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Employment Injury Schemes in Southern Africa: An Overview and Proposals for Future Directions

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Preface.

This is the seventh publication in the Policy Paper Series of the ILO Southern Africa Multidisciplinary Advisory Team (SAMAT). It focuses on the employment injury schemes which exist throughout Southern Africa to compensate workers who are injured on the job or develop occupational illnesses. Employment injury schemes are the oldest and most widespread form of social security, and their existence throughout Southern Africa -- a region where social security is limited -- is indicative of the basic character of this form of protection, as well as of the common British roots of many countries' legal and compensation systems. The paper examines these schemes in eleven countries, comparing the scope of their coverage of the national work force and their financing, benefits, and administration.

This analysis has three related objectives: first, to provide countries with information on the approaches to employment injury protection taken by their neighbours and, in this way, to promote learning from regional experience; second, to encourage cooperation within SADC in the structuring and delivery of employment injury benefits and, in particular, in the coverage of migrant workers; and third, to suggest an agenda for the reform and future development of employment injury schemes in Southern Africa. The paper recommends an agenda for short-term reform which would ensure that the schemes achieve a minimum standard of protection. These recommendations relate to converting schemes which rely on individual employment liability to social insurance; to providing regular adjustments for inflation in both benefits and contributions; to simplifying contribution rate structures in a manner which increases risk sharing and encourages compliance by employers; and to making scheme administration more responsive to the needs of workers through liberalizing the conditions for filing a claim and developing reciprocal agreements among SADC countries for the payment of benefits across national borders.

SAMAT Policy Papers focus on issues and policies in Southern Africa which affect employment policy, labour standards, and conditions of work, including social protection. As such, the series is intended to provide an ILO perspective on these issues, with a view to suggesting ideas and policy alternatives for consideration by policy makers in the fields of labour and economic development. In this way, the Policy Papers aim to provide a basis for technical cooperation between the ILO and its constituents in Southern Africa.

I would like to thank the Social Security Department of the ILO Headquarters in Geneva for providing comments and suggestions on this paper. I also extend my sincere thanks to the administrators of employment injury schemes in nine SADC member states who have generously provided statistics, background information, and suggestions.

This paper was prepared by Elaine Fultz, Senior Specialist in Social Security, and Bodhi Pieris, Expert in Social Security, both members of the ILO's Southern Africa Multidisciplinary Advisory Team in Harare, Zimbabwe.

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Introduction.

Of the nine branches of social security defined by the International Labour Organization, compensation for employment injury is the single one which exists throughout Southern Africa.[1] These schemes provide medical care and cash benefits to workers who are injured on the job or develop occupational diseases, as well as survivors benefits for families of victims of employment-related fatalities. Their existence throughout Southern Africa, a region in which social security is generally sparse, is indicative of the basic character of this form of protection, as well as of the common British roots of many countries▮ legal and compensation systems. Yet in practice many of the schemes fall short of providing a minimum standard. Some have changed little since their establishment by colonial governments decades ago and, as such, rely on antiquated forms of administration. Compliance is low, record keeping is poor, and delays in payments are frequent. Moreover, half the schemes provide only lump sum benefits which may be rapidly exhausted by workers, leaving them with no social security at all. Not only would the strengthening of these schemes improve the lives of the tens of thousands of workers who suffer occupational injuries and diseases each year; by establishing an effective bureaucratic infrastructure for administering this form of social security, it would also facilitate efforts now underway in several countries to establish additional benefits.

This paper provides information for the development of an agenda for strengthening employment injury schemes in Southern Africa. It does so in three parts. Part one serves as background, defining employment injury benefits and identifying their economic rationale, essential features, basic types, and the international standards embodied in ILO Conventions. Part two then profiles schemes in the region, comparing their coverage, benefits, financing, and administration. Part three, the final section, draws on the preceding ones to suggest a set of priorities for the reform and strengthening of these schemes.

[1] The terms workers compensation and employment injury benefits are frequently used interchangeably. Workers Compensation is the older term, generally used originally to refer to schemes which provide benefits in the case of death and incapacity due to accidents at work and, later, due to prescribed occupational diseases as well. These benefits could be temporary or permanent, total or partial. In more recent ILO instruments, the term ▮employment injury▮ is used to cover both accidents at work and occupational diseases. ILO, *Report on the Symposium on Employment Injury Protection for Developing Countries in Asia and the Pacific*, 1986, p. 134.

In addition to employment injury, the other branches are old age, disability, sickness, maternity, unemployment, death, and subsidies for medical care and the raising of children.

I. Social security benefits for employment injury.

Employment injury compensation is the oldest and most widespread form of social protection. In addition to medical care and cash payments to replace lost wages, these schemes may provide services such as vocational rehabilitation, medical transport, or constant attendant care. In contrast with other forms of social protection (e.g., retirement pensions or unemployment compensation), insured status is usually extended to newly-hired workers immediately or with only a minimal waiting period. Eligibility is provided on a no-fault basis and may be coupled with a restriction on workers' legal right to sue for damages.[2] The linking of these two features in some employment injury schemes embodies a compromise between workers' interests and those of employers. For workers, no-fault eligibility means that benefits are paid regardless of whether an employee was negligent in causing an injury or disease. For employers, exclusion of on-the-job injuries from the realm of common law limits the risk of costly damage claims. Society at large also benefits, since public resources need not be devoted to extended litigation.

Employment injury schemes are of two general types, individual employer liability and social insurance. Under the first, the government mandates that individual employers assume responsibility for compensating their workers for industrial accidents and diseases. They are usually required to cover this liability by purchasing an insurance policy or, less commonly, by placing a deposit with the government. The second option, social insurance, involves the establishment of a national employment injury fund. It serves as a mechanism for pooling risks based on the principle of social solidarity. Employers are required to make regular contributions on behalf of their employees, and government uses these revenues to pay benefits. Here government is usually the agent of administration, collecting contributions, determining eligibility, making payments, and ensuring the financial solvency of the scheme. Under either system, employer contributions may be "experience rated," or set at different rates for different industries to reflect their respective risks of accident or disease.

ILO Conventions provide standards for the financing, benefit structure, and administration of employment injury schemes.[3] As can be seen from Table 1, most of these

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[2] Within Southern Africa, South Africa and Zambia are examples of schemes which provide this linkage. In South Africa, workers are barred from taking legal action against negligent employers, but they may petition the fund for additional compensation for employer negligence. In Zambia, the employer is protected against civil claims except in the case of negligence, breach of duty, or another wrongful act or omission of the employee for whose act or default the employer is responsible. *Compensation Fund Annual Report*, RSA Department of Labour, 1997, p. 24, and *Facts about Workers Compensation Fund Control Board*, Republic of Zambia, p. 6.

