Social Security in the New African Countries

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TEN YEARS AGO the only independent countries in the entire continent of Africa were Egypt, Ethiopia, Liberia, Libya, and South Africa. Since that time, 32 new African nations have come into being. Most of them had made a beginning in the social security field by the end of 1965, and some had set up rather extensive programs. This article reviews the present status of social security measures in the new countries of Africa, as well as some aspects of their probable development.

DEMOGRAPHIC CHARACTERISTICS

The total population of the African continent is believed to be currently around 300 million. (Most demographic statistics for Africa are subject to a considerable margin of error because of serious inadequacies in the sources from which they must be derived.) The countries that were independent before 1955 account for perhaps a fourth of the total, and the still dependent territories for perhaps 7 percent. The nations that have received their independence during the past 10 years thus contain more than two-thirds of all the inhabitants of Africa.

Nigeria alone contains almost a third of the newly independent population; its estimated 58 million inhabitants make it by far the largest country of the continent. Five of the new countries each have between 10 million and 15 million persons (Algeria, Congo (Leopoldville), Morocco, Sudan, and Tanzania), and four have populations of 5–10 million (Ghana, Kenya, the Malagasy Republic, and Uganda). The population is less than 5 million in each of the remaining 22 new nations, including Gambia, Gabon, Mauritania, and Congo (Brazzaville), each of which is believed to contain fewer than 1 million inhabitants.

Since the area of Africa is more than triple that of the United States, the overall relationship between its population and its land may be considered to be relatively favorable. The density ratio is in fact only one-seventh of that of Asia. Though much of its land is not arable and some parts of the continent are fairly densely populated, it nevertheless is apparent that Africa as a whole is still lightly inhabited and does not yet face an overpopulation problem. Its birth rates are exceptionally high, but its mortality rates have also been high and have held down the rate of population growth, which has been averaging little more than 2 percent a year. This rate may gradually increase in the future, as improved health services and living conditions reduce mortality rates.

Life expectancy at birth in those of the new African countries for which data are available exhibits a tendency to be between ages 30 and 35 or 35 and 40. The corresponding expectancy in the United States is currently age 70. The percentage of the total population under age 15 is between 40 percent and 45 percent in many African countries, in contrast to little more than 30 percent in the United States.

ECONOMIC AND SOCIAL CHARACTERISTICS

The economies of most of the new countries in Africa are overwhelmingly agricultural. At least three-fourths of their inhabitants are believed to derive their livelihood from the land. Estimates of the United Nations Economic Commission for Africa suggest that in West Africa and East Africa less than 5 percent of the population may be regularly employed for wages in

*Office of Research and Statistics. The information and observations presented here are based in part on visits by the author to a number of the countries concerned in mid-1965. The author wishes to acknowledge the kind assistance of officials in various countries who discussed their social security programs with him, especially Mr. Eman-Pepple, Director of the National Provident Fund of Nigeria; M. Kamano, Director-General of the Compensation Fund of the Ivory Coast; M. Boujibar, Director-General of the National Social Security Fund of Morocco; and Mr. Kasonde, Permanent Secretary of the Ministry of Labor and Social Development of Zambia.

other than the traditional agricultural sectors at any one time. The estimate for North Africa is around 15 percent. As an inevitable result of the predominance of subsistence agriculture, the levels of gross national product and per capita income are very low. The per capita income of all Africa has been estimated to be little more than $120 a year; it is believed to be as low as $40 in some countries.

Given such a low level of income, it is obvious that much of the population must be living in extreme poverty. A large part of it, in fact, is not living in a cash economy at all, but on a subsistence or barter basis where most production is only for the producer's direct consumption. The low income levels are accompanied by much ill health and high rates of infant mortality. With South Africa excluded, there is on the average only 1 doctor for every 22,500 persons, compared with 1 for about 700 persons in the United States. Finally, all but about 15 percent of the population of Africa is illiterate.

Despite this unfavorable picture, a number of the new African countries possess extensive and as yet far from fully exploited natural resources. There is much unused cultivatable land, mineral resources are extensive, and there are abundant potential sources of energy. Some progress has been made in the utilization of these resources, and a significant beginning has been made towards industrialization in some countries. The growth in industry has been accompanied in some regions by rapid urbanization, with an increasing exodus of workers from villages and the countryside to the cities. Some African states have in recent years achieved good rates of economic growth, and under certain circumstances these rates may be maintained in the future.

The chief economic factors impeding further economic development in most countries are shortages of both investment capital and trained manpower. To the extent that these handicaps can eventually be overcome, the long-run economic prospects of a number of African countries —in view of their extensive natural resources —are not unfavorable.

A considerable proportion of the agricultural segment of the populations of the newly independent countries still live as members of extended family units. These units, in turn, are often linked in various types of tribal groupings. The extended family and tribal organizations have traditionally taken care of their members who are old, disabled, sick, or deprived of their breadwinner and have thus in the past furnished protection against some of the same risks with which public social security measures deal.

