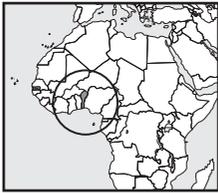


## BENIN

# New efforts to incorporate the informal sector



Structural adjustment programmes recommended by the World Bank, together with privatizations, have nullified numerous workers' rights and have weakened social security systems to the detriment of the poorest sectors of the population. Barely 10% of the population is covered by current social security systems. A pilot project being implemented in conjunction with the ILO is aimed at protecting workers in the informal sector.

### Social Watch Benin

There is a crucial need for social protection to be guaranteed to the large majority of the population that lives below the poverty line. At present, however, 90% of citizens have no access to any form of social insurance or benefits, and are thus fully excluded from social security coverage.

A lack of social security constitutes the denial of a fundamental human right established by the 1948 Universal Declaration of Human Rights. This lack exacerbates the difficulties involved in fighting poverty. Social security systems have a direct impact on poverty reduction, both through risk prevention and the provision of indemnity, provided that they are understood as a set of institutions, measures, rights, obligations and reallocations aimed at guaranteeing access to health and social services and providing income security.

Social or economic risks have a significant impact on poverty levels. The poor are most affected by such risks and are most vulnerable to them. Often an emergency situation draws many individuals and families into a state of poverty from which they cannot escape.

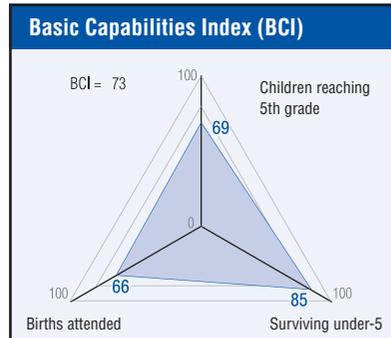
With a view to enabling the population to live a decent life with a secure livelihood, the government of Benin, development partners and civil society organizations are implementing various initiatives.

The basic objective of these initiatives is the extension of social security coverage to currently excluded sectors of the population, while incorporating the initiatives themselves into the comprehensive implementation of coherent social protection programmes adapted to the situation of the country, in pursuit of the goal of social justice.

### Current social security systems<sup>1</sup>

Traditional solidarity has existed since the beginning of time but social security in its present form became a reality during the colonial period. Its establishment was promoted by organizations such as the International Labour Organization (ILO), which in turn arose out of the struggle of workers uprooted from their social resources and cut off from traditional support systems.

<sup>1</sup> The following sections of this report are based on the work of Uzziel Twagillimana (2005), Technical Advisor, WSM Project (World Solidarity) in Benin.



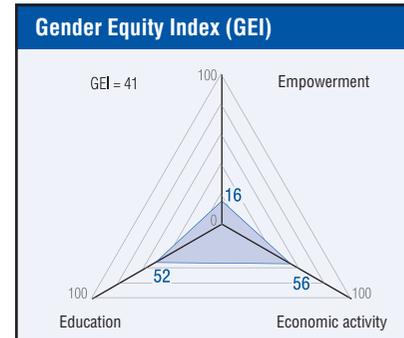
The first social security schemes implemented in the country covered only workers in structured sectors of the so-called formal economy. Currently there are two different schemes: the general social security scheme and a specific scheme that regulates civil service and military retirement pensions.

The general social security scheme is administered by the National Social Security Fund (CNSS), a legally established public social service organization. This scheme is governed by Law 98-019 of March 2003 and protects salaried workers in the private and parastatal sectors and their dependents. It covers six areas: family and maternity benefits (through its family benefits branch); old age, disability and death benefits (through its pension branch); work accidents and work-related illness (through its workers' compensation branch).

The CNSS is governed by a general board and administered by a nine-member administration board comprising three representatives of workers, three of employers and three of the state.

The public employees' regime is regulated by Law 86-014 of September 1986 and is administered by the National Retirement Fund of Benin (FNRB). It covers permanent state agents (civil servants, judges and military personnel) and their dependents. It provides insurance for old age (pensions based on length of service, proportional pensions or early retirement payments), work-related or other disability (pensions or income for life parallel with the proportional pension) and death (pensions for widows/widowers, orphans and other legitimate dependents).

Legislation had also been adapted to a certain degree with regard to gender aspects, for example, by incorporating international instruments includ-



ing ILO Convention 183 of 2000 on maternity protection and by establishing family allowances.

In addition, the special scheme for public employees provides women civil servants with a benefit equivalent to a year's service per each child inscribed in the registry office, up to a maximum of six children. As a result women can qualify for the length of service-based pension earlier than their male colleagues.

### Privatizations and their outcomes

In addition to these public schemes there are a number of private social security systems. During the 1990s, some private insurance companies launched several products in the market: sickness insurance, old age pensions and life insurance.

Although in theory these systems are accessible to all sectors of the population, in reality only the more affluent workers with sufficient means can complement the obligatory public insurance with private insurance.