[3] While the Conventions do not define a qualifying injury or disease, the following definition is provided by Recommendation 121:

> (a) accidents, regardless of their cause, sustained during working hours at or near the place of work or at any place where the worker would not have been except for his employment;
>
> (b) accidents sustained within reasonable periods before and after working hours in connection with transporting, cleaning, preparing, securing, conserving, storing and packing work tools or clothes;
>
> (c) accidents sustained while on the direct way between the place of work and --
>
> (i) the employee's principle or secondary residence; or

Conventions were adopted early in the ILO's existence. In all, six Conventions deal with employment injury; a seventh, Convention 102, provides minimum standards for all nine branches of social security including employment injury; and four additional Conventions deal with social security, including employment injury benefits, for migrant workers.

Table 1
ILO Conventions concerning Employment Injury

Convention No. 12	**Workmen's Compensation in Agriculture, 1921 (Revised by Convention No. 121)**
Convention No. 17	**Workmen's Compensation for Accidents, 1925 (Revised by Convention No. 121)**
Convention No. 18	**Workmen's Compensation for Occupational Diseases, 1925**
Convention No. 19	**Equality of Treatment for National and Foreign Workers as regards Workmen's Compensation for Accidents, 1925**
Convention No. 42	**Workmen's Compensation for Occupational Diseases, 1934 (Revised by Convention No. 121)**
Convention No. 102	**Minimum Standards of Social Security, 1952**
Convention No. 121	**Benefits in the Case of Employment Injury, 1964**

As Table 1 demonstrates, a gradual process of revision has resulted in consolidation, with narrow requirements being replaced with broader ones. As a result, the later Conventions embody a set of general principles. There are five of these. First, employment injury benefits must be financed by employers, in contrast with other forms of social security (e.g., sick pay, maternity benefits, and pensions) for which governments may require employees to match employer contributions. The operating assumption here is that workplace safety is the employer's responsibility and, as a corollary, so is compensation for unsafe conditions. Second, compensation must generally be in the form of a periodic payment which lasts throughout the contingency, as opposed to a lump-sum benefit. Exceptions are provided for minor injuries and for specific cases where the administering agency is satisfied that a lump-sum will be used appropriately. Third, the Conventions provide minimum standards for the

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(ii) the place where the employee usually takes his meals; or
(iii) the place where he usually receives his remuneration.

As for occupational diseases, Convention 121 offers the choice of three options for a definition:
(a) list system - a list of diseases comprising at least those enumerated in Schedule I;
(b) global definition - a general definition broad enough to cover at least these diseases; or
(c) mixed system - a list of diseases in conformity with Schedule I complemented by a general definition.

It is also recommended that countries establish a rebuttable presumption of the occupational origin of diseases known to arise out of exposure to substances or dangerous conditions, where the employee (i) was exposed for at least a specified period, or (ii) developed symptoms within a specified period following termination of the last employment involving exposure.

scope of a scheme■s coverage, which must generally extend to at least half the national workforce or 20 percent of residents. Fourth, they provide minimum compensation levels, set at 50 percent of lost wages for an eligible worker with a family (a spouse and two children) and, for a surviving spouse and two children, 40 percent. Finally, the Conventions on migrant labour call for equality of treatment, that is, for migrants to be subject to the same eligibility rules and receive the same levels of employment injury compensation as the national work force. They also call for reciprocal agreements among governments to ensure that migrants can receive compensation either at home or abroad. See Table 2.

Table 2
ILO Social Security Conventions concerning Migrant Labour

Convention No. 118	**Equality of Treatment of Nationals and Non-nationals under Social Security, 1962**
Convention No. 157	**The Establishment of an International System for the Maintenance of Rights in Social Security, 1982**
Convention No. 165	**Social Security for Seafarers (Revised), 1987**
Convention No. 167	**Safety and Health in Construction, 1988**

Beyond these requirements, the Conventions leave governments considerable latitude to administer their schemes according to national preferences. In Southern Africa, the extent of variation is broad, as is illustrated in the following section.

II. Employment injury schemes in Southern Africa.

The eleven countries of Southern Africa are populated by about 130 million people, approximately half of which are of working age (between 15 and 60).[4] Like sub Saharan Africa generally, most economies have a small formal sector, a much larger agricultural sector engaged in subsistence farming, and an urban informal sector which varies significantly in size from country to country and consists mainly of self-employed individuals. Overall, formal employment comprises just under a fifth of the working age population, totalling about 10 million workers.[5] Of the remaining population, about 75 percent are engaged in smallholder farming, while 25 percent live and work in urban settings.

A survey of the African countries for which industrial disease and injury rates are available indicates that risks are concentrated in four industries -- transport, mining, agriculture, and to a less extent, construction.[6] Together these account for about 75 percent of

[4] ILO Convention 168 stipulates that the minimum age for leaving school is 15 or, in the alternative, the age at which attendance ceases to be compulsory. ILO Recommendation 162 suggests 60 as the age for leaving employment.

[5] Loewenson, Rene, paper presented to the ILO Expert Consultation on the Health Impact of Occupational Risk in Africa, Geneva, July 1997.

[6] Loewenson (1997), p. 12.

reported work-related fatalities. However, there are strong indications that existing statistics understate both fatalities and injuries. The magnitude of under reporting in the Southern African Development Community (SADC) has been estimated by Loewenson at two to seven fold. The most extreme distortion probably occurs with respect to occupational diseases, and within this to chemical and mining-related illnesses, owing both to the long lag time between exposure and onset of disease and to South African mines' heavy reliance on migrant labour for which statistics are largely unavailable. Here it is possible that the error may be more in the order of a 50-fold underestimate.

In most countries in the region, employment injury benefits of some form have been in existence for more than half a century. The oldest scheme, South Africa, dates back to 1914, while the most recent, Lesotho, was established in 1977. Table 3 chronicles this development. In terms of scheme type, the region is divided nearly evenly between individual employer liability schemes and social insurance. Five countries -- Botswana, Lesotho, Malawi, Swaziland, and Tanzania -- have employer liability schemes. The last three require employers to purchase insurance; Malawi imposes no requirement as to how the employer meets the legal obligation to provide compensation; and Botswana allows employers to do so either by purchasing insurance or placing a deposit with the government. In Swaziland, all employers are subject to a general requirement to purchase insurance, but only a single firm provides it, the Swaziland Royal Insurance Company. The conversion of several of these schemes to social insurance is planned or underway: the Malawi Labour Ministry is actively engaged in conversion; the Parliament of Tanzania has approved a plan to do so following its establishment of a national pension scheme; Labour Ministry of Lesotho is planning for conversion; and the Ministries of Labour and Finance in Botswana are considering a government-commissioned ILO study which recommends conversion as part of a larger project for strengthening social protection.[7]

Social insurance schemes exist in six countries -- Mauritius, Mozambique, Namibia, South Africa, Zambia and Zimbabwe. The first two have features that vary somewhat from the prototype described earlier. In South Africa, the scheme covers all industries except mining and construction, where firms purchase coverage from a private insurance company. In Mauritius, employment injury compensation is part of a general scheme which also covers retirement, disability, and survivors benefits and is financed by a six percent contribution rate for employers, matched by a three percent employee contribution.[8] At present, about 0.5 percent of this is allocated to finance employment injury benefits.

