|  |  |  |
| --- | --- | --- |
| AFRICAN UNION | logo | UNION AFRICAINE |
|  | UNIÃO AFRICANA |
| Addis Ababa, ETHIOPIA P. O. Box 3243 Telephone: +251 11 551 7700 Fax: +251 115182072Website: [www.au.int](http://www.au.int)[www.africa-youth.org](http://www.africa-youth.org) |

**FIRST SESSION OF THE SPECIALISED TECHNICAL**

**COMMITTEE ON SOCIAL DEVELOPMENT,**

**LABOUR AND EMPLOYMENT (STC-SDLE-1)**

**ADDIS ABABA, ETHIOPIA**

**20-24 APRIL 2015**

**Theme: *“Social Protection for Inclusive Development”***

**PROGRAMME ON PROMOTING SOCIAL PROTECTION IN SMALL AND MEDIUM SIZED ENTERPRISES (SMES)**

**Introduction:**

1. Informal workers account for 60% of the global workforce and comprise a diverse population in terms of type of occupation, and social and legal status. They are exposed greater job insecurity and vulnerability than workers in formal employment, with little to no access to affordable, quality health care. As a result, informal worker experience increased vulnerability to poor health, injury and illness. Furthermore, working conditions are often unsafe and unhealthy[[1]](#footnote-1).
2. The programme covers a range of economic units from Micro enterprises to the SMEs as defined by country’s polies and or regulations. Moreover, numbers of SMEs operate in the informal economy while informal employment is observed in formal enterprises. SMEs operate both in the formal and informal sectors. They also comprise social business and cooperative sectors.
3. Under the African labour market’s institutions perspective, the SMEs employ the largest share of the working age population and are increasingly recognized as productive drivers of economic growth and development for African countries. In many African countries SMEs account for about 50% of job creation. It is estimated that SMEs contribute to 70 percent of Ghana’s gross domestic product (GDP). SMEs represent up to 91 percent of formal businesses in South Africa, contributing between 52 and 57 percent to GDP and providing about 61 percent to employment. In Ghana, small enterprises provide about 85 percent of manufacturing employment and contribute about 70 percent to Ghana’s GDP and account for about 92 percent of businesses in Ghana[[2]](#footnote-2).
4. The World Bank estimates the risk of fatal and non‐fatal occupational injury in the Sub‐Saharan Africa economic region at five times higher than in Europe and North America *(Benach et al 2007).*
5. It indicates how strategic and opportune it is for Africa to leverage SMEs to extend social protection to all workers and thus accelerating poverty eradication in the continent and promoting decent employment in all spheres of the economy and businesses. Series of studies on OHS practices, tools and techniques consider Occupational Health and Safety (OHS) as an important aspect of good business practice and quality management. They evidence a link between provision of OSH and positive firm outcomes.
6. **Social protection coverage gaps in African MSMEs**

**Maternity protection, Child and family benefits**

1. In principle, maternity protection guarantees income security for pregnant women and mothers of newborn children and their families, as well as effective access to quality maternal health care, while supporting equality in employment and occupation. At global level, less than 40 per cent of women in employment are covered by law under mandatory maternity cash benefit schemes; 57 per cent if voluntary coverage (mainly for women in self-employment) is included.
2. The challenges for Africa are twofold. Firstly, large numbers of women work in agriculture and in the informal economy and the increasing actualization of employment relations. Secondly, there are various weaknesses (institutional, technical and financial) of SMEs in managing maternity protection.

**Social protection for men and women in working age**

1. Men and women in the working age are exposed to a series of labor-related risks such as unemployment, employment injury, disability, sickness and maternity. At global level, 2.3 per cent of GDP is allocated to social protection expenditure for women and men in ensuring income security during working age, ranging from 0.5 per cent in Africa to 5.9 per cent in Western Europe. The African very weak performance can be largely explained by the large share of micro, small and medium-sized enterprises in African economies with low and/or inadequate social protection coverage of employees.