Under what practically amounted to an imposition by the World Bank, Benin underwent several phases of structural adjustment programmes aimed at decreasing public expenditure and fostering productivity. These programmes resulted in a reduction in the number of permanent public employees and a hiring freeze. One result was a large number of 'voluntary retirements' of civil servants, which were in reality a way of reducing their numbers and annulling their social rights.

However, it has been concluded that in practice all these measures have failed to increase productivity.

The trend to privatization, which still continues in the country due to the government's express intent to open up every door possible to private

capital, has always been strongly opposed by the trade unions. This resistance has compelled the government to impose some rules on privatizations, amongst them the requirement to avoid any dismissals or to offer appropriate compensation to dismissed workers. However, in many cases, the new employers do not respect these rules that they had agreed to comply with.

In addition, privatizations tend to reduce or eliminate workers' rights, such as the right to stable employment and to length of service-related benefits, and also tend to establish partial restrictions on the right to strike as well as imposing structures for determining wages. Taken together, these factors have led to a generalized precariousness of employment in the country. To summarize, privatizations have weakened social security systems to the detriment of the poorest sectors of the population.

### NGO health insurance experiences

The state provides public employees with sickness insurance and work-related accident benefits, but in fact these are only forms of medical expenditure coverage that reimburse 80% of expenses incurred by insured workers.

Some health protection initiatives are being developed by NGOs and rural communities. These initiatives are aimed at developing family savings specifically for guaranteeing primary health care services.

### A lack of unemployment benefits

The function of the National Agency of Employment Promotion (ANPE) is to help young people with their insertion in the labour market as they search for their first job, or provide them with orientation to become self-employed. However, there is no provision relating to minimum income at insertion or unemployment benefit coverage, along the lines of such provisions in developed countries.

### Informal workers' mutual fund in pilot phase

Barely 10% of the population is covered by the current social security system. A marked characteristic of the labour market is that a significant proportion of workers operate in the informal sector, the organization of which is not compatible with the application of the institutional social security system. Also, workers' incomes in this sector are generally low.

With the support of the ILO, Benin has, since 1996, benefited from a project for the extension of social protection to the informal sector. Backed by the ILO and Belgian cooperation agencies, the government created a Social Security Mutual Fund for informal sector workers, under the Ministry of Labour and Public Service. It is being piloted in three locations: Cotonou and its surrounding area, Parakou and Porto Novo. This Mutual Fund covers workers employed in the informal sector and the self-employed, either as individuals or through workers' associations. The fund was initiated in close collaboration with workers associations of artisans, artists, crop farmers, cattle farmers, fishers and traders.

**TABLE 1. Basic social indicators in Benin**

Probability of not living beyond the age of 40 (%)	30.0
Adult literacy rate (% of over 15s)	65.3
Population without access to improved water sources (%)	33.0
Children underweight for age (% aged 0-5)	23.0
Life expectancy at birth (years)	54.3
Combined gross enrolment rate (primary, secondary and tertiary education) (%)	49.4
Women in the Parliament (% seats)	7.0
Personal computers (per 1000 people)	4.1
GDP per capita (USD)	1,091

Sources: UNDP and UN Millennium Indicators (2004/2005 data)

**TABLE 2. Evolution of the number of registered members in the Mutual Fund**

Location	2000	2001	2002	2003	Total
Cotonou and surrounding area	44	94	154	395	687
Parakou	-	118	51	15	184
Total	44	212	205	410	871

Source: World Solidarity (Cotonou Regional Office).

### The national coalition in Benin is organized in a multilevel structure:

- General Assembly (150 CSOs)
- National Coordinating Committee
- Executive Secretariat

A technical committee formed by six CSOs oversees 12 target groups (corresponding to the 12 MDG targets adopted by Benin). There is also a National Budget Analysis Unit, advised by resource persons (social scientists, political scientists, economists and researchers).

At the sub-national level there is one person responsible for each of six *départements* (provinces). At the local level, local cells supervise activities in the *communes* (municipalities).

The number of associations participating in the Mutual Fund's Cotonou branch rose from 18 in 1999 to 120 by 2004. It had approximately 1,000 adherents of which more than 800 belonged to the sickness benefit section, with an average of 32,000 beneficiaries.

### Protection for asylum seekers and immigrants

Benin has taken in refugees from many African countries but principally from Togo, and has ratified the 1951 UN Convention relating to the Status of Refugees. According to the latest United Nations High Commissioner for Refugees (UNHCR) global rankings, Benin is placed in the first category in regard to respect for refugees' rights and their integration.

### Assistance for the poorest of the poor

In 2003 the Ministry of Social Protection and Families created the National Solidarity and Social Action Support Fund (FASNAS) to benefit individuals as well as groups. This Fund established social well-being promotion centres that work in communities to provide attention for people living in extreme poverty. However, these assistance centres lack necessary elements and suffer from an acute shortage of human, material and financial resources.

### Conclusion

In summary, Benin is still far from achieving social protection for all its citizens. Mobilization against social exclusion and the lack of social protection coverage for all workers, both in the formal and informal economy, must translate into a government policy of social justice and redistribution with the support of development partners and civil society. ■

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