As urbanization increases, however, and as the volume of migration from the native villages to the cities expands with growing industrialization, the cohesion of the older family and tribal relationships is increasingly being broken down. More and more workers and their immediate families—who may be living in large cities and be dependent for their livelihood on the wage-paid work of the family head for a large and impersonal employer—are thus left exposed to much the same risks of income loss as those confronting workers in industrialized countries generally.

It is this process, which is already under way and may be expected to continue indefinitely into the future, that has led to the increasing interest of the new African countries in social security measures. The needs and aspirations of the urban employed population for social security protection in these emerging countries are, in fact, little different from those of workers in any other region of the world. They thus account for the steps that African governments have already taken or are planning for the future in the field of social security.

GENERAL SOCIAL SECURITY PROGRESS

Most of the new African nations already had at least one type of social security program in operation by 1965. Coverage usually extends to all employed persons or else to employees in industry and commerce. In either case, the groups covered admittedly represent a relatively small segment of the total population, even when the protection received by their dependents is taken into account.

The specific kinds of programs differ considerably among the countries. Their general pattern follows closely, however, the language classification of the countries. Although almost a thousand different languages are in daily use in Africa, it is customary to classify the new countries as either French-speaking or English-speaking, according to their official language. The course of social security development in the French-speaking countries has, in general, differed considerably from that in the English-speaking countries—partly because of legislative developments and planning before independence and perhaps partly because of continuing close cultural ties among countries using a common language.

Pension Programs

Thirteen of the 21 new French-speaking countries in Africa had introduced public pension insurance programs by 1965. They are Algeria (with a pre-independence program extended from France in 1949), the Central African Republic, Congo (Brazzaville), Gabon, Guinea, the Ivory Coast, Mali, Mauritania, Morocco, Upper Volta, and the three ex-Belgian territories of Burundi, Congo (Leopoldville), and Rwanda. These countries are all in West Africa or Central Africa, except for Algeria and Morocco, which are in North Africa. The programs provide old-age pensions, and usually invalidity and survivor pensions as well. They are all contributory social insurance programs, and most of them are similar. The descriptions later in this article of the pension systems of the Ivory Coast and Morocco indicate the nature of such programs in the French-speaking countries generally.

In contrast, none of the 10 new English-speaking countries in Africa as yet has a pension system in operation, except for government employees. Public provident-fund programs dealing with the same risks, however, had been set up by 1965 in Ghana, Nigeria, and Tanzania. Similar programs are also under active consideration and may soon be adopted in Kenya, Sudan, Uganda, and Zambia. The discussion of the Nigerian provident fund later in the article illustrates how such a fund functions.

There are four French-speaking countries in which an intercountry private pension insurance program now operates, with headquarters at Dakar. The countries are Dahomey, Niger, Senegal, and Togo. A brief summary of this private program is presented in the discussion of social security measures in Senegal.

Family Allowances

An outstanding feature of the development of social security in Africa has been the fact that 19 of the new nations—including all the 18 ex-French territories—now have family allowance programs in operation that usually cover all employed workers. In contrast, none of the English-speaking countries has such a program. The main impetus toward establishment of the programs in the French-speaking countries was the provisions of the French Overseas Labor Code of 1952. The Code provided for extension to African workers of the family allowances that had been payable to European workers in the territories concerned since 1941. Actual implementation of the extension was delayed until 1956, but the measures then introduced were in large part the forerunners of those now in existence. The nature of the latter may be seen from the discussion of the social security systems of the Ivory Coast and Morocco.

Work-Accident Benefits

Nearly all the new African countries have legislation dealing with the compensation or benefits to be provided to workers who suffer an injury in the course of employment. Again, the programs of the French-speaking countries go back to the French Overseas Labor Code of 1952 and to a February 1957 decree implementing that Code. The various employment injury benefits provided are similar in all these countries because of the common origin of their legislation. They are illustrated by the description below of benefits in the Ivory Coast.

Originally, the liability of employers to compensate their injured employees was handled mainly through voluntary insurance with private companies. Insurance is now compulsory, however, in an increasing number of the French-speaking countries. Such countries in West Africa and Central Africa have, in fact, shown a pronounced recent trend toward conversion of work-accident insurance to a social insurance basis and its direct integration with other social security measures. Work-injury benefits on a social insurance basis are now provided in Burundi, the Central African Republic, Congo

(Brazzaville), Congo (Leopoldville), Dahomey, Gabon, Guinea, the Ivory Coast, the Malagasy Republic, Mali, Mauritania, Niger, Rwanda, Senegal, Togo, and Upper Volta.

Work-injury benefit programs in most of the English-speaking countries also go back to pre-independence times. They have undergone few basic structural changes in recent years and are organized mainly on the basis of voluntary insurance with private carriers. Zambia recently converted its work-accident program to compulsory insurance with a public fund, however, and this new program is described below.

Other Programs

Sickness insurance programs have developed much more slowly than the programs discussed above. A combination of cash and medical benefits is now provided only in Algeria, Guinea, and Tunisia. Cash sickness benefits only are provided in Morocco and, potentially, in Nigeria. Fourteen other French-speaking countries provide maternity benefits in conjunction with their family allowance programs. Individual employers are required to provide sick leave and some medical services at their own expense under the labor codes of most French-speaking countries and in Sudan. Varying amounts of free medical care are provided by the government to residents generally in nearly all English-speaking countries as well as in some French-speaking nations.