[7] In addition, the ILO has recommended that Swaziland convert its scheme to social insurance following its conversion of its national provident fund to a pension scheme, a change which has been under discussion in Swaziland for several years.

[8] The employer rate is 10.5 percent for the sugar industry.

Table 3
Type and Duration of Scheme

Country	Type of scheme	First law	Current law
BOTSWANA	Employer liability, compulsory insurance with private carrier or deposit posted with the government.	1936	1977
LESOTHO	Employer liability, compulsory insurance with private carrier, subject to approval by Ministry of Employment and Labour.	1977	1995 (Legal Notice of 1995)
MALAWI	Employer liability/insurance not compulsory.	1944	1990
MAURITIUS	Social insurance scheme.	1931	1976 (followed by regulations in ▮79)
MOZAMBIQUE	Social insurance scheme.	1989	1989
NAMIBIA	Social insurance scheme.	1941	1995
SOUTH AFRICA	Social insurance scheme, except for the mining and construction industries, which must purchase insurance with a private carrier.	1914	1993
SWAZILAND	Employer liability, compulsory insurance with private carrier.	1963	1983
TANZANIA	Employer liability, compulsory insurance with private carrier.	1948	1983
ZAMBIA	Social insurance scheme.	1929	1963
ZIMBABWE	Social insurance scheme.	1928	1990

Regional ratification of ILO conventions governing employment injury is modest. As Table 4 illustrates, all countries have ratified one or more of the seven relevant conventions. Zambia has ratified four, the highest number, while South Africa has ratified one, the lowest. The highest number of ratifications of a single Convention is for 19, which requires equality of treatment in the payment of employment injury benefits. No country has ratified Convention 102, Minimum Standards of Social Security, which synthesizes key requirements from the earlier Conventions governing workers compensation and other social security benefits. This reflects the limited development of social security in Southern Africa.

Table 4
Ratification of ILO Social Security Conventions by Southern African Countries

Convention No. 12	**Workmen's Compensation in Agriculture, 1921 (Revised by Convention No. 121)** MALAWI (1965) MAURITIUS (1969) SWAZILAND (1978) TANZANIA (1962) ZAMBIA (1964)
Convention No. 17	**Workmen's Compensation for Accidents, 1925 (Revised by Convention No. 121)** MAURITIUS (1969) MOZAMBIQUE (1977) TANZANIA (1962) ZAMBIA (1964)
Convention No. 18	**Workmen's Compensation for Occupational Diseases, 1925** MOZAMBIQUE (1977) ZAMBIA (1965)
Convention No. 19	**Equality of Treatment for National and Foreign Workers as regards Workmen's Compensation for Accidents, 1925** BOTSWANA (1988) LESOTHO (1966) MALAWI (1965) MAURITIUS (1969) SOUTH AFRICA (1926) SWAZILAND (1978) TANZANIA (1962) ZAMBIA (1964) ZIMBABWE (1980)
Convention No. 42	**Workmen's Compensation for Occupational Diseases, 1934 (Revised by Convention No. 121)** MAURITIUS (1969) SOUTH AFRICA (1952)
Convention No. 102	**Minimum Standards of Social Security, 1952** -----
Convention No. 121	**Benefits in the Case of Employment Injury** -----

A. Coverage.

In terms of these schemes▮ reach in covering the national work force, a significant gap exists between legal requirements and actual compliance with the law. Statutory coverage requirements generally extend to most workers in formal employment but exclude subsistence farming, urban informal activity, and other forms of self employment. Presented in Table 5, the main statutory exclusions are casual workers (seven countries), domestic workers (four countries), outworkers[9] (seven countries), and family workers (four countries). Some additional exclusions relate to local economic conditions, including shepherds (Lesotho and Swaziland) and certain sailors and share-the-catch fishermen (Namibia). In addition, most countries have structured their schemes to focus exclusively on the private sector and therefore exclude the civil service. Government workers are instead either provided with direct compensation in lieu of insurance or covered by a separate government scheme. In countries with social insurance schemes that pool risks broadly across the work force, non-participation by government results in higher average contribution rates since the public sector generally has a very low risk of occupational injury and disease.[10]

[9] E.g., agents.

[10] Recognizing this, Malawi is planning to cover government workers as part of its forthcoming conversion to social insurance.

Table 5
Major Exclusions from Employment Injury Coverage

Country	Casual	Domestic	Outworker	Family labour
BOTSWANA	**X**			**X**
LESOTHO	**X**[11]	**X**	**X**	**X**
MALAWI	**X**		**X**	**X**
MAURITIUS				
MOZAMBIQUE	**X**		**X**	
NAMIBIA			**X**	
SOUTH AFRICA		**X**		
SWAZILAND	**X**	**X**	X	**X**
TANZANIA				
ZAMBIA	**X**[12]		**X**	
ZIMBABWE	**X**	**X**	**X**	

[11] In Lesotho, casual labour is defined as a person whose employment is of a casual nature and who is employed other than for the purpose of the employer▮s trade or business.

[12] In Zambia, a casual worker is covered by the Workers Compensation Act only if hired to do work connected with the employer▮s trade or business.

Data on compliance, though limited, suggests that actual coverage is much more limited than required by law. In a 1990 review of social protection in Namibia, the ILO estimated that up to 50 percent of employers were not making required contributions to the scheme.[13] While the Namibian Social Security Commission's recent establishment of a national enforcement unit should improve compliance, a major challenge facing it will be to extend enforcement beyond the country's major cities and towns. In Lesotho, the number of non-complying employers has been estimated much higher, at eight out of ten.[14] In Zambia, the Workers Compensation Control Board recently determined that, in the southern region of the country, its offices are collecting about half (56 percent) of its total assessment for that region.[15] In Malawi, the three main companies which sell employment injury insurance describe their customers as nearly exclusively large firms. In Botswana, the best estimate is that only about half of employers purchase insurance, and interviews by the ILO within the Labour Ministry in 1996 failed to produce knowledge of enforcement actions.[16] One scheme official explained,

> If the employer has no insurance, we prefer to negotiate. But this is difficult in the event of an accident or death because the family is often frightened that the employer will refuse to provide any compensation if we ask for too much. These cases often get down to how many cows or goats the employer will give the family.

B. Benefits.

As illustrated by Table 6, the types of benefits provided across the region exhibit broad similarity. All countries pay for permanent incapacity (partial and total), medical care, and death (both funeral grants and survivors benefits); and all except one, Malawi, pay compensation for temporary incapacity. In addition, all countries except Malawi provide some compensation for employment-related diseases; but many impose restrictions on such payments beyond those that exist for injury compensation.[17] Botswana and Lesotho limit coverage to a predetermined list of diseases, while South Africa provides only lump-sum compensation for most mining-related lung diseases.

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[13] ILO, *Report to the Government on the Development of Social Security* (Republic of Namibia), 1990, p. 15. This is roughly consistent with the findings of a 1998 labour market survey which showed that only 50 percent of Namibian workers are registered with the Social Security Commission. However, results are not comparable because, first, it is the employer, rather than the worker, who is required to register with the Commission for employment injury. Second, the worker may or may not be aware of whether the employer is registered. Still, the close similarity between these two statistics provides some support for the ILO estimate.