**Social protection for older women and men**

1. Due to the high proportion of informal employment in sub-Saharan Africa, only 8.4 per cent of the labour force contributes to pension insurance and has rights to a contributory pension, compared to 47.4 % and 34.0 in North Africa and Asia and the Pacific, and 38% Latin America and the Caribbean.
2. The coverage of older persons is significantly low in Africa. In addition, the pension’s levels are not adequate, reducing their ability to prevent poverty in old age. Also already undertaken or ongoing reforms of pension systems may not account for the specificities of the SMEs which employ the majority of workers, including self-employed persons. Only 6 AU Member States’ Governments provide pensions to older persons.

**Health coverage**

1. In some African countries, health coverage in SMEs extends to the challenge of Drugs and Alcohol abuse which have negative impacts on well-being of the workers and their productivity. Very limited research is available in the field.
2. Occupational diseases can be prevented in SMEs’ workplaces. Health and safety measures in the MSMEs workplaces are of crucial importance and need to be promoted, being both an economic and social issue for African countries.
3. In 2009, the Labour and Social Affairs Commission considered an orientation paper on “The Impact of HIV-AIDs, TB and Malaria in the World of Work” (LSC/EXP/10(VII). The Paper explored the scope of the impact of the three pandemics of HIV-AIDS, TB and Malaria on the world of work. It covers activities and structures associated with the work-place in public and private sectors, in the informal economy and generally to waged labour It provides salient examples in which the Social Partners together with Member States are tackling the pandemics, and highlight some priority areas for attention and action as a way forward.
4. Moreover, health and security at workplace can be negatively impacted by alcohol and drug abuse. They are important concerns in the world of work in Africa, in particular for SMEs.

**Statistics and Knowledge gaps**

1. The lack of reliable and comparable data regarding social protection in SMEs, particularly in low- and middle-income countries, as in Africa, and especially of SMEs in the informal economy hampers efforts of stakeholders in understanding the challenges and designing effective policies.
2. Research directly relevant to social protection in SMEs is very limited, most of the literature concentrating on developed countries. Little SMEs’ OHS focused research and studies were conducted in the continent to provide evidence to policy design and regulatory texts setting. These knowledge gaps contribute to reluctance of SMEs’ managers to engage on OHS programs, being refrained by their perception on negative impacts of such programs in terms of operating costs and lost productivity.[[3]](#footnote-3)
3. These are in absolute need to support business case for social protection in SMEs in Africa, involving all the stakeholders in the public and private sector, as well as NGOS and CSOs. The universities and research institutes need to be identified and associated.
4. An effort must made to develop social protection statistics and knowledge management in Africa. There is need for a research agenda of how to close the knowledge gaps.
5. **Political, legal and institutional environment**

**Policy environment:**

1. The AU Plan of Action on Employment, Poverty Eradication and Inclusive Development dedicates its Key Priority Area 3 to, “*Social Protection and Productivity for Sustainable and Inclusive Growth”*. Its Expected Outcome calls for “*Extended social protection floors coverage to the excluded categories of workers and members of their families and improve productivity and competitiveness in Africa*”.
2. There is a specific commitment to “*Implement a continental special initiative on social security, targeting the SMEs in collaboration with the RECs.”* On the another hand, RECs are mandated to, “*Promote regional social dialogue on social protection and develop regional mechanisms and institutions on social protection*”. On the specific challenge of OHS for young workers most affected by occupational risks, the AU leaders engage to, “*Promote a “Safe Youth and Women Work Campaign”, advocating for safer and secure working conditions for youth and women*”.
3. Relevant AU policies on industrialization and agro processing, agriculture, Blue Economy, etc. will bring strong impetus towards integration of more modern and innovative production technologies that can have an impact on occupational risks in SMEs.
4. In order to facilitate and speed up the implementation of the above key commitments and other related, this Special Programme on Social Protection for SMEs is being proposed.