None of the new countries possesses an unemployment insurance program. Algeria has an unemployment assistance scheme, however, based on a French pre-independence law of 1954. (The only independent country on the continent having an unemployment insurance program is South Africa, which adopted its program in 1946.)

Summary

The social security progress of the 32 new African nations may be briefly recapitulated. In addition to work-accident benefits, which are provided in some form in nearly every country, a combination of pensions, sickness benefits, and family allowances is now provided in three countries, pensions and family allowances in eight, sickness benefits and family allowances in one, pensions in two, provident-fund benefits in three, and family allowances in seven. The remaining eight countries provide benefits only for work accidents. (Among the five older countries, pensions, unemployment benefits, and limited family allowances are provided in one, pensions and sickness benefits in two, and no benefits other than those for work accidents in two.)

THE SOCIAL security systems of five new African nations are described briefly below, as examples of the programs that now exist. The countries selected are representative of diverse types of programs and approaches, different language groupings, and various geographic regions. The programs described are those of the Ivory Coast, Morocco, Nigeria, Senegal, and Zambia.

SOCIAL SECURITY IN IVORY COAST

The Ivory Coast is a French-speaking country of nearly 4 million inhabitants that received its independence from France in August 1960. It is located in West Africa, in the center of the south coast of the great western bulge of the continent. Its capital and main city and port is Abidjan, and its chief inland city is Bouake. It is a fertile and prosperous country, enjoying an unusually high rate of growth—an average of more than 8 percent a year since independence —and having a per capita income (gross domestic product) of about $175 a year in 1963. Among its most important products are textiles, coffee, cocoa, lumber, and palm oil. It has attracted considerable foreign capital, experienced appreciable industrialization, and undertaken a broad development program for raising standards of living throughout the country.

The social security system of the Ivory Coast is made up of three principal branches—compulsory pension insurance adopted in September 1960, family allowances begun in 1955 before independence, and a work-accident benefit program started in 1957 and converted to social insurance in July 1964. The labor code adopted in August 1964 requires that individual employers also provide some medical services and sick leave to their employees.

Administration and Finance

The Ministry of Labor and Social Affairs has overall responsibility for application of social security laws and broad policy questions. Detailed administration of all branches is carried out by a semiautonomous agency, Caisse de Compensation des Prestations Familiales, de Retraite, et des Accidents du Travail (Family Allowance, Pension, and Work-Accident Equalization Fund). This fund is managed by a joint employer-employee governing body and a director-general. Half the 20 members of the governing body are named by employer organizations and half by labor unions; all members must be approved by the Minister of Labor and Social Affairs. The headquarters of the fund and it administrative staff are located in the government area of Abidjan.

The Ivory Coast pension program covers all employees in specified occupations that in effect include most employees in industry and commerce. Its total coverage is now about 125,000 workers. The family allowance and work-accident insurance programs in principle cover all employees in the country. When a worker is first covered, he is given a social security registration card in the form of a punch card, which he must sign or fingerprint and present to each new employer.

The pension system is financed entirely from employee and employer contributions, which were first collected in 1961. Contributions are payable on workers' wages up to a maximum of 45,000 francs a month ($180). The employee contribution rate is currently 1.2 percent of covered wages and that of employers 1.8 percent. The law requires that at least 0.9 percent of total covered wages be added to the pension reserve each year until the reserve equals 18 percent of total annual wages. As pension outgo rises in future years with the gradual maturing of the program, higher contribution rates will be needed. An overall maximum of 9 percent is fixed by law, however, for the combined employee-employer rate.

The family allowance program of the Ivory Coast is now financed from 5-percent employer contributions. Its work-accident benefits are financed from employer contributions ranging from 2 percent to 6 percent of wages, according to the risk in different industries. The wage ceilings for contribution purposes are the same for both these programs as that for the pension program.

Employer payroll reports are made to the administrative fund quarterly but must show monthly earnings. Wage records derived from these reports are maintained for each worker by machines, which are also used in the later calculation of benefits.

Pensions

Retirement pensions are normally first paid at age 55. They may be paid as early as age 50, however, when a worker cannot perform any work or when he is willing to accept a reduction of 5 percent in his pension for each year he is below age 55. The minimum qualifying period is 3 years of contribution, as well as 10 years of employment in occupations now covered (whether before or after the pension program began). Retirement from gainful activity is another requirement for receipt of a pension.

The amounts of the retirement pensions are calculated through use of a point system. Each worker is credited with a certain number of points each year on the basis of contributions paid. The value of a point is fixed each year by the governing body on the basis of the resources and expenditure of the program. The objective is to assure workers a pension equal to about 1.33 percent of average wages for each year of coverage. Some pre-1960 employment in occupations now covered is credited. Thus, pension amounts payable in the early years are rising more rapidly than they otherwise would. Retirement pensions are increased by one-tenth for each dependent child up to three under age 16. Special smaller "solidarity allowances" are paid to former employees who worked at least 10 years, in occupations now covered, before the pension program started.

