



**KINGDOM OF ESWATINI**  
**NATIONAL SOCIAL SECURITY POLICY**

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**Ministry Labour and Social Security**

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## **List of Acronyms**

ALMP	Active Labour Market Policies
CSO	Civil Society Organisations
EA	Employment Act
ENPF	Eswatini National Provident Fund
ERIC	Eswatini Royal Insurance Corporation
ILO	International Labour Organisation
ISSA	International Social Security Association
LED	Local Economic Development
MOLSS	Ministry of Labour and Social Security
MSME	Micro, Small AND Medium Enterprises
NHIF	National Health Insurance Fund
NPF	National Pension Fund
NSSP	National Social Security Policy
OPP	Out of Pocket Payments
OSH	Occupational Safety and Health
OVC	Orphaned and Vulnerable Children
PES	Public Employment Service
SHI	Social Health Insurance
TVET	Technical and Vocational Education and Training
TWG	Technical Working Group
UDHR	Universal Declaration of Human Rights
WCIF	Workmen's Compensation Insurance Fund
WCA	Workmen's Compensation Act

## **DEFINITION OF TERMS**

**Equity:** Refers to the fair distribution of resources, free from discrimination based on age, disability, race, gender, ethnicity, socio-economic background, religion, sexual orientation and any other basis.

**ISSA: International Social Security Association.** This is a subsidiary body that deals with Specifically with Social Security matters. ISSA is based in Geneva and headed by a Secretary General. Countries that need to benefit from ISSA must become members. Eswatini is a member of ISSA.

**Social security:** This refers to public and private, or to mixed public and private measures, designed to protect individuals and families against income insecurity caused by contingencies such as unemployment, employment injury, maternity, sickness, invalidity, old age and death. The main objectives of social security are: (a) maintain income, (b) to provide health care, and (c) provide benefits to families.

**Sustainable livelihoods:** a comprehensive and integrated approach to poverty reduction and building resilience through the utilization of a diversity of interventions to reduce poverty, including the acquisition of and development of human, natural, financial, physical and social capital.

**Social insurance:** This is a form of social security designed to protect income-earners and their families against a reduction or loss of income as a result of exposure to risks. These risks impair one's capacity to earn income. Social insurance is contributory with contributions being paid by employers, employees, self-employed person, or other contributors, depending on the nature of the specific scheme.

**Social assistance:** This is a form of Social Protection which provides assistance in cash or in kind to persons who lack the means to support themselves and their dependents. Social assistance is means-tested and is funded from government revenues. Normally, the beneficiaries are those who are not covered by any other form of social security. The objective of social assistance is to alleviate poverty through, amongst other things, the provision of minimum income support.

**Social Protection:** Social Protection comprises public and private actions to reduce risk, vulnerability and poverty, such as social safety nets, social security, and labour market policies. It also comprises a set of policies and programmes that facilitate people's access to social services, such as education, nutrition, housing, health and other social services.

## **FOREWORD**

There is currently no comprehensive National Social Security System in the Kingdom of Eswatini. The existing social security schemes cover a limited number of risks and do not fully conform to social insurance principles. These schemes mainly provide savings and investments in individual accounts for old-age, disability and survivors benefits and therefore do not offer a collective risk pool for contributors. Most of these schemes rely mostly on employers' direct payments. This National Social Security Policy seeks to establish over time, a comprehensive and inclusive social security framework with a view to provide social security coverage in cases of sickness, maternity, employment injury, unemployment and health, in addition to the conversion of savings into long-term old age (pensions) benefits , and improvement of survivors and disability (invalidity) cover.

It is envisaged that the policy, once implemented, will have a higher impact on poverty and vulnerability, contribute to reduction in stunting, while also increasing the national savings rates. The primary aim of the Policy is to increase the scope of benefits and better protect the people against the negative consequences of life cycle risks and shocks on personal and family income(s), in line with Regional and International benchmarks and Standards. This policy also seeks to reform existing Provident Funds with a view to transform into Pension Funds. Furthermore, the Policy addresses portability of Social Security benefits to locals and also migrant workers. The Policy emphasizes appropriate representation of protected people in the governance and administration of social security schemes, as well as communication and education about social security instruments and their performance in the Kingdom.

The Kingdom of Eswatini Strategic Road Map (2019-2023) establishes the objective of inclusive growth, through promotion of an effective social safety net and not leaving any Liswati behind. Key deliverables of the Strategic Road Map, is the development of an integrated Social Security Policy and the establishment of a National Health Insurance Fund. The Eswatini National Budget Speech 2019/20 also recognizes the development of a sustainable Social Protection Policy for all vulnerable groups. To this end an integrated National Social Security Policy has been developed through tripartite consultations led by the Ministry of Labour and Social Security.

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Special acknowledgement goes to ILO, the Pretoria Director and staff who supported the process of developing the National Social Security Policy. The process involved initial discussions with the Ministry of Labour and Social Security (MOLSS) leadership, responsible for Strategic guidance and operations of the Social Security Department to gain an in-depth understanding of how MOLSS sees the development of Social Security services. Initial framework consultations were also held with the Ministry of Health, on its ongoing process to develop a health financing strategy and with Deputy Prime Minister's office's Directorate of Social Welfare, focusing on overarching coordination of social welfare schemes and Social Assistance issues.

A Technical Working Group (TWG) was set up for the development of the National Social Security Policy Position Paper. The TWG comprised representatives from Ministry of Labour and Social Security, Ministry of Health, Deputy Prime Ministers Office, Ministry of Finance, Ministry of Economic Planning and Development, Ministry of Public Service, Labour Representatives<sup>1</sup>, Employers Federations Swaziland National Provident Fund, Financial Services Regulatory Authority and Parliamentary Portfolio Committee.

