ACCESS TO SOCIAL SERVICES FOR NON-CITIZENS AND THE PORTABILITY OF SOCIAL BENEFITS WITHIN THE SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC)

Zambia Country Report

A REPORT TO THE WORLD BANK

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The management - Professional Insurance
The management - Madison Insurance
CHAPTER ONE

TABLE 1

ACCESS TO SOCIAL SECURITY/SOCIAL ASSISTANCE

<table>
<thead>
<tr>
<th>Categories of persons covered</th>
<th>Social assistance</th>
<th>Disability pension (public, occupational and private)</th>
<th>Old age pension (public, occupational, and private)</th>
<th>Unemployment (public, occupational and private)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Citizens</td>
<td>• Citizens can receive some assistance from government (public welfare assistance service, PWAS), NGOs and Churches</td>
<td>• People in employment who get disabled while at work are covered by the workers’ compensation fund and receive invalidity benefits from National Pension Scheme Authority (NAPSA) and other pension schemes. The affected workers get the disability pension. Disability pensions are also provided for by occupational and private pension schemes. • There is no non-contributory pension scheme for the disabled. However, the Zambia Agency for Persons with Disability was created to assist the persons with disability with their needs.</td>
<td>• Old age pension is provided in terms of retirement pensions to persons in formal employment who have reached the age of 55 years. • There are various contributory public, private and occupational pension schemes that are accessed by people in employment after retirement. • There is no comprehensive non-contributory old age pension in Zambia. Only a few aged people are helped by government, NGOs and churches</td>
<td>• Formalised and comprehensive unemployment benefits do not exist in Zambia. • Government, and NGOs provide some form of safety net for the unemployed through food for work programmes and micro credit facilities for the vulnerable groups</td>
</tr>
<tr>
<td>2. Permanent residents</td>
<td>• They are assisted by the churches and NGOs and Government also assist in certain circumstances.</td>
<td>• Disability pension is accessible by permanent residents who are working through workers compensation fund which is a public contributory insurance that covers employees’ injuries and accidents at workplace.</td>
<td>• There is no public pension for the aged non-citizen in Zambia. • Working permanent residents contribute to occupation and private pension’s scheme. The pension can be accessed even before the age of 65 years, the pension can also be paid as lump sum</td>
<td>• Not covered</td>
</tr>
<tr>
<td>3. Temporary residents (including contract migrants)</td>
<td>• Get some form of assistance from Government, NGOs and churches in certain circumstances.</td>
<td>• Covered by the workers’ compensation fund.</td>
<td>• Contribute to private/occupational pension schemes and get a lump sum at the end of the contract.</td>
<td>• Not covered</td>
</tr>
<tr>
<td>4. Refugees</td>
<td>• Refugees are confined to refugees camps and there receive assistance from UNHCR(United Nations High Commission for Refugees)</td>
<td>• Those who obtain work permits and are in formal employment are covered as above. • UNHCR assist the disabled refugees in the camps</td>
<td>• Skilled refugees who obtain work permits and employment contribute to private and occupational schemes and get the pension when they stop work. • Refugees are confined to refugees camps and the old receive some assistance from UNHCR(United Nations High Commission for Refugees)</td>
<td>• Not covered</td>
</tr>
<tr>
<td>Categories of persons covered</td>
<td>Health care (public occupational, private)</td>
<td>Sickness benefits (public, occupational, private)</td>
<td>Public housing</td>
<td>Public school</td>
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<td>-------------------------------</td>
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</tr>
</tbody>
</table>
| 1. Citizens                   | • There is no comprehensive social health insurance in Zambia. Free health care can only be accessed by citizens over the age of 65 years, pregnant women and children under the age of 5 years.  
• There are private and occupational health insurance schemes.  
• Companies have developed health insurance schemes for their workers. However most employers do not provide any form of health insurance for the employees e.g. the government  
| • This is only applicable to people in employment. Workers, by law, are entitled to be on fully paid sick leave for 3 months and half pay for the next 3 months. If the sickness persists an employee can be discharged on medical grounds and paid the benefits for the time worked for the employee.  
• People who are not in employment have no access to sickness benefits | • There are no public houses anymore. Government sold all the houses to the sitting tenants as part of the housing empowerment scheme in 2000.  
• Citizens buy, build or rent houses | • Not available | • There are a number of public schools across the country. However education is not free.  
• Community schools offer free educations to the children in certain communities.  
• The government offers 100 percent bursaries for students who cannot afford to pay the tuition and accommodation at two universities. |
| 2. Permanent residents        | • Protected by private and occupational health insurance when in employment. Those not in employment are not covered by health insurance | • As long as one is in employment the same rules apply to non-citizens as to citizens (see above) | • Not available | • Can enroll in public schools but are required to pay more than the citizen in certain cases. E.g at the universities |
| 3. Temporary residents (including contract migrants) | • Protected by private occupational health insurance when in employment. Those not in employment are not covered by health insurance | • Applicable as above | • Not available | • Can access public schools but need to pay school fees and other expenses |
| 4. Refugees                   | • Free health care paid for by UNCHR | • Applicable as above if in employment | • Live in refugee camps. | • UNCHR pays for their education in |
at local level