When a pensioner or qualified worker dies after age 55, a pension equal to half that paid or payable to him is paid to the widow if she is aged 50 or over, has at least two children in her care, or is disabled. Each full orphan also receives a pension, as long as he is under age 16 (under age 21 if he is a student), that equals one-fifth of the parent's pension. The total of all survivor pensions, however, may not be greater than the pension for which the deceased worker was qualified.

Family Allowances

Monthly children's allowances of 700 francs ($2.80) are now paid in the Ivory Coast for each child under age 14 (age 18 if an apprentice and age 21 if attending school) of an insured employee. To be eligible, the employee must be working at least 18 days or 120 hours a month. Prenatal allowances at a similar rate are payable throughout pregnancy, and a lump sum of 8,400 francs ($33.60) is payable for each of the first three births. The family allowance program also pays cash maternity benefits to working women that are equal to 100 percent of their wages for a maximum of 8 weeks before and 6 weeks after their confinement. It also provides certain child-care services, as well as benefits in kind to families of needy workers.

Work-Accident Benefits

Benefits under the work-accident program include free medical care for injured workers and temporary disability benefits equal to 50 percent of their wages during the first 28 days of disability and 66⅔ percent thereafter. Pensions are also being paid to workers who have been permanently disabled by a work accident. They amount to a proportion of past earnings equivalent to the actual percentage of disability, reduced by one-half for that under 50 percent and increased by one-half for that part over 50 percent. A supplement of 40 percent is added when a pensioner needs constant attendance. The widow of a work-accident victim receives benefits equal to 30 percent of her husband's earnings. The first two half-orphans receive 15 percent each, and other half-orphans 10 percent each; each full orphan receives 20 percent of his parent's earnings. Dependent parents and grandparents also receive a pension in some circumstances, although total survivor pensions may not exceed 85 percent of the deceased worker's earnings. A funeral grant is also provided.

SOCIAL SECURITY IN MOROCCO

Morocco is one of three new French-speaking nations in North Africa and possesses a coastline of over 600 miles on both the Atlantic and the Mediterranean. It has a population of about 14 million and received its independence from France and Spain in 1956. The capital of the country is Rabat, but its largest city and chief commercial center is Casablanca, with an estimated population of about 1.2 million. There is considerable commerce and some degree of industrialization in Morocco. Like the other North African countries, however, it is still mainly agricultural—though to a lesser extent than most countries to the South. It has enjoyed some degree of economic growth and had a per capita income of about $150 in 1962, but will require much more outside capital if its expansion is to continue.

The social security system of Morocco at present consists of a combined pension and sickness insurance program and a family allowance program, both based on legislation adopted in 1959. There is also a workmen's compensation program, started in 1927, under which employers may insure themselves voluntarily with private insurance companies. The measures other than those for pensions are somewhat like those in the other new North African countries, and to some extent like those in all French-speaking countries in Africa, but there are also points of difference.

Administration and Financing

The Moroccan Ministry of Labor and Social Affairs in Rabat exercises general supervision over all programs, handles matters of legislative policy, and is responsible for enforcement of workmen's compensation provisions. The actual administration of pensions, cash sickness benefits, and family allowances is the function of the Caisse Nationale de Sécurité Sociale (National Social Security Fund). The Fund headquarters are in Casablanca rather than in the capital, and there are branch offices in about 20 other cities. The Fund is managed by a governing body composed of eight government members, eight worker representatives, and eight employer representatives, and by a director-general. It uses I.B.M. machines in maintaining its contribution, wage, and benefit records.

Both the pension and sickness insurance program and family allowance program now cover employees in industry and commerce, the liberal professions, and cooperatives, but they do not yet apply to agricultural employees. Approximately 17,000 employers with about 450,000 employees are now under the Moroccan social security system. Each worker covered is issued a numbered insurance card containing his birth date and photograph when he first registers.

The combined pension and sickness insurance program is financed from employee and employer contributions, which are now payable on wages of individual workers up to 500 dirhams a month ($100). Employees currently pay 2.5 percent of covered wages to this program, and employers pay 5 percent. Family allowances are financed exclusively from an employer contribution of 8 percent of payroll, with a wage ceiling of 500 dirhams. Contributions collected by the National Social Security Fund under the two programs total about 120 million dirhams a year ($24 million). The entire cost of the workmen's compensation program is borne by individual employers, either through their direct provision of benefits or the payment of private insurance premiums.

The revenues of the pension and sickness insurance program are at present substantially in excess of current outgo and a rather sizable reserve is being built up. It is expected that the reserve will continue to grow for the next 10 years. It is held, by law, in a government bank (Caisse de dépôts et de gestion). In contrast, receipts and expenditures under the family allowance program are in approximate balance. Disbursements under this program amount to about 73 million dirhams a year ($14.5 million).