[14] ILO, *Second Report on Occupational Health in Lesotho*, 1996, p. 7.

[15] Workers' Compensation Fund Control Board, *Compensation News*, No. 41 (January-April 1998), p. 4.

[16] ILO, *Review of Social Protection* (Republic of Botswana), 1997, p. 31.

[17] In enacted but unimplemented revision of its employment injury statute, Malawi will cover only those diseases which result in disability within 24 months of leaving employment.

Three countries, South Africa, Zambia and Zimbabwe, provide funding for rehabilitation of disabled workers as well as for prevention of work place accidents and diseases.

While benefit types are broadly similar, the mode of payment varies significantly depending on whether the scheme is organized as a social insurance fund or based on individual employer liability. The five countries with individual employer liability schemes provide compensation as a lump-sum, whereas the six countries with social insurance provide a combination of periodic payments for severe disabilities and lump sums for more minor ones. For example, Botswana (individual employer liability) provides a lump sum equal to five years remuneration for permanent incapacity and four years remuneration for death. Swaziland (also individual employer liability) provides a lump-sum equal to the percentage of disability multiplied by four and a half years of earnings. Namibia, South Africa, and Zimbabwe (all social insurance) provide lump sums for permanent partial disabilities of less than 30 percent but a monthly pension for those which equal or exceed 30 percent.[18] Zambia (also social insurance) follows the same principle but sets the ceiling for a lump-sum payment considerably lower, at ten percent disability.[19]

In most of the countries which provide lump-sum payments, scheme administrators cite anecdotal evidence that these amounts are exhausted rapidly by workers. They describe cases in which injured workers or their families have returned to the Labour Ministry after exhausting a payment to seek additional assistance, to be informed that none is available. Most of the schemes which are contemplating conversion to social insurance describe such cases as a major motivating factor.

While social insurance largely avoids this problem by providing periodic payments, many of these schemes are experiencing an equally serious difficulty: erosion of the purchasing power of pensions by inflation. Only one country, Mauritius, provides automatic annual indexing of pensions for inflation; and among the countries which provide ad hoc adjustments, only one, South Africa, has consistently granted increases which are in line with the consumer price index over the last decade. Zambia has provided annual adjustments since 1992, but at a rate which close observers hold is significantly lower than the real inflation rate.[20] In Namibia, inflation has eroded tariffs for medical care to 75 percent of standard doctor and hospital charges, which are pegged to South African rates. As a result, a growing number of doctors are refusing to provide care for scheme beneficiaries. Despite periodic ad hoc increases, the real value of the minimum pension in Zimbabwe has been eroded steadily by inflation over the past decade and now stands at Z$130 (about US$4.00 per month), or less than 15 percent of average per capita income. In several regions, beneficiaries have organized protests

[18] In Zimbabwe, the decision to pay a pension depends both on the degree of disability and on the monthly payment amount, which must be at least Z$130.

[19] An additional constraint is that Zambia pays a lump sum only when the capitalized value of the pension which would otherwise be paid for partial disability falls below K31,000.

[20] After an increase of 2,000 percent in 1992, these were 100 percent in 1993, and a 60 percent in 1994, 95, 96, and 97.

directed at the National Social Security Authority (NSSA); and some amputees are reportedly damaging their own prosthetic devices in order to supplement their incomes with medical travel allowances.[21]

As illustrated in table 6, some countries also impose overall caps on benefits; and here the absence of inflation indexing has also taken its toll. In Botswana, a ceiling on total compensation of 100,000 Pula has not been revised since 1980.[22] In Zambia, contributions for mining-related lung disease was not revised during 1989-96, causing the aggregate, real value of compensation to decline from 1,435,000 to 4,000 kwacha, or to 0.3 percent of its previous value. For individual beneficiaries, the purchasing power of benefits virtually vanished, leading many eligible individuals to decline to apply for benefits or decline to travel to the nearest post office to collect them.[23]

Table 6
Employment Injury Benefits [24]

Country	Temporary	Permanent	Medical	Survivor and Funeral
BOTSWANA	Lump sum or periodical payments depending on probable duration of disability up to 24 months. 66% of earnings.	Lump sum of 60 months' earning. Minimum benefit: 10,000 pula. Maximum benefit: 100,000 pula. Partial disability: Percent of full benefit proportionate to degree of incapacity. Constant attendance care supplement, 25%.	Medical and surgical care, hospitalization, medicines, appliances, and transportation, up to maximum of 30,000 pula.	Lump sum of 48 months' earnings of deceased ; minimum 5,000 Pula; maximum 80,000 Pula. Funeral grant.
LESOTHO	75% of earnings for up to 96 months, except that this amount should not exceed the permanent compensation to be paid to the worker.	54 months earnings, multiplied by percentage of disability. Maximum benefit 80,000 Maloti.	Medical, surgical, hospital treatment = 10,000 Maloti maximum. Artificial limps, maintenance and repair = 5,000 Maloti maximum.	Lump sum of 48 months of earnings of the deceased, up to 72,000 Maloti. Funeral benefit = 5,000 Maloti.

[21] The daily living allowance for those who must travel to Harare for medical care is Z$470 to Z$970, depending on whether the beneficiary produces receipts for accommodation. The minimum monthly pension payment is, by contrast, Z$130.

[22] An increase in this ceiling is now under consideration within government.

[23] Despite efforts to downsize, the scheme's administrative costs as a percentage of benefits soared, rising from 95 percent in 1989 to 13,700 in 1996. ILO, *Report to the Government on Strengthening Social Protection*, volume IIIb (Republic of Zambia), 1998, p. 10.

[24] This information is drawn primarily from the US Social Security Administration's publication, *Social Security Programs Throughout the World* (SSA: Office of Research and Statistics, 1995). Additional information and occasional corrections have been inserted based on information provided by the employment injury schemes in the countries in question.

			Transport = 1,500 Maloti maximum.	