The TWG convened key stakeholder groups for consultations. These groups included representatives from Ministries and Departments, established social security agencies, organized labour, organized business, civil society organizations, informal sector workers, and the academia. The stakeholders' input was incorporated to enhance the inclusivity and consensus seeking process of the TWG.

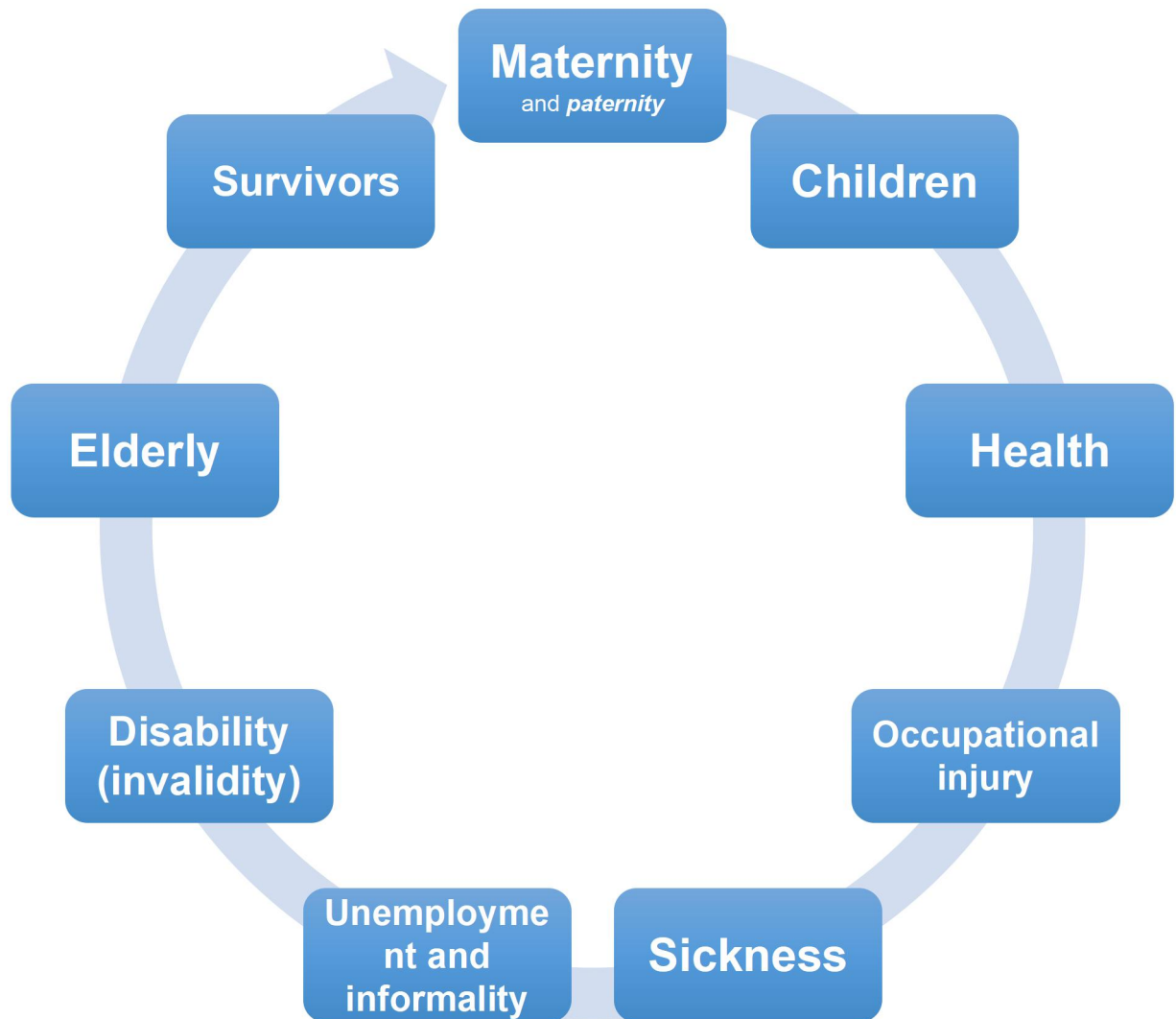
Discussions were held with a number of key stakeholders, at various stages of the policy consultation process including; Labour Representatives, Employers' Federations, Cross-Border Association, Swaziland Migrant Mine Workers Association (SWAMMIWA), Coalition of Informal Economy Association of Swaziland (CIEAS), Coordination Assembly of Non-Government Organizations, Save the Children Fund, Financial Services Regulatory Authority, Swaziland National Provident Fund (SNPF), Public Service Pension Fund (PSPF), Swaziland Royal Insurance Corporation (SRIC), Motor Vehicle Fund, Ministry of Health, the Deputy Prime Ministers Office, Ministry of Finance, Ministry of Economic Planning and Development, Ministry of Agriculture, Ministry of Public Service, Ministry of Information, Communication and Technology, Ministry of Justice, Royal Swaziland Police ( Royal Eswatini Police), His Majesty Correctional Services (HMCS), Swaziland National Ex- Miners Association (SNEMA), National Emergency Responsive Council on HIV and AIDS (NERCHA).

**Principal Secretary  
Ministry Labour and Social Security**

Eswatini Social Security System

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# CHAPTER 1

## INTRODUCTION

### 1.1 The Context

The Government of Eswatini hereby develops a National Social Security Policy. This Policy is the key foundational pillar of a comprehensive social security system for all citizens in the Kingdom of Eswatini.