Pensions and Sickness Benefits

Old-age pensions are paid in Morocco to workers who have reached age 60 (age 55 for miners) and ceased all employment. To qualify for a pension, a worker must ordinarily have 180 months of insurance. If he was covered at least 6 months during 1960, however, 4 months of insurance are credited for each year by which he was over age 21 in that year, with a maximum credit of 44 months. Pensions are equal to 20 percent of a worker's average earnings during the last 3 years or, if it yields a higher average, the last 5 years. Later they will be increased by 1 percent of earnings for each 12 months of insurance in excess of 180 months, up to a maximum of 40 percent of earnings. As of February 1965, old-age pensions were being paid to 1,385 pensioners at an average monthly rate of about 65 dirhams ($13).

A Moroccan worker who becomes totally incapacitated for any gainful activity before he attains age 60 can claim an invalidity pension if he has had 60 months of insurance, including 6 months during the last year. An invalidity pension is payable without any minimum period of insurance when the disability is a result of a nonoccupational accident. Invalidity pensions are payable at the same rates as old-age pensions but are increased by a further 10 percent of earnings when a pensioner requires constant attendance. There are at present about 250 invalidity pensioners.

Upon the death of a worker fulfilling the insurance requirements for an old-age or invalidity pension, his widow receives half the amount of his pension if she is aged 50, disabled, or caring for a child. Each orphan under age 12, or under 21 if a student, receives one-fourth the worker's pension; a full orphan receives half the amount of the worker's pension. Total pensions paid to survivors may not exceed the pension of the deceased worker. A funeral grant of 2 months' pension or earnings is also provided.

A worker who has been ill for 2 weeks and who had had 54 days of contribution during the last 4 months receives a cash sickness benefit equal to 50 percent of his wages. The qualifying period of contribution is waived in case of nonoccupational accidents. Sickness benefits are payable for a maximum of 26 weeks in any 12 months. There are currently about 5,200 sickness beneficiaries. A working woman with 108 days of contribution during the last 10 months can receive a cash maternity benefit of 50 percent of wages while she is away from work. This benefit is payable for a maximum of 10 weeks before and after confinement. No medical benefits are provided under the Moroccan social insurance program, although the other new North African countries of Algeria and Tunisia do provide such benefits. The Moroccan labor code, however, requires individual employers to furnish some medical services to their employees.

Family Allowances and Work-Accident Benefits

A family allowance of 16 dirhams a month ($3.20) is now being paid to workers in covered employment and to social insurance beneficiaries for each child in their family through the sixth (unless there is only one child in the family). To be eligible, a worker must have had 108 days of contribution during the last 6 months and be earning at least 80 dirhams a month. Eligible children are those under age 12 (under age 21 if a student or invalid). The allowances are usually paid to workers directly by their employers, to whom the National Social Security Fund provides the money in advance.

The cash compensation that must be furnished to injured workers or their survivors under the Morocco workmen's compensation program is very nearly the same as the work-accident benefits provided in the Ivory Coast. In Morocco, however, such compensation is not paid by the National Social Security Fund but directly by employers or by private insurance companies with which they have insured their liability.

SOCIAL SECURITY IN NIGERIA

Nigeria is an English-speaking country in West Africa that received its independence from the United Kingdom in October 1960. It is a federation of several regions that continue to enjoy a considerable degree of self-government and autonomy. Lagos, with a population of about 500,000, is the capital and chief port, but Ibadan in the Western Region is the largest city in the country.

Industry is expanding rapidly in Nigeria; it has had an economic growth rate of more than 4 percent a year. It is still mainly an agricultural nation, however, and its per capita income in 1962 was only about $90. Nevertheless, it has extensive mineral resources, including petroleum; abundant potential sources of energy, including hydroelectric power and natural gas; diversified export crops; and sufficient food to feed its large and growing population. As a result, Nigeria has a greater economic potential than most other new African countries, although its economic growth and continued industrialization will be very much dependent upon securing the large amounts of additional capital required.

The principal social security program in Nigeria at the present time is a provident-fund system that was established in 1961. There is also a workmen's compensation scheme, which was started in 1942 before the country became independent. The Nigerian labor code requires employers to provide some sick and maternity leave to their own employees. In addition, the government maintains a number of dispensaries and hospitals at which free medical care may be obtained, but the facilities available are far from adequate for the population to be served.

National Provident Fund

The new provident fund that began operating in Nigeria in 1962 is designed to protect workers against the economic risks of old-age, invalidity, and death. It is not a social insurance program, however, and there is no pooling of risk. It is essentially a compulsory savings system, under which amounts accumulated to the credit of each worker are returned to him in a single lump sum when specified contingencies occur. This is the principal type of social security measure that the new English-speaking countries of Africa had adopted by 1965. Similar programs are found in Ghana and Tanzania.

The Nigerian provident-fund system currently covers employees of all employers with 10 or more workers. Its coverage is nationwide, extending to all regions of the Federation. More than 500,000 employees working for about 4,000 employers are now covered. It is hoped to extend the program gradually in the future to employees of smaller firms.