**Legal environment**

1. Social security is a human right, as recognized by article 22 of the Universal Declaration of Human Rights. According to ILO, “Social *security is the protection that a society provides to individuals and households to ensure access to health care and to guarantee income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of a breadwinner.”*
2. At global level, the relevant ILO Conventions on labour and social protection and recommendations, provide a normative basis for designing and improving national regulatory frameworks in the fields (see annexed list). Specifically, the Convention No. 102 regroups the nine classical social security contingencies (medical care, sickness, unemployment, old age, employment injury, family responsibilities, maternity, invalidity, and survivorship) into a single comprehensive and legally binding instrument. Also, the Recommendation No. 202 focuses on closing social security gaps and on reaching universal coverage through setting up of comprehensive social security systems consisting at least of: (i) access to essential health care, including maternity care; (ii) basic income security for children; (iii) basic income security for persons of working age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and (iv) basic income security for older persons.
3. At continental level, the main policy frameworks are, the “Programme on Upgrading the Informal Economy”, “Social Protection Plan for Informal Economy and Rural Workers (SPIREWORK)” and the “Productivity Agenda for Africa”. Other continental relevant policies are the African Health Strategy, the Campaign for Accelerated Reduction of Maternal Mortality (CARMMA), Plan of Action on Sexual and Reproductive Health and Rights (Maputo Plan of Action), HIV-AIDs and Malaria, and Drug control. Some Regional Economic Communities (RECs) have undertaken the harmonization of labour and social protection legal frameworks in support of regional labour mobility, skills and social benefits portability.
4. As regards Member States, the provisions of their labour and social security codes are applicable to all forms of economic organizations, including SMEs. In some countries, the labour code allows for establishment of joint OHS structures serving a group of SMEs which lack financial and institutional capabilities to run their own OHS system.The challenges remain their appropriateness for SMES and their effective enforcement, as well as the suitability of enforcement approaches of labour inspections to the detriment of promotional approaches based on education of MSEs managers and workers, technical support, and incentives towards adoption of social protection programs.

**Institutional environment**

1. Where they exist at all stages, institutions for social dialogue are instrumental in providing the required platform for collective reflection and engagement on social protection for workers in SMEs. This complements the national OHS organizations when, beyond the regulatory frameworks, they exist and are functional.
2. At national level, labour market institutions, particularly, the labour inspection service, pension funds and social security agencies, are key players with various strategic and operational roles, on prevention as well as on compliance. Being concerned by the level of unemployment as a critical parameter to their sustainability, social security agencies and pension funds may consider engaging more in supporting decent work, in particular in SMEs. One example is in Zimbabwe, where the National Social Security Authority (NSSA) set up a $5million SME fund aimed at supporting transition to formality and decent jobs in SMEs. It is administered by the Small to Medium Enterprises Development Corporation (SMEDCO).
3. It is suggested that the SMEs’ human resources and supervisory management should scale up their technical capacity on social protection systems design, implementation and monitoring. On advocacy and promotional activities, NGOs, cooperatives and other CSO can play a decisive influential role, besides the social partners.
4. Effective and affordable access to health system for SMEs’ workers and members of their families is essential. These would include appropriate access mechanisms, from health infrastructures construction to partnerships with existing health systems.
5. Among the RECs, SADC has the capacity to design and oversee the implementation of regional OHS policy for SMEs through its Technical Committee on Labour, Employment and Social Security.
6. On the front of professional skills and knowledge development on work related social protection, there are deficits which require that training, advisory services and capacity building/enhancement programme for OHS professionals and technicians are developed in close collaboration with universities and the African Regional Labour Administration Centers’ network.
7. NGOs and CSOs are intervening on social protection for informal and rural workers. Community‐Based Health Insurance (CBHI) and Social Health Insurance (SHI) are the primary instruments used to insure informal workers’ health in low‐and middle-income countries. The Tanzanian Occupational Health Service (TOHS) registers workers in the informal sector in member groups and provides health services, helps groups improve occupational health conditions, and form health and safety committee. TheTanzania - Mutual Healthcare Organization UMASIDA Health Insurance Scheme is another example of umbrella health insurance organization for the informal economy in Dar es Salaam, providing health care to all its members and their families on an insurance basis as well as occupational safety and health measures.
8. Finally, even if the OHS institutional system is in place, the lack of appropriate financial mechanisms jeopardizes their implementation and achievement of their objectives. Innovative funding systems can be explored, such as combining micro credit services with micro social insurance services. An example is the experience off the Partenariat pour la Mobilisation de l’Epargne et le Crédit Au Sénégal PAMECAS, a Senegalese micro finance institution, with the establishment of a foundation dedicated to health insurance of the beneficiaries of loans. Ministers of Finance can support such mechanisms.