The development of this National Social Security Policy was undertaken in coordination with the simultaneous development of a National Social Assistance Policy under the leadership of the Deputy Prime Ministers' Office and the development of a National Health Insurance Scheme (NHIS) in the Ministry of Health. The National Social Security Policy outlines the principles, policy objectives and instruments that will inform an overarching legislative framework and regulation of social insurance schemes for the country. The NSSP complements health insurance, social assistance, productive safety nets (public works, sustainable livelihood, community development, social welfare, basic services) to constitute a coherent comprehensive Social Protection system for the country.

The Social Security (Minimum Standards) Convention, 1952 (N. 102) and Recommendation 202 of 2012 on Social Protection Floors are two overarching international legal instruments. Convention No.102 (1952) sets minimum standards for the nine branches of social security. The standards recommend the setting of minimum standards of social security coverage, the minimum levels of benefits and maximum qualifying periods for the entitlement to benefits. In addition the standards also make recommendations in respect of the requisite minimum periods for the provision of benefits. Lastly, the Convention outlines a set of principles for governance and administration of social security institutions.

Recommendation 202 (2012) on Social Protection Floors argues for the introduction of nationally defined sets of basic social security guarantees that should ensure, as a minimum that, over the life cycle, all in need have access to essential health care and to basic income security which together secure effective access to goods and services defined as necessary at the national level. The Recommendation reinforces the necessity for a coordinated approach to Social Protection including the rapid implementation of national Social Protection floors containing basic social security guarantees (horizontal dimension) and the progressive achievement of higher levels of protection (vertical dimension) within comprehensive social security systems according to the Social Security Minimum Standards Convention 1952 (N. 102).

The rights of members of society to social security are well-pronounced in International Declarations, most of which have been ratified, regional frameworks and

in the Constitution of Eswatini. To give weight to the call for a more comprehensive Social Protection system, His Majesty the King emphasized the need to continue investing in welfare programs to create protection for the vulnerable members of society. The Eswatini National Budget Speech 2019/20 recognizes that Social Protection for all vulnerable groups should be sustainable, and the Decent Work Country Program (2010 – 2014 extended to 2017) calls for the drafting and adoption of a National Social Security Policy which will address the vulnerabilities of the workforce to enable them to effectively contribute to economic growth.

### **1.2 Policy Development Process and Stakeholders Consulted**

In the development of this National Social Security Policy all relevant stakeholders were included during the initial consultative process with the rest either participating in the Technical Working Group or the wider consultative group. Key stakeholders consulted included Government Ministries and Departments (i.e. MoH, DPMO, MoF, MoEPD, MoPS, REPS, HMCS), Workers Federations, Employers Federation, ENPF, PSPF, FSRA, CANGO, SRIC, MVA, SNEMA, NERCHA

## CHAPTER 2

### PROBLEM STATEMENT AND RATIONALE

#### 2.1 Need for a Social Security Policy

Social Security Schemes in Eswatini cover a limited number of risks and needs, do not fully conform to social insurance principles, and are not appropriately coordinated. The lack of a National Social Security Policy, an overarching Authority weakens Government's efforts to have a strategic approach towards improving programmes aimed at poverty alleviation. Social Protection services provided by the Government remain fragmented with no overall coordination mechanisms.

The existing social security schemes in Eswatini which include the Eswatini National Provident Fund (ENPF), Workmen' Compensation, maternity, sickness and disability (invalidity) benefits lack solidarity and risk pooling among the employers<sup>2</sup>. The schemes pay lump sum benefits, which only provide short-term income protection to workers, and do not protect adequately in the longer term. The social security schemes, to a large extent, exclude people in the informal economy, and some exclude non-nationals, resulting in low coverage of the labour force.

Universal access to essential health care<sup>3</sup> is hampered by limitations in the quality, accountability and inefficiency of public spending in health care. Eswatini hospitals need to be upgraded with expanded infrastructure, human and financial resources and specialised care and facilities to meet the growing burden of disease, and the treatment of chronic illnesses. The Phalala Medical Fund is not prefunded and only caters for a limited number of specialist services obtained from outside Eswatini. The current financing system in respect of which the Government subsidises the provision of primary and hospital care may not be sustainable in future.

Income support for loss of employment is generally minimal or not inclusive. Where unemployment income is provided, e.g. through severance packages, it offers limited and inadequate protection. The consequence is that both the breadwinner and dependants are vulnerable. Inequality in access to Maternity benefit exposes women and children to various vulnerabilities and risks including loss of income or early return to work which increases the prevalence of stunting and wider infant and young child malnourishment. These gaps negatively impacts on the country's present and future human capital.

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<sup>2</sup> Situation Analysis of Social security, ILO, 2018

<sup>3</sup> Diagnostic by Oxford Policy Management, for Ministry of Health, 2018

At institutional level, there is lack of programs that promote productive inclusion of marginalised groups such as the youth, women and the informal sector which in turn negatively impacts on the labour market absorption. Workers who engage in informal work are not protected by any of the existing social security mechanisms.

Hence, the Social Security Policy development was necessitated by the need to ensure the sustainability of social security by bringing clarity and predictability to funding that is adequate and compatible with the development of the economy. It will be assisted by a coordinated resource mobilization strategy for social security, comprising the combination of social insurance schemes, paid by predictable contributions from employers and employees.