Each covered employee is required to contribute 5 percent of his wages below 40 pounds a month ($112) to the provident fund, and his employer likewise contributes 5 percent. Total contributions to the fund now exceed 10 million pounds ($28 million). The excess of contributions over current outgo, which will be large for a considerable number of years until the program matures, is invested mainly in long-term Federal development loans, in accordance with decisions made by an investment committee composed of Federal and regional officials.

The program is administered by the National Provident Fund, which forms part of the Ministry of Labor. This agency is managed by a director under the supervision of the Minister of Labor. It is responsible for the regular collection of contributions, maintenance of individual employee contribution accounts, and payment of benefits. Contributions paid by or on behalf of each worker are credited to the individual accounts, which are maintained by use of I.B.M. machines. These accounts, to which interest is periodically credited, form the basis for determining the benefits to be paid when they fall due.

The amount standing to the credit of a worker, including accrued interest, is paid back to him in a single lump sum in several different circumstances. It is payable to him when he reaches age 55 and retires from regular employment, at any age if he becomes subject to a physical or mental disability that makes him unemployable, or if he should emigrate from the country with no present intention of returning. Finally, it is paid to his surviving spouse or next of kin if he should die before receiving a benefit himself.

The law also contains an enabling provision for the payment of cash sickness and maternity benefits of up to 3s.6d. a day (50 cents), with the total amount paid to be deducted from the lump-sum benefit later payable. This provision has not yet been put into effect.

Workmen's Compensation

The workmen's compensation law of Nigeria prescribes the benefits that individual employers must furnish to injured workers. Employers may, if they wish, insure this liability with a commercial insurance company. The provisions cover all manual workers and also nonmanual employees earning 800 pounds a year ($2,240) or less. Agricultural employees of undertakings with fewer than 10 workers, however, are excluded.

Employers must provide injured employees with free medical care and also pay temporary disability benefits after a 3-day waiting period. These benefits are equal to two-thirds of previous wages, subject to a maximum benefit of 20 pounds a month ($56). In cases of permanent total disability, a sum equal to 4½ years' wages of the injured employee is payable; the maximum payment is 1,600 pounds ($4,480) and the minimum is 300 pounds ($840). The payment is reduced by the amount of any temporary disability benefits previously paid, and it is increased by one-fourth if the injured employee needs constant attendance. The total is sometimes actually paid in installments equal to two-thirds of monthly wages until it is used up. Survivors receive a lump sum equal to the wages of the deceased person for 3½ years, subject to a maximum of 800 pounds ($2,240).

SOCIAL SECURITY IN SENEGAL

Senegal is a French-speaking country of about 4 million persons, situated on the Atlantic Coast in West Africa. Its capital and major city is Dakar, which has a population of about 400,000. Since Dakar has a great deal of commerce and is a large port, an important proportion of Senegal's total employed population is found in the city. The nation as a whole has a somewhat higher level of economic activity than a number of other countries in West Africa, with a per capita income in excess of $150 a year.

The social security system of Senegal does not include a public pension program, but there is a large private pension program. The public system does include a family allowance program and a publicly administered program of work-accident insurance. In addition, the labor code requires employers to furnish some medical services and sick leave to their employees.

Private Pension Program

Dakar is the seat of a private pension program that also operates in the other West African countries of Dahomey, Niger, and Togo. It is the only sizable pension program operating in any of these countries. The program is managed by the Institution de Prévoyance et de Retraites de l'Afrique Occidentale (West African Welfare and Pension Institution). It was set up in 1958, in accordance with enabling provisions in the 1952 French Overseas Labor Code, by a master agreement between employer organizations and trade unions in the territories concerned.

Coverage is determined by individual collective agreements for different industries, which make inclusion of workers in specific economic sectors compulsory. The pension program applies at present to the majority of workers in industry and commerce in these four countries, covering more than 100,000 employees of about 3,000 undertakings. About three-fourths of the workers covered are in Senegal, and the second largest number is in Dahomey.

The contribution and benefit provisions of the private scheme are similar to those of the pension program in the Ivory Coast, where at one time the private program was in operation. Employees are now contributing 1.2 percent of wages to the program and employers 1.8 percent, subject to a wage ceiling of 50,000 francs a month ($200). Pensions are normally payable at age 55, or as early as age 50 in special cases, and survivor pensions are also payable under the same terms as those of the Ivory Coast.

Contributions collected have risen to around 625 million francs a year ($2.5 million). The substantial excess of contributions received over pensions paid in the early years has led to a rapid increase in the reserve, which now totals about 1 billion francs (about $4 million).

Other Programs

The provisions of the family allowance and work-accident injury insurance measures of Senegal are generally similar to those of other French-speaking countries in Africa. The Caisse de Compensation (Equalization Fund) administers both programs. For family allowances the employer contribution is 5.2 percent of wages up to 45,000 francs a month ($180), and the allowance payable per child is fixed at 650 francs a month ($2.60). In the work- accident program the Equalization Fund is responsible for collecting contributions and paying benefits. Employers contribute from 1 percent to 5 percent of payroll, depending on the risk of accident in their particular industry; the average contribution is about 2.5 percent.