<table>
<thead>
<tr>
<th>Categories of persons covered</th>
<th>Old age pension (public, occupational, and private)</th>
<th>Disability pension (public, occupational, private)</th>
<th>Health care (public, occupational, private)</th>
<th>Sickness benefits (public, occupational, private)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Citizens</td>
<td>• Not exportable. For people who are getting retirement pension</td>
<td>• Not exportable</td>
<td>• Not exportable</td>
<td>• Not exportable</td>
</tr>
<tr>
<td>2. Permanent</td>
<td>• Not exportable</td>
<td>•</td>
<td>•</td>
<td>•</td>
</tr>
<tr>
<td>3. Temporary residents (including contract migrants)</td>
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<tr>
<td>4. Refugees</td>
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<tr>
<td>5. Asylum seekers</td>
<td>•</td>
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<tr>
<td>6. Undocumented non-citizens</td>
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</tbody>
</table>
Overview of social services /forms of social security

Social security in Zambia is predominantly of a social insurance model limited to the provision of protection against loss or reduction of income resulting from retirement, disability, survivorship and retrenchment. Coverage is therefore restricted to workers in the formal sector and their dependants. In the Zambian case, social security has been defined in a very narrow manner, so as to encompass only matters pertaining to old age/ retirement, survivor, and disability. According to the labour force survey 2005, employment in the formal sector stood at 416,000, constituting about 10 percent of the total labour force of 6.2 million people. The rest of the labour force is in the informal sector. As stated earlier, social security in Zambia is confined to formal sector employees. Therefore, only the minority 10 percent of the labour force is adequately covered by social security. Apart from an insignificant number of people who have taken up personal informal social security initiatives, the larger majority of the population, both within the labour force and outside the labour force, is excluded from social security. The overall mandate to manage and administer social security, as defined above, rests with the Ministry of Labour and Social Security under the Department of Social Security.

There are however residual social assistance schemes administered under the Ministry of Community Development and Social Services. These schemes provide assistance, both in kind and/or cash, to the most vulnerable social groups such as disabled persons, orphans, street kids, youths and women. These schemes include the Public Welfare Assistance Scheme (PWAS), the Child Care Upgrading Programme (CCUP), The Food Security Pack (FSP), Micro- Bankers Trust (MBT), and National Trust for the Disabled (NTD).

The formal social security system in Zambia consists of the following three major elements:

- Social security schemes providing employment related benefits.
- Supplementary benefit schemes usually provided by employers.
• A residual social assistance scheme that also makes provision for access to medical care.

Zambia has four public Statutory Pension Schemes, *viz* the National Pension Scheme Authority, Workers’ Compensation Fund Control Board (WCFCB), Local Authorities Superannuation Fund (LASF) and the Public Service Pension Fund (PSPF). An Act of Parliament established each of the four statutory schemes. A number of occupational Pension Schemes also exist. The number of occupational pension schemes is currently about 215. However, this number fluctuates greatly due to new schemes that are emerging and some old ones winding up or merging with others. It has also been noted that some of the schemes are dormant.

There are currently 9 Pension Fund Managers that manage all the 215 schemes. There are some schemes that stand alone such as the Mukuba and the Bank of Zambia Pension Scheme. The following are the Pension Scheme Fund Managers: African Life Financial Services (Zambia) Limited, Cavmont Capital Insurance Corporation Ltd, Intermarket Securities, Madison Investment Company Limited, AON Minet, Pangaea - BDO Pension Services Limited, Professional Insurance Corporation Zambia Limited, Zambia State Insurance Corporation, ZIGI Independent Trustee Limited. All the fund managers are active apart from Pangaea - BDO Pension Services Limited, which was recently registered as a pension fund manger.