The most important role of social security is that it helps people to cope with important life risks and loss of income. Social security aims at maintaining peoples' living standards through income replacement (insurance function), preventing and alleviating poverty (protection function). It can also be a critical tool in managing change in the economy and the labour market, and it can stabilize the economy by providing replacement income that smoothes consumption in recessions and thus prevents a deepening of recession due to collapsing consumer confidence and its negative effects on domestic demand. Furthermore, the complementary role of social security includes enhancement and maintaining the productivity of workers and creation of possibilities for new employment. Social security systems can be considered a societal investment in social and human capital with long-term growth enhancing effects. As such the world's most productive economies tend to have strong Social Protection systems. Studies have shown that countries with sufficient levels of reliable Social Protection offered to their workforce (population) are able to increase their productivity and attract foreign investment<sup>4</sup>.

Social security and/or social insurance reform does not necessarily mean added costs to business. Social security reform also contributes to rationalize and make social security more business friendly, whilst ensuring greater impact in protecting workers; for example through a reallocation of already existing costs incurred by companies. The existing forms of protection against most contingencies in Eswatini (maternity, sickness, employment injury) rely on employers bearing directly the cost for compensation, which is considered by the ILO and international experience as an inefficient and inequitable way to cover unpredictable expenses, a way that is

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<sup>4</sup> Jones, Charles I. (2002): *Introduction to economic growth*. W.W. Norton & Company New York, London, 2nd edition.

particularly more harmful for small enterprises, compared to social insurance based provision for those risks.

National Social Security Schemes are mostly run under the principle of broad collective risk pooling. This allows for achieving pre-defined lifetime income levels at a lower cost than where workers would have to strive individually for lifetime income security. It also minimizes workers to rely on or overburden families and close kin networks in the absence of formal social insurance mechanisms. For example, the absence of effective old age pension system, means working families have to support their parents in old age or a bulk of elderly people may have to rely on State funded support in old age after their savings are exhausted. It is envisaged that the Policy, once implemented, will have a higher impact on poverty and vulnerability, with special attention to groups previously excluded by the current arrangements.

## **2.2 Current Situation and the Causes of the Problems**

Currently about 58.9% of Emaswati live below the national poverty line, with more than 63% of children in poverty, while 21% live in extreme poverty. The social assistance system of the country has many gaps, and provide income support to fewer than 8% of the population in the form of old age grant (69,697 beneficiaries), disability grant (4,744 beneficiaries) and a pilot orphans and vulnerable children social grant (13,000 beneficiaries). In the context of such low coverage, at less than 0.8% of the GDP, a comprehensive social security system could alleviate part of the levels of poverty. The Ministry of Health is mandated to produce and deliver health services in Eswatini. Health care services are delivered at community, primary, regional and national referral hospital. The country's referral system needs strengthening as it may be leading to some of the congestions experienced in some of the country's facilities. Whilst services are either free or highly subsidized by the state there are still equity issues mainly in terms of the uneven distribution of facilities across the country. The quality of services particularly at the tertiary level needs improvement as it still faces challenges such as lack of hospital autonomy, poor incentives, poor supervision, shortage of medical supplies and many others. Some high-end specialist services are still not available within the country whilst referrals to neighboring countries are very expensive thus exposing many Emaswati to a situation where access to specialist services is not available. Cabinet recently approved the Health Financing Policy which ensures access to adequate resources for health, their efficient and equitable utilizations and the protection of citizens against catastrophic health expenditure at the centre of health policy.

A number of social security schemes under the Ministry of Labour and Social Security are run by various organizations involved in the field of contributory social security, but none actually provides collective risk pool funding system, the only characteristic of a solidarity based social insurance scheme. As foreseen in the systemic reform process in Eswatini, the Ministry of Labour and Social Security is establishing a functional Social Security Department to be headed by a Director to

play a leading role in the coordination of social security policy development, and implementation with monitoring capacity of social security legal frameworks and policies.

The Eswatini National Provident Fund (ENPF) Fund provides for membership of all employees in Eswatini, with voluntary coverage for employed persons mandated by law to membership and for members of religious organisations. However, self-employed persons, persons employed in households, casual employees and non-citizens, are excluded. The Fund pays out a lump sum retirement, disability and survivors' benefits. A retirement benefit is payable from the age of 50 years, although an employee is eligible for old-age benefits at the age of 45 years if the member's employment is terminated. The benefit is paid at any age if a member indicates an intention to emigrate permanently. A disability benefit is paid if the member is assessed with at least a partial permanent physical or mental disability<sup>10</sup>. A survivors' benefit is paid to dependents (spouse and, if there is no spouse, other dependents or persons named by the fund member) upon death of the fund member before retirement. The Provident Fund only provides savings and a return on investments in individual accounts for old-age, disability and survivor benefits.

The Public Service Pensions Fund covers public servants. It provides retirement, survivors', disability (invalidity) and withdrawal benefits, as well as funeral cover for members and their dependents. The retirement benefit is in the form of a retirement annuity. The Fund had 40,496 active (contributing) members, 26,035 retired pensioners and other dependants as at 31 March 2017. It is fully administered in-house and financed through employer and employee contributions of 15% and 5% of basic monthly salary respectively.

Occupational injury compensation (workmen compensation) scheme is an employer-liability system, involving compulsory insurance with a private provider. This has resulted in limited cover of contingencies for the work injury scheme. Access is currently open to private-sector employees, trainees and apprentices, but self-employed persons, domestic workers, certain types of contract workers, family labour, and casual workers are excluded. Benefits are for temporary and permanent disability. Conversely, Government is self-insured for purposes of occupational injuries coverage. A constant-attendance (care) allowance is also paid to a permanent disability benefit recipient if he/she requires the constant attendance of others to perform daily functions. Medical benefits include medical care, surgery, hospitalization, medicine, dental and eye care, transportation, appliances, and medical care abroad, if necessary and Survivors' benefits. Under the current arrangement, the workmen's compensation does not provide for funeral cover, not for ancillary services such as rehabilitation, vocational training and return to work programmes.