SOCIAL SECURITY IN ZAMBIA

Zambia is an English-speaking country in Central Africa, with a population of about 3.5 million. It received its independence from the United Kingdom in October 1964. As one of the largest copper-producing countries in the world, it has large foreign exchange earnings. It is thus placed in a more favorable position than many new African countries with respect to possible future economic expansion. Its per capita income in 1963 was about $165. On the other hand, it has no ocean port, depends on external sources for its fuel and energy, and has a more acute shortage of skilled manpower than most other countries of Africa. These are some of the less favorable factors that may hinder the economic growth that might otherwise be achieved.

The only social security program now in operation in Zambia is a work-accident insurance program. This program was begun long before the nation became independent, but it was converted to a system of compulsory insurance with a public carrier only in 1963. The compulsory program now applies to all employees in the country except those receiving more than 2,000 pounds a year ($5,600). The program is financed from employer contributions that are collected and paid out as benefits by a workmen's compensation board, under supervision of the Ministry of Labor and Social Development.

Temporary disability benefits are paid to injured workers for a maximum of 18 months, at a rate of 87.5 percent of former earnings. Free medical care is also provided up to a normal cost limit of 400 pounds. Permanent total disability pensions are fixed at 50 percent of earnings, plus 15 percent of earnings for one child and 5 percent for each additional child. Maximum wages taken into account in computing benefits and pensions are 90 pounds a month ($252). Pensions are also paid to the survivors of victims of fatal work accidents.

Zambia is studying the possibility of introducing a provident fund in the near future to provide workers with protection against long-term risks. A bill to establish such a fund has been drafted and may soon be enacted. This fund would be similar in its broad outlines to that of Nigeria described above. About 260,000 workers would be covered, with employees and employers each contributing 5 percent of wages. It is expected that the assets of the fund would grow for a time at a rate of about 3 million pounds a year (about $9 million). An effort would be made to invest the accumulating reserves in such a way as to contribute to the long-run economic development of the country.

Social security developments in Kenya, Sudan, and Uganda—English-speaking countries in East Africa—are similar to those in Zambia. Each of them is currently considering the feasibility of establishing a provident fund within the near future, and each has only a workmen's compensation program in operation at present. In contrast to Zambia, however, their work-accident programs do not now make insurance compulsory for employers, and insurance is available only from private insurance companies. Some free medical care is provided in government dispensaries and hospitals in all four countries.

GENERAL OBSERVATIONS

It is evident that by 1965 most of the new African nations had already made at least a beginning in the development of social security measures. It is also clear that social security is a subject of great interest to these new states and that they will probably continue to be occupied with it. The programs operating in Africa today are already affording protection against social risks to millions of workers and their families. It is apparent, too, that the benefits being paid out now constitute the only means of support for many persons who have already become beneficiaries under the new programs.

Coverage

A major characteristic of social security in Africa today is the extremely limited scope of its coverage. The programs now in force cover, in actual fact, only a relatively small segment of the population in the countries where they are operating. The primary explanation lies not in a deliberate policy of restricting coverage but, for most countries, in the still exceedingly small proportion of the adult population that is regularly engaged in genuine wage-earning employment. This situation reflects in turn the still very low general degree of industrialization and the fact that a major part of the population in most countries continues to be engaged in a subsistence form of agriculture.

Contributory social security measures can never serve as a primary means of raising the living standards of those who earn a subsistence living on the land. That objective requires types of development programs that are outside the specialized field of social security, plus supplementation by various social services and welfare measures that may alleviate the worst extremes of poverty. Until the agricultural segments of Africa's population come to a greater extent within the money economy and eventually enter some form of wage-earning employment, social security measures—which are concerned essentially with the maintenance of pre-existing cash income—cannot be of major significance for them.

This is not a justification, however, for ignoring the social security needs of the growing urbanized labor force in African countries. This labor force, especially as its skills increase, will become of great strategic importance for the successful long-run economic development of the countries concerned. Detribalization and the breaking up of traditional social patterns increasingly expose workers entering the urban labor force and their families to the same risks of income loss that are faced by workers everywhere. Some workers still return to their villages to rely on relatives when they become dependent, but the tendency to lose face when they do so serves as a powerful deterrent.

The income-maintenance programs already in existence and being set up in Africa therefore seem to represent a proper and sound element of public policy. Not only do they furnish protection to urban workers currently, but they help to build the foundations for future expansion of social security when industrialization becomes more widespread. An effective and comprehensive social security system cannot be built up overnight or in a year but has to be developed gradually, by stages, over many years. It therefore seems wise to seek to lay the foundations for future systems now, when the economies are in the process of transition.

Types of Programs

It has been seen that there is much diversity in the forms of social security programs now evolving in the French-speaking and English-speaking countries of Africa. The family allowance programs that are now universal in all French-speaking countries clearly reflect the form of, as well as the major importance attached to, this field of social security in France itself. The benefit provisions of work-accident programs in the same countries are also closely patterned after those of France. The English-speaking countries have largely retained the workmen's compensation measures established before their independence. The provident-fund approach they use likewise has been largely adapted from government employee and private employer plans that existed before independence. It is possible that at some future time both groups of countries may develop more indigenous programs, patterned somewhat less after those that have evolved in highly industrialized nations. Nevertheless, the basic needs of wage-earning employees for protection against risks of income loss differ little, whether a country is highly or only slightly industrialized.