**IIV. International cooperation**

1. Considering their small and nature and organizational agility, SMEs might be effective at improving working conditions if properly motivated, with appropriate supervision, enforcement and incentives. However, the size (resources, economies of scale) of the enterprise will determine its capacity to establish formal arrangements of social protection.
2. Competing in the global economy requires for companies to build healthy and talented human capital, in particular for SMEs which usually lack the necessary organizational capacity to attract and maintain most productive workforce, due to, among others, their weak OHS systems. Globalization brought demand for standards of industrial relations in line with international norms. There are concerns about social protection in African SMEs engaged in various forms of sub-contracting with MNEs and in outsourcing economies such as the call centers or garments/textiles industries. The same concerns apply to SMEs operating under Export Processing Zones or alike. Subsequently, there is recent and growing interest of Multinational Enterprises in extending social protection to all their employees, including as part of their CSR policy beyond legal obligations. This inclusive business strategy brings benefit to the employees, the enterprise and surrounding community[[4]](#footnote-4). This is favored by the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy specifically its section on “Conditions of Work and Life”.
3. This is translated into international cooperation cadres such as the Africa-EU Partnership. Indeed, both parties agreed that labour markets respecting international labour standards are important factors in all their countries where small and medium-sized enterprises (SMEs) have a particularly vital role in job creation. They also “emphasise that jobs with labour rights, social security coverage and decent income contribute to more stable growth, enhance social inclusion and reduce poverty”[[5]](#footnote-5). Subsequently, both Parties commit to support cooperation in these fields. Moreover, the G20 repeatedly commit to promote and support inclusive growth through jobs creation and social protection for all. In addition, the EU’s OHS Agency has the potential to engage in international cooperation, including with African region. At global level, partnership opportunities exist with the G20 and World Bank as well.
4. Finally, other international partners, including NGOs and Foundations, can be instrumental in the effective implementation. Several international organizations and networks aim to organize informal workers, protect their rights and improve their employability, including improving health and safety conditions of informal workers. A SMEs-Social Protection Partnership framework will be defined.
5. The programme will partner with international institutions such as the ILO and International Social Security Association. Regional organizations will also be involved in the implementation: Conférence Interafricaine de la Prévoyance Sociale (CIPRES) for policy dialogue and technical expertise, ARLACs for training and capacity building and advisory services.

**V. Objectives:**

40. The objectives of the programme are the following:

1. Develop Advocacy and Communication on Social Protection in SMEs in Arica
2. Promote SMEs Friendly Regulatory Frameworks and Institutions
3. Promote SMEs-OHS Statistics and Knowledge Management system
4. The objectives will be pursued through the strategies in the matrix annexed to the programme.

1. Health Vulnerabilities of Informal Workers, Rockefeller Foundation, May 2013 [↑](#footnote-ref-1)
2. Issues in SME Development in Ghana and South Africa, Joshua Abor, Department of Finance, University of Ghana Business School, Legon and

Peter Quartey, Institute of Statistical, Social and Economic Research, University of Ghana, Legon, 2010 [↑](#footnote-ref-2)
3. ILO, Can Productivity in SMEs be increased by investing in workers’ helath?, Xenia Scheil-Adlung, 2014 [↑](#footnote-ref-3)
4. The extension of social security and the social responsibility of multinational enterprises: An explanatory study, Lou Tessie and Helmut Schw arzer, ILO, [↑](#footnote-ref-4)
5. Declaration, Fourth EU-Africa summit, 2-3 April 2014, Brussels [↑](#footnote-ref-5)