The Motor Vehicle Accident Fund pays compensation to injured motorists, passengers and pedestrians, as well as survivor benefits to dependents of such persons. It provides compensation for physical injuries and/or death arising from a motor vehicle accident. There is however an overlap of cover between the Sphephelo Motor Vehicle Accident Fund and the Workers' Compensation scheme under the current dispensation.

Sickness benefits: Employers are required by the Employment Act to provide sickness benefits for those temporarily incapable of working due to ill health. The Act states that after three months' continuous employment with the same employer, an employee is eligible, in each year of employment with that employer, for a maximum of fourteen days' sick leave on full pay and a maximum of fourteen days' sick leave on half pay. Public servants are eligible for sickness benefits of up to six months of sick leave at full pay, and another six months at half pay. The Employment Act also guarantees maternity benefits (maternity leave of twelve weeks with at least two weeks full pay). However, workers in certain sectors are excluded. As an example, Section 12 of the Wages Order 2004 (Textile Industry) and Section 13 of the Legal Notice No. 5, 2008 Wages Order (Manufacturing and Processing Industry), state that an employee who has completed the probation period is entitled to 30 days' maternity leave with full pay. The Regulation of Wages of Pre-Schools and Day-Care Centres Order 2006, also provides for six weeks' maternity leave on full pay. Both the maternity and sickness schemes lack portability, thus constraining labour mobility. Furthermore, there is variable application of the rules among sectors for the maternity scheme and short periods of cover for sickness.

Unemployment: Although there is some form of income protection in case of loss of employment, in the form of gratuities and severance payment, this is insufficient because it is a once off payment in form of a lump sum that does not protect throughout the duration of the event of unemployment. It does not protect all workers equally; workers in micro and small and medium enterprises are particularly disadvantaged by low compliance levels and problems with company cash flow problems in case of dismissals. It does not protect in the event case of the liquidation of the employer business. In addition, the amount of severance benefits depends on the duration of employment, which discriminates against people with shorter term contracts during economic restructuring. Eswatini has a low labour market participation rate of about 50% and a very high unemployment rate among the youth that is more than 51.6%<sup>16</sup>; meaning that a high proportion of people have never been in any employment. Social protection in Eswatini does not currently provide for active working groups, mostly the youth, who have not participated in the labour market



## 2.3 Other ongoing Government initiatives in the field of Social Protection

The Ministry of Health recently completed the development of a National Health Insurance Policy whose goal is to create an enabling environment towards attainment of Universal Health Coverage. The Directorate of Social Welfare at Deputy Prime Ministers' office (DPMO) has also developed a Social Assistance Policy focusing on overarching coordination of social welfare schemes and social assistance. The Ministry of Labour and Social security has a National Human Resource Development policy in place. The National Human Resource Development Policy will promote economic and social development by developing a responsive human resource that meets the challenges of global competitiveness and knowledge based society; harnessing the efforts of both Public and Private sector to build a nation that becomes an asset rather than a burden to the Government; ensuring a coordinated national effort in the production of the relevant and adequate knowledge and skills to meet the demands of the economy and; providing a vehicle towards achieving national goals and objectives through availing the right skills and competencies. The National Social Security Policy aims to address vulnerabilities of the work force to enable them to effectively contribute to economic growth. The policy will further ensure that social protection services delivery is not fragmented and that there are overall coordination mechanisms in place.

## 2.4 Linkages with Other Relevant International Conventions, Regional Instruments, the Nation's Constitution and other National Strategies

Various International social security related legal instruments set out the obligations of States to develop policy and legal instruments to provide social security measures as fundamental human rights interventions. **The Universal Declaration of Human Rights (UDHR, 1948)** is explicit about the rights of members of society to social security.

**The Social Security (Minimum Standards) Convention, 1952 (No. 102) and Recommendation 202 of 2012 on Social Protection Floors** are two overarching international legal instruments.

**Convention No.102 (1952)** sets minimum standards for the nine branches<sup>5</sup> of social security. The instruments recommend the setting of minimum standards of social security coverage, the minimum levels of benefits and maximum qualifying periods for the entitlement to benefits. In addition, the standards also make recommendations

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<sup>5</sup> Medical care, Sickness benefit, Unemployment benefit, Old-age benefit, Employment injury benefit, Family benefit, Maternity benefit, Invalidity benefit and Survivors' benefit

in respect of the requisite minimum periods for the provision of benefits. Lastly, the Convention outlines a set of principles for governance and administration of social security institutions.

**Recommendation 202 (2012) on Social Protection Floors** argues for the introduction of nationally defined sets of basic social security guarantees that should ensure, as a minimum that, over the life cycle, all in need have access to essential health care and to basic income security which together secure effective access to goods and services defined as necessary at the national level.

The right of access to social security is also promoted by a number of regional instruments<sup>6</sup>. **The African Charter on Human and People's Rights (1981)**, **the SADC Charter of Fundamental Rights and the African Charter on the Rights and Welfare of the Child (1990)** enjoin member countries to promote the right of access to social security. **The Code on Social Security in the Southern African Development Community (2007)** seeks to address the right to social security, the need for states to have Social Protection frameworks that will respond to social risks as well responding the needs of vulnerable groups.

**The Constitution of Eswatini** compels the Government to provide facilities and opportunities necessary to enhance the welfare, adequate means of livelihood and suitable employment (Section 59(1), and enshrines the right of citizens to Social Protection and other rights ancillary to it (Section 60 (1), (3), (5), (6), and (8). Section 32(3) of the Constitution enjoins employers of female workers to accord them protection before and after child birth while Section 32 (4) (a) creates an obligation on the employer to ensure the protection of workers from work related injuries and diseases. These sections ensure provisions for the protection from loss of income as a result of life cycle risks.