The pension insurance systems now in force in Africa seem, on the whole, to be reasonably well designed. The customary pensionable age of 55 appears to strike a useful balance between the current, relatively short life expectancy and cost considerations. The pension formulas now in use will result by themselves in only a relatively slow growth in individual pension amounts, since the amounts vary more or less directly with years of coverage. This characteristic is partially offset by fairly generous provisions for the crediting of service performed before the programs began. The outgo of the pension systems will rise somewhat slowly at first, but later it may increase fairly rapidly as a result of substantial increases in the numbers of annuitants, relatively large minimum benefits, and the crediting of back service. As the systems approach maturity, therefore, some may be expected to encounter financial difficulties that will necessitate much higher contribution rates.

The provident-fund approach to long-term risks being followed in a number of the English-speaking countries has both advantages and weaknesses. Among the former are its greater simplicity of administration, compared with social insurance; the fact that it does not require an actuarial basis to assure its solvency, in circumstances where inadequate demographic data and incomplete registration of births and deaths make accurate actuarial projections almost impossible; and the attractiveness to some workers of receiving—instead of an extremely small pension—a single large sum that enables them to buy a home or plot of ground for their retirement.

Among the weaknesses of provident funds are the unavoidable slowness with which the amounts becoming payable accumulate; the danger that many beneficiaries will soon dissipate the capital sums they receive and then be without any means of support; the vulnerability to inflation, since no adjustment of benefit rates is possible; and the absence of any pooling of risk, which in turn rules out any flexibility in the benefit formulas—for example, between long- and short-term contributors, high- and low-paid workers, and young and old workers—as is possible under social insurance. It may therefore be appropriate to regard provident funds, in effect, as interim measures that permit the gradual building up of financial resources and administrative experience that will later make possible the conversion of such funds to true pension systems.

Relatively little progress has been made in Africa thus far in the introduction of sickness insurance. In Asia, by contrast, sickness insurance was among the first of the social insurance programs to be started in a number of countries. Though the need for protection against disabling illness obviously is great in Africa as well, such protection will undoubtedly have to wait upon the availability of many more doctors and more nearly adequate medical facilities than now exist.

The family allowance programs found in many countries of Africa are costly to employers, since contribution rates are fairly high. These programs, however, cannot be considered apart from wage policies in general. Providing as they do a supplement to the wages of married workers whose actual wages alone are frequently inadequate for the support of children, their cost in a sense represents for employers a substitute for the higher wages they would otherwise have to pay to all workers, including single men and women. The principle of channeling a part of wages through employer-financed family allowance programs to assure a higher income to workers with children has never been applied in the United States. It is nevertheless widely used in other parts of the world, including most countries in Europe.

Administration

The social security programs of Africa appear in general to be administered with a fair degree of success. Business machines are being used to an increasing extent in carrying out various operations. The administrative results achieved to date have no doubt been possible in part because of the relative smallness of coverage. Nevertheless, a number of improvements in existing administrative methods could be made that would increase their efficiency and also perhaps lead to better relationships with the workers and employers subject to the program.

The successful administration of any social security program calls for a staff trained in the specialized procedures essential in such programs. The major method of improving the present administration of social security measures in Africa would be to provide their administrative staffs with additional training. Such a step would be useful for staff at all levels but especially for those in the upper- and middle-grade positions. The importance of intensive training of administrators and other personnel will grow considerably in the future as both coverage and benefits are extended.

Economic Aspects

At present the social security systems of the new African countries are largely contributory and extrabudgetary in character. They thus do not now impose much of a burden on general revenues. This is a desirable and indeed the only equitable course, in view of the present limited coverage of these systems and the many other urgent demands on public revenues in developing countries. Any forward shifting of employer payroll taxes that may now be occurring, moreover, probably is having only a relatively limited effect on that part of the population living mainly in a subsistence rather than a cash economy.

The magnitude of operations under the social security programs in a number of the new nations is already large enough for them to bear a significant relationship to economic development. As these programs grow, and if they are soundly designed, they can perhaps make a real contribution to such development. For one thing, the protection and sense of security that social security measures can provide to the growing urban labor force in African countries may well increase its productivity as well as contribute to its stabilization. Both effects would have great significance for the advancement of economic development.

The financial reserves accumulating under the various pension and provident-fund programs may likewise be regarded as representing, for a time at least, an increase in national savings and thus an addition to the supply of capital in the countries where such programs exist. If appropriately invested, these reserves may help to some extent in meeting the present acute shortages of capital and thereby contribute further to economic growth.

There is widespread agreement that the economic development of new countries must be balanced to some degree by concurrent social development, if their populations are to be persuaded to exert their best energies in achieving economic growth. It can be argued with considerable justification, therefore, that the social security developments that are now taking place in the continent of Africa are contributing in their own way to the economic and social progress that is so badly needed.