MALAWI	Lump sum equalling percentage of earnings based on schedule. Minimum: 26 times minimum monthly wage.	Lump sum of 54 months' earnings, if totally disabled: minimum, 54 times minimum monthly wage. Partial disability: Lump sum proportionate to degree of disability.	No mandated benefits. Malawi government position is that employer should defray reasonable medical expenses.	Lump sum of 42 months' earnings, less any disability benefit paid to deceased. Minimum benefit and reduced amounts for partially dependent survivor. Funeral grant.
MAURITIUS	Periodical payment. 100% of earnings for first 2 weeks (payable by employer), 80% thereafter. Payable for up to 36 months.	Periodical payment with benefit proportionate to degree of incapacity. Total disability, 80% of average earnings; partial disability, 65% times degree of incapacity. Lump sum for older workers and those with disabilities of less than 20%. Fixed sum for constant attendant supplement.	Medical and surgical care, hospitalization, medicines, appliances, and transportation.	Periodical payment equal to 50% of earnings of deceased, payable to widow or to widower . Orphans, each 7.5% of monthly earnings of deceased. In the absence of widow and orphans, dependents in the household. Funeral grant. (Only permanently disabled widowers are entitled to survivors' pensions.)
MOZAMBIQUE	Invalidity pension equal to 60% of old age pension, for those with 365 days of continuous illness.	Invalidity pension equal to 60% of old age pension or 40 percent of monthly average wage.	Sickness benefits equal to 60% of daily average wage from two months past. Maximum medical care subsidy: 10,000 OOMT.	Survivors pension equals 50% of old age pension plus 25%. 50% is distributed to each widow. Orphans, 25%. Lump sum survivors benefit equals 60 percent of old age benefit and is payable to survivors who do not meet qualifying conditions above. Funeral benefit: 100,000 OOMT lump sum.
NAMIBIA	75% of monthly earnings up to N$3,000 per month. No compensation payable for the first three days. Maximum period 24 months. Transport allowance: The conveyance of an employee injured in an 'accident' to a hospital or to his/her residence will be refunded from the accident fund.	If the degree of permanent disablement is between 1% - 30% a lump sum based on 15 times his/her earnings up to N$1680 of such earnings. Formula: 15 x earnings x % of permanent disability divided by 30. Maximum amount payable N$25,200.00. If the degree of permanent disablement is more than 30% compensation takes the form of a monthly pension. Formula: Earnings (up to N$3,000 per month) x 75% x percentage permanent disablement.	All reasonable medical expenses incurred by or on behalf of an employee may be defrayed by the Accident Fund. Payment for medical aid shall be in accordance with the scale prescribed by the Commission.	Lump sum of N$2250 or two months earnings. Whichever is lesser. A monthly pension of 40% to the widow/widower. A monthly pension of 20% to each child under 18 years of age. Calculated up to a maximum earnings of N$3,000 per month. The maximum total monthly pension payable to the widow/widower and children (3 or more) is N$2,250 per month. Widow/widowers pension only ceases on his/her death. A child's pension continues until the age of 18 years is reached. Funeral grant.

SOUTH AFRICA	Periodical payment usually equal to 75% of earnings up to a maximum. Reduced amounts for partial temporary disability.	Pension equal to 75% of earnings up to ceiling. Partial disability: Percentage of full benefit proportionate to degree of disability. For 30% or less disability, lump sum of 15 times monthly earnings.	Medical, surgical, and hospital care, and appliances. Provided for maximum of 2 years (may be extended in special cases).	40% of pension of deceased, based on permanent total disability pension equivalent, plus lump-sum payment. Payable to widow or to widower. Orphans: 20% of pension. Maximum survivor pension: 100% of pension of deceased. Maximum of 3 children. Funeral grant.
SWAZILAND	Lump sum equal to 75% of earnings up to maximum of 24 months.	Lump sum of 54 months' earnings. Maximum, 27,000 Emalangeni. Minimum, 4,050 Emalangeni. Partial disability: Percent of full benefit proportionate to loss of working capacity.	Medical treatment expenses, transportation costs up to specified ceilings.	Lump sum of 48 months earnings, less any permanent disability benefits to deceased subject to minimum and maximum. Funeral grant.
TANZANIA	Lump sum equal to 50% of earnings up to 96 months, with a limit of 108,000 Shillings.	Lump sum of 54 months' earnings. Maximum, 108,000 Shillings. Partial disability: Percent of full benefit proportionate to degree of disability. Constant attendant care supplement.	Medial, surgical, hospital and nursing care, medicines, and transportation up to specified ceilings.	Lump sum of 41 months' earnings, less any disability benefits paid, subject to maximum.
ZAMBIA	Periodical payment based on 50% of worker's compensatable earnings.	Periodical payment based on sliding scale (1-100 % X degree of disablement). Children's supplement only where accident is fatal (effective 29 September 1994). Percentage of injured worker's compensable earnings proportionate to degree of disablement provided that the capitalized value so computed does not exceed K31,000.	Medical, dental, nursing, hospital care, artificial limbs, and transportation up to specified ceilings.	80 percent of disability pension of insured to widow or dependent widower. Children's supplement: 15% for youngest child, 5% for each additional child, up to 8. Funeral grant. In case of death of both parents (orphans), 30% youngest, 10% each additional child, up to 8.
ZIMBABWE	Periodical payment based on sliding scale determined by earnings. Benefit is payable for up to 18 months.	Periodic payment based on sliding scale determined by earnings. Benefit is payable for up to 18 months. Children's supplement. Partial disability: Lump sum payable if disability less than 30%.	Medical charges, including appliances, transportation and drugs, initially up to Z$2,000. Amount is raised depending on circumstances. Severely disabled are provided rehabilitative services.	66-2/3% of earnings of insured's pension. Payable to dependent widow or widower. Children's supplement until age 18 or self-supporting. Funeral grant.

C. Contributions.

Table 7 describes employer contribution rates. Despite several gaps in the data, two points stand out. First, the average rate of contribution varies sharply, from a low of 0.17 percent in Malawi to a high of 3.9 percent in Namibia. Malawi's low average results from insurance companies' practice of cross-subsidizing employment injury coverage with revenues from other types of policies.[25] Namibia, the country with the highest average, has borrowed from South Africa in constructing its rate structure. Their similar averages, highs, and lows place these two countries in close proximity with Swaziland at the upper end of the rate continuum. The remaining countries clump into two groups, one with average rates of under one percent (Botswana, Mauritius, Mozambique, and Zimbabwe) and a second with rates in the two to three percent range (Tanzania and Zambia). Thus, average rates in the region are most typically in the range of one half to three percent.

Second, there is wide country-to-country variation in the rate differentials among industries -- that is, in experience rating. In individual employer liability schemes, these differences reflect insurance companies' assessment of industry-to-industry variation in risk of employment injury or disease, while in social insurance schemes they reflect national policy on the extent of risk pooling across the work force. In South Africa, for example, risk pooling is relatively limited: the highest rate, 8.18 percent, is 58 times higher than the lowest rate, 0.14 percent. In Namibia, the difference between the highest and lowest rate is 57 fold; in Zimbabwe it is 33 fold; and in Swaziland it is 37 fold. These differentials contrast with countries like Zambia, where the difference between high and low is two-fold, and Mauritius and Mozambique, where there is no experience rating.

Advocates of experience rating hold that imposing higher contribution rates on firms with unsafe working conditions encourages them to eliminate hazards and invest in safety measures. Critics, on the other hand, contend that high rates simply discourage compliance by marginal firms and thus serve to deny workers employment injury protection. The latter logic may carry greater weight in this region where, as has been shown, limited enforcement makes it possible for firms that face high rates to decline to make contributions all together. It is noteworthy that two countries are currently planning to restructure their rates to provide for greater risk sharing. As part of its consolidation of employment injury with its new national pension scheme, Namibia is planning to replace its steeply graded, 104 category rate structure with three categories of risk, a high, medium, and low; and as part of its conversion to social insurance, Malawi is contemplating a rate structure with one, three, or five rate classifications of employers.