**The Kingdom of Eswatini Strategic Road Map (2019-2023)** establishes the objective of inclusive growth, through promoting of an effective Social Safety net and not leaving any Eswati behind; equally the **Strategy for Sustainable Development and Inclusive Growth 2030** envisions Eswatini to have improved tremendously its world standing in terms of measurable indices of human development through sustainable economic development, social justice and political stability. Although the Strategy does not specifically mention contributory social security schemes, the provision of social services, including rehabilitation for people with disabilities are identified as part of the strategies to achieve the vision.

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<sup>6</sup> International Covenant on Economic, Social, Cultural Rights (1976), UN Convention on the Rights of the Child (1990), UN Convention on the Rights of the Elimination of all forms of discrimination against women (1979), UN Convention of the Rights of Persons with Disabilities (2006)

The Government, organised labour and business had endorsed **the Decent Work Country Programme of 2010 - 2014 (extended to 2017)** which explicitly identified social security as a priority and made a commitment to develop a National Social Security Policy.

## CHAPTER 3

### OVERALL POLICY GOAL AND OBJECTIVES

#### 3.1 The Principles

The following principles underpin this Social Security Policy:

- i. **Universal access and extension of Social Protection:** This entails the guarantee of a basic Social Protection floor to all in need, and the progressive coverage of excluded groups into social insurance, including workers in the informal economy.
- ii. **Non-discrimination and equality of treatment:** This includes non-discrimination on the basis of gender, age, ethnicity, race, origin or nationality. It considers appropriate portability of social security benefits for migrant workers.
- iii. **Adequate and guaranteed benefit levels:** This includes income replacement and minimum benefits against poverty. Provisions should be made in law regarding the duration, level of benefits (and contributions where applicable) and eligibility criteria.
- iv. **Predictability, consistency, reliability of payments:** Social security schemes to follow and strictly adhere to clear standard procedures and systems in the process of delivering services.
- v. **Equity and social justice:** This includes solidarity between generations and within generations and adequate protection of lower income earners, the poor and the most vulnerable.
- vi. **Social cohesion:** Respect to tradition, cultural values, participation of communities and groups, locally appropriate and coordinated delivery of services that empower communities, and promote social inclusion.
- vii. **Good governance:** Accountability of social security schemes to stakeholders. Clear and transparent information on rules and benefits, investment, timely and wide of dissemination of information.
- viii. **Human dignity and sensitivity to needs of special disadvantaged groups:** This includes consideration for special needs of children (survivors), disabled, and chronic illnesses.

- ix. **Coordination, streamlining and rationalization of Social Security Policy and delivery:** Delivery of social security services in a manner that optimises resource allocation and avoids duplication.
- x. **Sound, efficient and effective administration:** Proper administration includes adequate capacity building of stakeholders.
- xi. **Financial sustainability:** This includes appropriate ring fencing of funds and dedicated funding of distinct benefits based on actuarial valuations.
- xii. **State responsibility:** This relates to the oversight responsibility, meeting its financial obligations and as guarantor of social security of last resort.

### 3.2 Policy Goal

The overall policy goal is to provide a comprehensive, inclusive, financially sustainable social security system in Eswatini and implement it through unified social security approach; governed with the participation of protected persons, and coordinated with strengthened healthcare coverage and Social Protection frameworks.

### 3.3 Policy Objectives

The specific Social Security Policy objectives, adopts the life cycle approach and are aligned within the broader Social Protection system. The policy objectives are listed below:

**Policy Objective 1.** Provide precise, efficient and equitable access to **maternity income protection** across industries and occupations, to protect the dignity of motherhood, protect the mother and the child's health and wellbeing, and enable families to support the nurturing of the new born and reduce stunting and malnutrition.

**Policy objective 2.** Ensure that all in Eswatini have access to comprehensive quality **healthcare services** irrespective of their geographical location, gender, age, ethnic origin, socioeconomic status or religion, through the introduction of prepayment mechanisms that emphasize the need of the individual rather than their means.

**Policy Objective 3.** Establish a collective risk sharing and financing **work injury and diseases scheme** to provide for compensation for all workers in Eswatini, with strong linkages to prevention and rehabilitation services.

**Policy Objective 4.** Provide reliable low cost income protection to all workers during **sickness** through a social insurance funding mechanism.

**Policy Objective 5.** Provide reliable **disability (invalidity)** cover of periodical, adequate short and long term benefits to all persons with prescribed disability, funded under social insurance by contributions of employers and employees.

**Policy Objective 6.** Develop an efficient and financially sustainable income protection scheme for **short term unemployment protection** (temporary financial assistance for workers who lose their jobs), coordinated with a national framework for public employment services (PES) to help them to re-integrate into the labour market.

**Policy Objective 7.** Develop, progressively, social insurance coverage of all workers in the **informal economy** through adapted regulatory, institutional and administrative mechanisms.

**Policy Objective 8.** Provide periodic and adequate levels of income protection in **old age (pension)** based on the principle of solidarity, ensures **portability of benefits** for all workers in Eswatini, inclusive of the informal sector and other excluded groups.

## CHAPTER 4

### KEY ISSUES, POLICY STATEMENTS AND KEY INITIATIVES

Key social security policy issues or priority areas, policy statements are as follows:

#### 4.1 Maternity

##### Issues

Women's incomes are protected in the event of maternity in Eswatini, in the form of employer direct liability. This poses a twofold financial burden on the employer of paying continuation of wage and in the case of replacing staff. Some of the consequences include; heightened discrimination against women at recruitment, non-payment of continuation of wage and pressure for women to work until close to delivery and to resume work fast with risks for both the baby and mother.

