workers to have a decent wage which enable them save for the future as well as comfortably participate in any social insurance scheme which, as has been discussed above, excludes those receiving below a certain threshold.
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Micro insurance schemes in Malawi

- As has been discussed already, there is room for improvement in the way micro financing is being regulated and managed in Malawi.
- This is as an area where the labour movement can easily come in and make some “constructive noise”. As has been asserted above, this has a direct linkage with social protection.
- Again as the ILO asserts, the use of micro insurance schemes to provide social protection to informal sector workers, domestic workers and the self-employed is of paramount importance.
- The Labour Movement should partner with selected Non governmental organizations to provide financial and technical assistance.
The Decent Work Country programme for Malawi

- The labour movement has been participating fully in the development of the decent work country programme for Malawi.
- The movement should utilize this chance to ensure that social security issues are fully incorporated in the program.
- This should start with provision of basic elements such as: access to basic health care through universal national systems which should be tax-financed, social and private insurance components, and community based components linked to the Malawi Growth and development Strategy; access to maternity protection for all employed women as a cornerstone of efforts to safeguard health as well as a system of family benefits to help fight child labour and enable children to attend school.
- **Later the country should consider a system of basic universal pensions for old age, invalidity and survivorship that in effect support whole families.**
Review of legislation and subsidiary legislation in Malawi

- As already highlighted, Malawi is already reviewing some of the major labour legislations. Some which have passed include: Employment (Amendment) Act, Pension Act and various policies.

- The labour movement should ensure it keeps an eye on any changes that would be detrimental to the social protection of its members and ensure it’s quickly brought to the attention of Government.

- In the near future the labour movement should in fact start lobbying for a fully fledged national social insurance scheme in form of a state pension scheme as was done in some countries in the region. Ghana, Nigeria and Zambia successfully converted their National Provident Fund Schemes to state run National Pension Schemes (with Zambia as late as in 1998.) With state national schemes social security is more guaranteed than leaving the schemes to the private sector (Kaseke2009)

- Above all, the labour movement should continue lobbying government to ensure the NELP (Employment Policy) is operational for the country, rather than labour legislation enactment, which takes time due to endless consultations; a simple policy on employment matters in Malawi would take care of most issues that are of concern to workers at the moment including issues of social security.
Ratifications of the ILO Recommendations

- As discussed in this report, very few African countries have ratified conventions relating to social security.
- Ratifying a convention helps a country to stay focused and committed to addressing the issues raised in the instrument.
- Malawi should be lobbied to ratify at least one social security Convention especially the more embracing C.102.
Addressing social security in the Informal Economy

- Unions should demonstrate to the potential members that they have the capacity to speak and represent them on issues of national and economic importance.

- For instance, continuously highlighting issues affecting informal workers in their Decent Work Agenda activities, national budget consultative forums, taxations system consultations, cross-border trade incentive reviews, market fees/rates reviews, etc will add a lot of value on their campaigns to woo the sector.

- Again, informal workers are usually excluded from policy dialogue forum delegations. Including them in such delegations will demonstrate that the labour movement recognizes them as equal partners and hence naturally will feel part of the policy changes affecting them.

- MCTU through MUFIS, link up with Street Net International/UNI joint programme aimed at strengthening the capacity of informal worker organizations in Africa (initially in West Africa).

- Again, MCTU and its affiliates should attempt to introduce non-labour incentives to the informal sector.
Thank you!!