[25] Insurers' ledger losses in relation to employment injury claims have led them to support, though with some reservations, the government's planned conversion to social insurance.

Table 7
Contributions

Country	Contributions Details
BOTSWANA	Range: .4-2.5%of total payroll. Average: 0.75% of total payroll.
LESOTHO	Set by private insurers - Rates not available from the Ministry of Employment and Labour.
MALAWI	Set by private insurers. Insurance industry estimates average rate is 0.17 percent, reportedly subsidized by other types of policies.
MAURITIUS	Employer contribution rate of 6 percent covers employment injury, old age, disability, and survivors (10.5 for the sugar industry) . At present, 0.5 percent is allocated to employment injury.
MOZAMBIQUE	0.7 percent for all employers.
NAMIBIA	Range: .14 to 7.95%. Average rate: 3.9%. Wage ceiling: N36,000 annually.
SOUTH AFRICA	Range: .14 to 8.18%. (Salary ceiling eliminated in 1994.)
SWAZILAND	Rates set by Swaziland Royal Insurance Corporation. Range: .312% to 11.7%.
TANZANIA	Rates set by private insurers. Under planned conversion to social insurance, the required contribution rate is estimated by the ILO at 2%.
ZAMBIA	Range: 1.88-3.75%. Average rate: 2.51%.
ZIMBABWE	Range: .15 to 4.89%. Average: .62%. Wage base: Z$4,000 per month (1997).

D. Administration.

In terms of organizational arrangements, employment injury benefits generally fall under the jurisdiction of the country▮s labour ministry. In countries without other social security benefits (Botswana, Lesotho, Malawi), they are administered by a workers compensation division within the ministry. In countries with other forms of social security, employment injury compensation tends to be administered by a social security agency with broader responsibilities. For example, in Zimbabwe, the administering agency is the National Social Security Authority (NSSA), which also has responsibility for workplace safety programs *and* for the national pension scheme providing old age, disability, and survivors benefits. In Namibia, the administering agency, the Social Security Commission (SSC), also provides sickness, maternity, and death benefits and is planning the launch of a national pension scheme. In Mozambique, the National Institute of Social Security also administers retirement, survivors, and disability benefits and an illness subsidy. A few countries have multiple social protection schemes but have not consolidated them administratively with workers compensation. In Swaziland, for example, workers compensation is administered separately from the National Provident Fund. In South Africa, workers compensation and unemployment compensation are

administered by separate branches of the Labour Department, while the social pension is administered by the Welfare Department. The consolidation of these schemes is under discussion within the RSA government. See table 8.

Table 8
Institutional Arrangements for Administering Employment Injury Schemes

Country	Oversight/Enforcement	Administering Agency
BOTSWANA	Ministry of Labour and Home Affairs, enforcement of law.	Workers Compensation Commissioner
LESOTHO	Ministry of Labour and Employment, enforcement of law.	Workers Compensation Division
MALAWI	Ministry of Labour, enforcement of law.	Workers Compensation Commissioner
MAURITIUS	Ministry of Social Security and National Solidarity, administration of program.	Same
MOZAMBIQUE	Ministry of Labour	National Institute of Social Security, Administration Council
NAMIBIA	Ministry of Labour, general supervision.	Social Security Commission
SOUTH AFRICA	Department of Labour, general supervision.	Compensation Commissioner
SWAZILAND	Department of Labour, enforcement of law.	Employers must insure liability with private insurance company.
TANZANIA	Ministry of Labour and Youth Development, enforcement of law, approval of settlements, and payment of benefits.	Employers must insure liability with private insurance companies.
ZAMBIA	Ministry of Labour and Social Services, general supervision.	Workmen▮s Compensation Fund Control Board
ZIMBABWE	Ministry of Public Service, Labour and Social Welfare, general supervision.	National Social Security Authority

However located organizationally, the administrative performance of employment injury agencies exhibits several patterns. First, with the notable exception of Mauritius which has achieved a high level of automation, the processing of applications tends to be paper driven and labour intensive. As claim files move through employment injury bureaucracies, there are typically multiple ledger entries, check points, and clearances. In some countries (e.g., Zimbabwe), files must be transported physically from a local or regional office where applications are taken to a central office where they are processed. Registry units are usually assigned to keep track of files as they move from unit to unit but are often unable to do so effectively. In the countries with individual employer liability schemes, eligibility determination is further complicated by the need for interaction among three parties -- the government, the employer, and an insurance company. Reports of accident or disease are usually submitted to a division within the Labour Ministry, which evaluates the claim (sometimes through the use of medical boards) and, upon making a finding of eligibility, forwards it to the employer. The employer then files for compensation with the insurance company. If the company challenges the government▮s finding, the claim is usually reviewed by a third party. In

cases where the government's decision is confirmed or goes unchallenged, the insurance company forwards compensation to the employer. The employer in turn transmits it to the government, which makes payment to the worker. Not surprisingly, these multi-layered procedures can cause extended delays for disabled claimants and surviving family members.[26]

A second and related feature is that many schemes lack a strong customer service mentality. Long queues of claimants awaiting attention are the norm in some agencies, and publicly listed telephone numbers often go unanswered or are continuously engaged. While problems of this type may typify government performance in some countries in the region, two severe administrative barriers are particular to employment injury schemes. One is the requirement imposed by most schemes that the employer sign an accident report before compensation can be awarded. An official of NSSA in Zimbabwe explained,

> When a worker reports an accident, we give him the form and tell him to have his employer complete it and sign. However, the employer knows that if he signs, we will probably prosecute him for past-due contributions. So it is not hard to see the difficulty facing the worker.[27]

Some schemes attempt to address this problem by investigating worker claims, but a shortage of compliance officers often limits the thoroughness and timeliness of these inquiries.

In addition, schemes typically offer little help to migrant workers who return home after being injured on the job or who develop an employment-related occupational disease caused by work in another country. The most developed employment injury payment arrangements exist in South Africa, where benefits may be remitted through government-to-government agreements or through the mines' major recruitment agency, The Employment Bureau of Africa (TEBA), in those countries where it has offices. In the former arrangement, government corruption in the receiving country has sometimes prevented payments from reaching beneficiaries. This has been a particular problem in Mozambique, where a small survey undertaken in 1996 by Rand Mutual, the private firm which administers workers compensation for the mining industry, showed that 70 percent of compensation payments remitted in this manner had not reached the beneficiary.[28] In other countries, some schemes will send benefits overseas and will

[26] In Zimbabwe, for example, the employment injury scheme has come under criticism from trade unions because its benefit processing times frequently exceed the 90 day limit placed on claimants for filing an appeal. The unions hold that, in making eligibility decisions, the scheme should live by the same standard it imposes on claimants in deciding whether to appeal. In South Africa where eligibility determination occurs in provincial offices, the most problematic region, the East Cape, typically takes three to four months to process an employment injury claim.

[27] NSSA is now in the process of amending its claim form to eliminate this requirement and allow workers, worker representatives, and family members to file claims.