Moreover, there is inconsistent maternity leave rights across industries and occupations. The benefit is not portable because the waiting period to access benefits can preclude access to benefits when women change jobs. There is loss of earnings if a woman goes on maternity leave more than once every two years. There are no standard supportive services for women upon return from maternity leave such as the one hour nursing/ breastfeeding break. Children of mothers in low-skill/low-pay private sector work such as factory labour have among the highest rates of stunting, as they return to work quickly after delivery and are unable to regularly breastfeed. Hence there are glaring stunting and wider infant and young child malnourishment issues.

##### Policy Statement

***Implement maternity income benefit scheme for all workers covering the medical care required by pregnancy (pre and post natal care), confinement and their consequences and the resulting suspension of earning.***

##### Key initiatives

- Establish the benefit under a social security organization with other schemes.
- Benefit shall be at a rate sufficient to ensure sufficient income replacement in line with international standards for a minimum period of 12 weeks for bonding and support to the newborn.
- The scheme design will ensure all workers taking leave will always be protected (cancelling two years waiting period under the Employment Act).
- Study the feasibility of a package of income, in kind and service support (example: information, waiting homes,) measures to ensure pregnant women

who are in the informal economy also benefit from protection during the time of pregnancy and confinement.

- Introduce positive parenting and family responsibility paid leave under social insurance.

## 4.2 Health

### Issues

Health services at the primary level are provided free of charge or at minimum level and Out of Pocket Payments (OPP) are modest in comparison to countries of similar levels of overall health spending (OPP represent 13.5% of total health expenditure). However, the burden of direct out of pocket payments is heavy on poorer households. Also given that Eswatini has the highest HIV/AIDS prevalence worldwide, there is a need for the country to institute financial risk protection measures, particularly for the poorer households. The overall financial protection for health is not adequate in Eswatini.

The recently developed Health Financing Policy and other analytical work undertaken by the Ministry of Health recommends the removal of OPP and introduction of prepayment mechanisms such as National Health Insurance (NHI) as part of a mixed health funding strategy that legislates the right of access to health services. The NHI based on prepayment contains an element of risk pooling and solidarity (between healthier and less healthy individuals, younger and older). High-risk or low income individuals are not excluded thereby eliminating the problem of adverse selection. National Health Insurance scheme is based on a defined collective population risk and not individual risk. Entitlements to services are universal and not differentiated, and contribution rates are set at a level intended to ensure that these entitlements can be afforded.

### Policy Statement

***The Government shall accelerate interventions geared towards attaining Universal Health Coverage through introducing equitable prepayment mechanisms for health including National Health Insurance Fund (NHIF)***

### Initiatives

- Fund and implement the Essential Health Care Package (EHCP).
- Introduce a cost effective National Health Insurance system that enhances effective financial protection based on principles of equitable and effective access by all to services based on need, collective risk pooling (not individual risk), no preconditions applied and affordability of contribution rates.



- Implement mechanisms for ensuring that vulnerable groups such as the poor, elderly, disabled, mentally challenged and others have access to health through e.g. exemptions from paying health fees.
- Improve equity in the distribution of health facilities throughout the country.
- Introduce mechanisms that ensure equal treatment of non-nationals in accessing general health services and to all person (including visitors) in accessing emergency services.
- Guarantee more predictability in state funding of services to exempted groups of the population.

### **4.3 Occupational injury and diseases**

#### **Issues**

The Work Injury scheme is administered on the principle of employer individual liability by a private insurance company, the Eswatini Royal Insurance Corporation (ESRIC), which has the monopoly to administer the scheme. While the ESRIC disburses payments for claims, the mandate to enforce compliance for premium payment, custody of records of earnings declarations and claims processing lies with the Ministry of Labour and Social Security (MOLSS). The Ministry has a backlog of unprocessed claims due to manual case management system which exposes the scheme to fiduciary risks such as fraud.

International practice recommends that payment of benefits under Work Injury schemes should be periodical for permanent disability however, in the case of Eswatini the scheme pays lump sums. The current scheme lacks strong rehabilitation and vocational training components and does not contribute to the prevention activities on Occupational Health and Safety frameworks. Whilst it is recommended that Work Injury schemes should be run by institutions regulated by public authorities or that representatives of the persons protected must participate in the management, the ESRIC, which administers the scheme, is a private company. The governance of the scheme is not neutral wherein the right to benefit should be established outside the contractual relationship between workers and employers. Protected groups do not participate in the administration of the scheme. Each employer is risk assessed separately by ESRIC and thus there is no solidarity and risk sharing between employers and across industries. There is also low coverage of workers by the scheme, as it excludes civil servants and the informal sector.

#### **Policy statement**

***Implement a social insurance Employment Injury scheme that is publicly managed and covers all sectors of the economy for short and long term***

***periodic benefits, prevention, rehabilitation services under a Workmen's Compensation Insurance Fund (WCIF).***

**Initiatives**

- The reformed scheme to pay periodic rather than lump sum payments to permanently incapacitated members and their survivors.
- Introduce a strong and systematic rehabilitation component into the Employment Injury scheme (including return to work/vocational training activities)
- Integrate preventive activities with work injury compensation in line with the National Occupational Safety and Health (OSH) frameworks.
- Scheme to collaborate in recording and reporting of injuries and diseases and inspections in collaboration with OSH / labour inspection services.

**4.4 Income protection in Sickness**

**Issues**

Currently the sickness risk is covered under Employment Act, as an employer liability, where the employer covers the full financial burden which is a contingent liability for all companies regardless of size. The current benefit lacks portability between employers and the duration of cover is short compared to recommended international standards. The duration of benefits is also insufficient for a lasting recovery particularly for some chronic illnesses (e.g. cancer, TB), calling for necessity to review existing provisions or find alternative cover adapted to more chronic illnesses.