The Pension and Insurance Authority was created in 1996 to supervise and regulate the private schemes. The Occupational schemes are governed in terms of the Pension Scheme Regulation Act of 1996. There is also a non-contributory social assistance scheme called the Public Welfare Assistance Scheme (PWAS), which targets the most vulnerable in society.
CHAPTER THREE.

Access to various forms of social services/security for citizens and categories non-citizens

A. Old Age Pension.

Zambia does not have the traditional non-contributory pension scheme for the elderly in society, which should protect them from absolute poverty. According to Central Statistics Zambia, there were about 870,000 people aged 50 and above as at 2003. This means that the majority of elderly people, especially those aged above 65 years who have never worked, do not have any form of social security. The aged in Zambia have been neglected, they constitute an almost invisible group and issues affecting them deserve more attention. Demographically, there are more aged men than women. Also there are more aged people in rural areas than urban areas, and an increasing number are heads of households. This situation has implication for service delivery.

Elderly persons on occasion are victims of discrimination and stigmatization, especially in the rural areas, where people have the tendency of accusing the aged of witchcraft and there are usually abused both physically and psychologically by the community they live in.

There are very few hostels for the elderly in the country with most of the aged living and dying in the home situation. The hostels are run either government or the churches. A positive development in recent years has been the formation of a number of NGOs that advocate for the needs of the aged, but they are yet to attract the resources required to adequately address the issues that beset that group.

The little assistance that is given to the aged is targeted at the citizens. From the above assessment of the situation of the aged, even though the non-citizen might get some assistance, priority is given to the citizens. Elderly refugees are taken care of by their families and the communities they live in. All in all the elderly in Zambia, whether they are citizens or non-citizens, are neglected.
On the other hand, there is a form of social security that is contributory, meaning that it is applicable to people in formal employment. The employer and the employee contribute to a registered pension scheme and the employee can start receiving the pension after he/she has reached 55 years. The employee also should have contributed to the scheme for a period of not less than 180 months. This can be regarded as a form of old age pension in Zambia. The major statutory pension schemes in Zambia are the National Pension Scheme Authority (NAPSA), which was introduced in 2000, and which is mandatory for all employers and employees. Any worker engaged by an employer in any status (whether full time, part time or casual) and at least sixteen (16) years old and younger than fifty-five (55) years (including civil servants/local government employees joining after the National Pension Scheme Authority has commenced) are covered by the NAPSA, except for the following categories: i) Persons earning less than K15,000 ($3.50) per month. ii) Non-citizens working in Zambia. iii) Members of the armed forces. iv) Members of Public Service Fund (PSPF) and Local Authority Superannuation Fund (LASF) before 2000.

B. Health Insurance

The government provides 65 percent of the health services in the country, whereas churches serve almost a third of the population and another 5 percent of Zambians access services through private entities. Health services emphasize curative and outpatient care to the detriment of preventive services such as maternal and child health (MCH) services and health education.

A large portion of the population frequents traditional healers in addition to accessing conventional care. Because of the distance and poor terrain between facilities and communities and the insufficient number of new facilities to keep pace with population growth, access to services has declined from 1985 to 1995.

All Zambians pay for health services in the public hospitals, except children younger than 5 years, elderly people above 65 years and pregnant women. This means that there is no comprehensive social health insurance in Zambia which covers all nationals regardless of age and status in society. Even though most basic health services for children under five years of age, pregnant women and the elderly are free, the majority
of poor families –approximately 60 percent of the population - do not access health services because the services they obtain are of poor quality and medication is not affordable. Zambia’s health system infrastructure has suffered greatly over the past decade due to the major economic decline, which has resulted in poorly maintained health facilities and equipment ill-suited to meet the needs of an increasingly impoverished and needy population. In addition, government as well as church health centers, encounter difficulties in referring patients due to barriers to transport. These circumstances have only been exacerbated by the increasing toll that HIV/AIDS – and its accompanying opportunistic infections such as tuberculosis - is taking on the country.