[28] See *Social Protection of Migrant Workers in South Africa*, paper three in the ILO SAMAT Policy Paper series.

sometimes transmit an application or medical evidence to a neighbouring scheme on behalf of a worker.[29] In no case, however, will a scheme assist a worker in developing an application for another scheme, advocate on his or her behalf for a decision, help file an appeal, pay a worker on another scheme's behalf, or advance the worker funds while he is awaiting a payment.

A third common feature, alluded to in section A, is that most schemes lack adequate resources for enforcement activities. While the compliance statistics in that section are the most compelling evidence of this shortage, they are strongly reinforced by the views of scheme administrators. In response to a questionnaire for this study, a Lesotho administrator stated,

> Due to shortage of labour inspectors, the provision [requiring employment injury coverage] is not effectively enforced, culminating in losses to employees and their dependents and resulting in untold misery.

In South Africa, the government has used compliance "hit squads" to target chronically non-complying firms in several provinces and is contemplating a major reorganization of its local Labour Centres to increase the number of compliance officers and upgrade their status. A South African scheme official noted,

> One of our biggest problems is debt collection and a second is the failure of employers to report accidents ... Some of the contributing factors are the fact that the Fund is centralized creating distance between the stakeholders, the growth of the informal sector of the economy which does not register, and the lack of an infrastructure to enforce the requirements of the Act.

A shortage of vehicles is also a key obstacle, particularly in individual employer liability schemes where contributions are paid to insurance companies and thus cannot be used to fund compliance activities. One Malawian compliance officer noted:

> I have been here 20 years, and I can tell you our main problem: a shortage of transport. How can enforcement be effective when compliance officers often have to walk?

A final feature is that administrative expenses in some countries are high as a proportion of revenues. While several inherent features of employment injury schemes make administration costly -- e.g., the need to gather and evaluate medical evidence, to render individualized determinations of disability which may have a significant element of discretion (e.g., back pain), and to allow claimants several levels of appeal -- administrative costs are still inordinately high in some schemes, in the range of 25-40

[29] For example, Zimbabwe remits compensation payments to workers living in Malawi through the Malawi High Commission; to Europeans, through the Bank of England; and to residents of South Africa, through the South African Standard Bank.

percent of contribution income.[30] This means that a third or more of a scheme's resources may be diverted from its basic purpose, a drain which must raise the question of whether these schemes' existence is in the interest of workers. In this regard, it is noteworthy that Mauritius, the country with the *highest* ratio of enforcement officers (one per 200 employers) is also the country with the *lowest* administrative expenses as a percentage of revenue (three percent of contributions). This phenomenon points to linkages among the problems previously described -- i.e., inadequate resources for enforcement, poor compliance, reduced revenues, and administrative expenses which are high as a percentage of contribution income -- which together may trap the schemes in a cycle of poor performance. In addition, the Mauritian experience indicates that there are large economies of scale to be realized by countries which can use a single team of enforcement officers to collect revenues for a consolidated social security scheme providing multiple benefits.[31]

III. Future directions.

The profile of employment injury protection that emerges from the preceding section suggests a wide range of areas for improvement. These include conversion of employer liability schemes to social insurance, extending coverage to excluded groups, improving benefits for occupational diseases, indexing pensions for inflation, providing funding for rehabilitation and prevention of occupational hazards, strengthening reporting systems, reducing administrative costs, and improving compliance. The number and scope of these changes necessarily makes their realization a long-term undertaking and raises the question of where it makes most sense to begin.

Recognizing the pitfalls of assigning new tasks to schemes that do not yet fulfill their basic responsibilities, a case can be made for focusing initially on the fundamentals -- that is, on measures that ensure that basic employment injury protection is available and delivered effectively. At the point when schemes achieve a basic level of functioning, it will be possible to build on their achievements and progressively assign them new tasks. This logic points to an agenda for change in the near term with four components: (1) conversion to social insurance, (2) reforms of administrative procedures which make schemes more responsive to client needs, (3) the strengthening of enforcement, and (4) automatic indexing of employment injury pensions.

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[30] In Zimbabwe, administrative expenses totalled 32 percent of contributions in 1997. National Social Security Authority, *Annual Report*, 1997, p. 43. In Zambia, scheme administrators estimate that administrative expenses total 40 percent of revenues. In Namibia, administrative expenses in 1992 were in the range of 25 percent of assessments. Republic of Namibia, *Annual Report of the Workmen's Compensation Commissioner*, 29 February 1992. In South Africa, scheme administrators estimate that administrative costs range from 11 to 14 percent of contributions.

[31] The Mauritian scheme is also administered directly by government rather than by a parastatal organization which, in the view of its administrators, has resulted in greater frugality in administration. In addition, given that compliance is approaching 100 percent, scheme administrators believe that the compliance department is overstaffed and are seeking to reduce it over time by about one-third.

A. Conversion to social insurance.

The preceding profile points to a gradual evolution in employment injury protection, most obvious in the conversion from individual employer liability to social insurance. Of the five schemes of the former type, one is in the process of converting and three are at various stages of considering this reform.[32] Fuelled by a wide recognition that social insurance offers two major advantages, a similar evolution is also occurring in other parts of the world as well.

The foremost advantage is that, by pooling risks and finances through a national fund, a scheme can raise its standard of protection so that cash compensation and medical care can be provided *throughout* an injury or illness on a periodic basis, rather than in the form of a lump-sum payment as is typically provided by private insurance. In Southern Africa, the rationale most typically offered for lump-sum benefits is that they enable workers leaving the formal sector to make a successful transition back to life in their home village by, for example, purchasing land, cattle, or a piece of farm equipment, or building a home. While this model fits the circumstances and needs of some retiring workers, it is clearly mismatched to those of disabled workers and surviving family members. In their case, the breadwinner=s earning capacity has been lost or extremely limited, making financial need ongoing, not transitional. This group=s need for income replacement is therefore more appropriately met through a periodic payment.

A second advantage is that social insurance claims are made directly to a national fund and benefits paid directly from it. The fund serves as an intermediary, breaking the link between the worker and employer with respect to employment injury. This intermediary role benefits both parties: it provides workers with greater certainty of receiving benefits, while freeing employers from the financial risks associated with an unexpected costly claim or an atypically large spate of them.

These advantages make conversion an essential step in strengthening employment injury protection in the region and justify giving priority attention to conversion in the countries which still have employer liability schemes. Yet conversion alone would be an inadequate prescription for the near term, since a number of serious problems also exist in the region=s six social insurance schemes -- i.e., administrative systems which are slow, inefficient, and often not geared to client needs; weak enforcement of the contribution requirement; and erosion of the purchasing power of employment injury pensions by inflation.

[32] Malawi has passed a law and is actively engaged in conversion, Tanzania has a government-approved plan for strengthening social protection which includes conversion to social insurance following the launch (recently undertaken) of a national pension scheme, the Lesotho Labour Ministry is planning for conversion, and the government of Botswana is considering an ILO conversion proposal as part of a larger plan for strengthening social protection.