Under Zambian law, refugees have equal rights with citizens. In the past Zambian citizens had free access to health care, but now fees are charged. UNHCR is responsible for the health fees incurred by refugees. The Zambian government supports referral services for refugees to the local district hospitals with support from UNHCR and provides some health supplies (e.g., contraceptives) to the refugee population through the Ministry of Health (MOH). UNHCR is the main coordinating body for the refugees in Zambia.

Non-citizens have equal access to health services as citizens. Since there is no national social health insurance in Zambia, some citizens and non-citizens in employment are covered by occupational health insurance schemes developed by respective companies. This kind of insurance, however, is not offered by all companies but just a few out of thousands of registered companies. Occupational health insurance is only accessible by employees; once an employee seizes to be employed the insurance is automatically withdrawn.

C. Disability Pension

The government created the Zambia Agency of Disabilities under the Persons with Disabilities Act that looks into the general welfare of persons with disabilities. Unfortunately, due to the prevailing unfavourable financial situation in the country, funding to the agency has been inadequate and sporadic, thereby limiting the effectiveness of the agency. It has therefore, not been possible to provide services to persons with disabilities free of charge in many cases.
The Workers’ Compensation Fund Control Board was established in 1964. The scheme covers occupational injuries, disabilities and diseases for all persons in either temporary or full employment (both citizens and non-citizens). WCFCB is a contributory scheme where only the employer has the obligation to contribute at a rate determined through occupational assessment. The major challenges faced by the Board include delayed structural reforms, low compliance levels, weak investment portfolio, assessment rates are not inflation indexed and lack of a firm regulatory framework that have hindered effective coverage of all persons in either temporary or full employment.

Citizens in formal employment also qualify for invalidity pension, which can be accessed under NAPSA and other public pension schemes. This pension is applicable when a person becomes permanently disabled and is unable to continue with work. There are also private insurance companies that provide life assurance services where an individual contributes monthly and gets the benefits after an agreed time.

**D. Sickness Benefits**

Sick benefits in cash are only applicable to persons in employment, exists to the extent that a salary is still payable if one is on sick leave and can provide evidence of illness. These benefits are available until one is retired on health grounds.

**E. Unemployment Benefits**

Unemployment benefits do not exist in Zambia, but a few fortunate, unemployed people are able to receive little assistance from the public welfare assistance scheme.

**F. Public Housing**

The government no longer owns houses, all government house were sold to the sitting tenants in 2000 as part of the housing empowerment programme.

**G. Public Schools**

Public schools are accessible by all regardless of nationality. Primary education is free to all Zambians. Secondary and higher education is not free in Zambia, but the school fees in public schools are lower than those in the private schools. The education
standards in the public schools have been deteriorating since the 1990s, hence citizens and non-citizens opt to enroll in private schools. There are fewer public schools compared to the demand for education services, especially in the rural areas. Refugees access public schools and their fees are paid by UNHCR and to some extent government NGOs and churches supplement UNHCR’s efforts.

H. Social Assistance

The government, through the Public Welfare Assistance Scheme (PWAS), provides some form of assistance to the needy people aimed at mitigating the adverse effects of the socio-economic situation in the country. The assistance provided by PWAS is targeted at the most needy groups in society such as:

- Aged persons;
- the disabled or the chronically ill;
- single headed households;
- orphans and neglected children;
- displaced or disaster victims; and
- all others who are genuinely unable to support themselves.

The PWAS is supposed to cover all the needy people, but covers only a few because of lack of financial resources. Those who have received benefits from PWAS complain that the assistance they get is usually inadequate, not consistent and non-sustainable. The assistance is usually in the form of food and cash. This scheme is ideally meant for citizens, but non-citizens are also assisted in cases of natural disasters like floods and droughts and in other extreme cases which would need PWAS intervention.

The process of reviewing assistance is very cumbersome and most needy people do not even know how to go about obtaining assistance. In Zambia, the implementation of the structural programme has seen the budgetary allocation to the social sector being gradually reduced and this has adversely affected the effectiveness of PWAS. With the increase in poverty levels in Zambia, social assistance has failed to cushion the poor from being engulfed in extreme poverty. The failure of PWAS to respond to the demands of the needy people has even exacerbated and undermined the capacity of the poor to meet their basic needs.
CHAPTER FOUR

_Portability of Social Security_

All forms of social security in Zambia are not portable, that is, a person cannot transfer accrued benefits if he/she moves from one scheme to another; it is also not possible to move benefits across borders. The problem of portability is mainly due to the differences in eligibility criteria, operational rules and operational procedures applicable to each of the schemes. In the event of the cross-country movement, the national based social security laws of the particular country serve as a further impediment to social security portability.