B. Worker-oriented administrative reforms.

Improving scheme administration is a major challenge involving not only specific actions but a shift to a more ▮user friendly▮ mind set. Such attitudinal change, while never easy to orchestrate, is most possible when the clients themselves demand improved service. Yet in many countries in Southern Africa, direct pressure from clients is weak or absent for two key reasons. First, as disabled workers or surviving family members, clients are not well positioned to organize themselves to bring pressure to bear. Individuals who are disabled by workplace conditions tend to have low incomes and limited skills. After an injury or the onset of a disease, many return to their home village where it is difficult to communicate or engage in coordinated action with others in similar circumstances. Meager disability pensions also leave them without resources to exert pressure. In addition, poor government service is often accepted as the norm in Southern Africa. Thus, lacking a model for effective group action which actually changes the performance of a government agency, trade unionists may not perceive it as useful to bring pressure to bear on behalf of disabled members. Given these two factors, the best approach in the short run may be a formal requirement for direct employee representation a scheme▮s governing board. To be effective, such a mandate must be coupled with efforts to fill posts with individuals who are knowledgeable and closely accountable to their membership. A third essential is worker training, needed to achieve informed participation and effective oversight of worker representatives. In the near term, a more worker-oriented approach to administration would include two specific changes:

* *Loosening of conditions for the filing of a claim* - When an employer is out of compliance with an employment injury law, his interest vis-a-vis a workplace accident or disease may be at odds with that of the affected worker. Recognizing this, schemes should allow for the processing of benefit claims which do not bear an employer signature. Claims should be accepted from workers themselves, family members, and employee organizations. This liberalization implies an increase in resources for investigation and verification of claims filed unilaterally by a worker or worker representative, a task normally undertaken by compliance officers. The need for additional resources for compliance is dealt with subsequently.

* *Reciprocal agreements for the coverage of migrant workers* - To ensure that employment injury protection reaches eligible migrant workers and their families, schemes should develop reciprocal agreements for the acceptance of applications and payment of benefits across national borders. The European Union (EU), which extends reciprocity with respect to most forms of social security, provides a model for such cooperation within SADC. The logical starting point is employment injury since it is the single form of social protection which exists throughout the region. The ILO Conventions on Social Security for Migrant Workers provide guidelines for reciprocal agreements, which should stipulate how benefits will be paid, how funds will be transmitted and accounted for, and how provision of medical care will be organized (see Table 2).[33] The recently-established SADC Technical Subcommittee on Social Security

[33] They could also address additional matters such as information dissemination to migrant workers, the

and Occupational Safety and Health could serve as a resource to governments in negotiating agreements and overseeing their implementation. Over the longer term as more schemes convert to social insurance, this Subcommittee could also provide a forum for harmonizing benefits across the region.

C. Strengthening enforcement.

As shown previously, weak enforcement is a chronic problem in Southern Africa; and it is one that is closely linked to other structural or administrative features of employment injury schemes -- i.e., the unavailability of contributions to fund enforcement activities in individual employment liability schemes; steeply experience-rated rate structures; and paper-driven bureaucratic procedures which absorb administrative costs by requiring extensive personnel for the completion of simple tasks. These linkages mean that, in addition to increasing resources for enforcement, several other, more indirect approaches are also possible.

First among these is to place increased reliance on automation in the processing of benefit claims, a reform which holds major potential to reduce scheme administrative costs across the region. By streamlining labour-intensive procedures for eligibility determination and issuance of payments, automation can also free up staff resources for reassignment to enforcement. A second approach is the administrative consolidation, where possible, of employment injury schemes with other forms of social security. The use of a single enforcement team for multiple social security benefits can increase the ▮bang for the buck▮ of enforcement actions. Where administrative consolidation is not possible, efficiency gains can still be achieved by ▮piggybacking▮ enforcement strategies on existing sources of information, such as government data bases on licensing, tax collection, or exports.[34] These can be far more effective means to identify liable employers and pursue them than door-to-door site visits to firms by compliance officers. Third, expanding the class of individuals who can report employment injuries, as recommended previously, would provide enforcement units with new sources of information about uninsured employers, also enabling them to target scarce enforcement resources more effectively. A final approach involves restructuring rates to require greater risk sharing among employers and, in this way, to lower the rates at the upper end of the rate continuum which discourage compliance by some marginal firms. A key step is the inclusion of government workers in a country▮s general scheme, since this group comprises a large portion of the formal sector in many countries and generally has a low risk of employment injury or disease. Rate restructuring along these lines would also simplify administration, again freeing up staff resources which could be redirected to enforcement activities. This approach is not without controversy because it results in a subsidy of firms with higher risk of occupational injury by those with safer work

transmittal of applications, hearings and appeals, and the coverage of special categories of workers such as those sent out on a foreign contract and ▮frontier workers▮ who live in one country and work in another.

[34] In Namibia, for example, firms that wish to bid for a government tender must show that they are up to date on employment injury contributions.

environments. Such cross-subsidies may be justified, however, on the grounds of national solidarity, simplified administration, and increased protection of workers in high-risk industries. As noted previously, two countries in the region, Malawi and Namibia, are now moving in this direction.

Improved enforcement is an essential component of any reform effort since, no matter how needed or desirable in principle, employment injury schemes will not achieve their objectives if they cannot collect required contributions.

D. Automatic indexing of pension payments.

In social insurance schemes, the uncertainty and financial hardship faced by pensioners in the absence of indexing makes this a key area for action in the short term. The solution lies in a legal requirement for annual adjustments in benefits, contributions, and all flat dollar amounts used in program administration. Implemented properly, indexing should not jeopardize scheme financing, since it will result in revenues and pay-outs increasing in similar proportions. From workers' perspective, however, the change would be enormous, in that the progressive erosion of their purchasing power would cease.

Indexing entails two related technical issues: the method -- wage versus price based adjustments in pensions -- and the selection of a reliable mechanism. The first is a policy matter to be resolved on the basis of national preferences: Basing adjustments on wage increases will provide scheme beneficiaries with the same protection as active workers (which may be higher or lower than price inflation), while indexing for prices will provide them with greater protection in inflationary periods but less in periods of increasing national productivity. Whichever method is chosen, it is essential that the ceiling on covered wages be adjusted in the same manner as benefit payments to ensure the fiscal stability of the scheme.

The choice of an index involves as a first step assessing the reliability of existing tools. In many countries, an index of some type is produced by a national statistical office; but it may not apply to the entire country (e.g., Namibia) or may be updated at unreliable intervals (e.g., Zambia). Where no index is available or an existing index is judged to be unreliable, it will be necessary for the scheme to construct its own, based on an annual survey of members. While this will entail additional cost and effort, it is justified by the very strong case for indexing pensions: Without it, governments' commitment to a minimum level of social protection for injured workers and surviving family members cannot be met.

Viewed from this perspective, indexing is the essential lynchpin in the set of reform measures being proposed, since it is only under the condition that pensions maintain their value over time that it makes sense to streamline and strengthen administration, to improve enforcement, or to convert individual employer liability schemes to social insurance.