Zambia is yet to make a comprehensive bilateral agreement with any country in as far as benefit portability is concerned. However, Zambia has a benefit transfer agreement with Malawi, specifically for the Malawians who had worked for the mines. This agreement entails that Malawians who had retired in the mine and have returned home can get their benefits from Malawi without necessarily traveling to Zambia. And since most of the miners were contributing to the then National Provident Fund (NPF), now NAPSA, the benefits are paid as a lump sum through any bank in Malawi were the retiree has an account.

CHAPTER FIVE

_Conclusions and Recommendations_

It is very clear that social security schemes in Zambia do not reach the majority of the poor. This is mainly due to the design of social security schemes, which makes them to respond only to the needs of persons employed in the formal sector. The few conventional social security schemes in existence and with their limited coverage have their viability or sustainability threatened by structural adjustment programmes and the AIDS pandemic. Whilst there is scope for extending formal social security to the poor there is greater potential in strengthening non-formal social security systems for the benefit of the poor. Thus extending social security to the poor requires the Zambian government's focus on both formal and non-formal social security systems. If the
Zambian government confines itself to formal social security systems only, many of the poor will remain without any meaningful social protection.

It is also true that even those that receive benefits are not much better off than those that do not receive benefits, because the benefits are usually inadequate and unsustainable.

Generally, the social security system in Zambia is not comprehensive and does not serve its purpose. Social security is still in its infancy, does not provide for the needy in society, a state of affairs that can be attributed to lack of financial resources and the poor performance of the Zambian economy since the 1990s. The most important form of social security is non-contributory, which covers everyone, whether they are in employment or not.

The social assistance, education and healthcare provided to the needy people in Zambia are far from being adequate and much needs to be done to ensure that social protection is enhanced.

Since the majority of citizens in the informal sector do not access any form of social security, it becomes even more difficult for non-citizens to access it. It is also difficult to differentiate the social security accessed by citizens from that accessed by non-citizens, because the social security is not as advanced as it should be. Instead of proposing how non-citizens in Zambia can access social security, there should be a general overhaul of the social security system so as to protect citizens from socio-economic shocks before incorporating the needs of non-citizens.

A major problem with social security in Zambia is that it is oriented towards meeting future needs and therefore ignores the immediate needs of the poor people. Because of the high prevalence of poverty in Zambia, the majority of the people are struggling to survive on a daily basis. Thus their priorities are centred on meeting their immediate needs such as food, clothing, shelter, education and health. In such circumstances, it makes little sense to focus exclusively on future contingencies. The low wages also make it extremely burdensome for workers to contribute to any social insurance scheme.
Low wages force the government and social security administrators to keep the rates of contributions low. Unrealistically low contribution rates often result in inadequate benefits. The harsh economic climate also makes governments reluctant to review the contribution rates, not necessarily out of concern for the negative impact on disposable incomes, but out of consideration of possible political ramifications.

Occupational pensions are the major source of social protection at old age, especially for non-citizens in Zambia. Contributions for occupational pensions come from both the employer and employees. Private insurance companies often underwrite these pension schemes. Like state provided social insurance, those covered by occupational pensions constitute a very small percentage of the population, as coverage is restricted to workers in formal employment.

There are a lot of gaps in the current social security system in Zambia, hence the need to improve so as to cushion the resident from abject poverty.

Below are some recommendations to improve social security in Zambia, taking into consideration the needs of non-citizens;

- Make membership to occupational schemes mandatory, as this will improve the pension systems as whole as this will cushion the debated minimal benefits from the basic National Scheme.
- Establish stringent performance and monitoring guidelines for new and old schemes for both public and private schemes.
- Devise mechanisms for the long-term funding implications of increasing the level of pre-funding in the scheme.
- Remove the limits on the tax-deductibility of social security contributions.
- Extend Coverage to the informal sector.
- Increased funding to the social sector.
- Effect further reductions in administrative expenditure relative to contributions.
- Bilateral agreements in benefit portability. Such agreements can essentially avoid benefit disadvantages in both pension and health for non-citizens,
• Non-citizens working in Zambia should be allowed to contribute to the National Pension Scheme and devise a mechanism in which their benefits can be transferred.
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