There is also a discrepancy between Government and private sector rules (up to 6 months full pay and 6 months at half pay for Government, 28 days cover under Employment Act; 14 days at full pay and 14 days at half pay). Adequate and efficient coverage should be according to the principles of social insurance of risk-sharing and solidarity and the contingency covered includes incapacity for work resulting from a morbid condition and involving suspension of earnings, as defined by national laws and/regulations. The benefit should be periodical payment calculated in such a manner that it relates to the protected person's previous earnings. According to international standards, the sickness benefit is granted throughout the contingency and may be limited to 26 weeks in each case of sickness. Protected groups participate in the administration of the scheme and there is equality of treatment.

**Policy Statement**

***Transform the current sickness benefit from an employer liability scheme to a social insurance scheme.***

### **Initiatives**

- Introduce the scheme with other short term benefits under a single social security administration arrangement.
- Ensure people in micro, small and medium enterprises and the informal sector are covered.

## **4.5 Income protection in disability (invalidity)**

### **Issues**

As per international standards, the contingency covered includes inability to engage in any gainful activity, to an extent prescribed, which inability is likely to be permanent or persists after the exhaustion of sickness benefit. Currently coverage is not according to the principles of social insurance of risk-sharing and solidarity. The benefit should be a periodical payment calculated in such a manner that it relates to the protected person's previous earnings and a qualifying period is imposed on the disability benefit.

In the case of Eswatini, the Work Injury Fund covers permanent disability and so does the ENPF as a national fund. The Sincephetelo Motor Vehicle Accident Fund also pays a certain amount for temporary disability. In all cases only a lump sum is paid instead of periodical payments. Some private insurers cover weekly earnings, but the product is very expensive.

Protected groups do not participate in the administration of the work injury scheme as expected in order to ensure that there is equality of treatment.

### ***Policy Statement***

***Strengthen the disability (invalidity) cover for all in Eswatini on the basis of social insurance mechanisms***

### **Initiatives**

- Pay periodical benefits for contributing members through a Work Injury Insurance Fund.
- Provide for periodical benefits as a part of the contributory pension, disability and survivor benefit.
- Introduce disability as a short-term social insurance scheme administered under a social security organization.

## 4.6 Unemployment

### Issues

Eswatini has a high unemployment rate, in part due to lack of conducive macroeconomic policy and investment frameworks, cross sector policies not aligned to jobs creation priority, lack of entrepreneurship promotion content in education system, lack of continuity of employment programmes (such as tax subsidy, jobs fund) without learning and building an evidence base.

Gratuities and severance payments do not protect throughout the duration of unemployment. Workers in micro and small and medium enterprises are particularly disadvantaged by low compliance levels and problems with company cash flow problems in case of dismissals. It does not protect workers in case of company liquidation. In context of rising urban poverty, there is absence of *Active Labour market services*, and a *Public Employment Services (PES) framework*. In particular, there are no local labour structures to register job seekers and assist jobs search. There is lack of a comprehensive reach of existing instruments for programming and funding for *Technical and Vocational Education and Training (TVET)*.

### ***Policy statement***

***Design and implement a financially sustainable short-term unemployment insurance system for workers who lose their jobs with temporary financial assistance to support them and facilitate re-integration into the labour market with the help of a Public Employment Services (PES) framework and conducive macroeconomic and employment policy frameworks.***

### Initiatives

- Set up a scheme funded by contributions from both the employer and employee for short term benefit paid when workers' unemployment is involuntary.

- Facilitate the development of an *Active Labour Market Policy* basket of interventions including demand side measures to *incentivize the employment of youth* in the private sector and allow first work experience (such as youth subsidies).
  - expand *local economic development (LED)*,
  - devise and implement *public work programs*,
  - reduce the cost of training workers by *enhancing vocational training* with earmarked funding,
  - consistently and continuously fund *programs to start your own business*;
  - finally ensure sustained and continued investment in the basket.
- Facilitate the establishment of *Public Employment Services (PES)* through *local labour centres*; equip these centres to help unemployed with information on labour market, job search and link with Unemployment insurance scheme functions (registration of the unemployed, job seekers).

#### **4.7 Protection of Workers in the Informal Economy**

##### **Issues**

Given the prevalence of high rates of unemployment, the informal economy is a source of livelihoods for a significant number of Emaswati, notably women. Like any unprotected worker, informal workers are at risk of economic hardship in the event of sickness, maternity, care for children, occupational injury or disease because they are not covered by social security schemes. A number of gaps have been identified for policy reforms:

- Although informal economy workers are organized they are not well-represented in public policy; they need to be more involved.
- Children of market vendors are kept in unsafe (crime-infested areas), hazardous, non-hygienic conditions because of lack of public spaces for early childhood development (including day care, psychomotor and cognitive development).
- Informal economy workers' pay for permits to Local Authorities and also pay expensive user fees for local services such as ablution services, cleaning, water and sanitation.
- They are more exposed to financial hardship when they seek medical care and often forego care because of out of pocket payments
- Informal workers do not qualify for occupational pension schemes requiring employer contributions and may not access private sector (market) schemes because they are costly to them.

## ***Policy Statement***

***Design, implement, adapt legal and administrative social insurance framework for the coverage of workers in the informal economy with capacity to contribute, progressively cover self-employed under social insurance, initially on a voluntary basis and as national capacity and instruments allow, on a mandatory basis.***

### **Initiatives**

- Ensure that Labour legal frameworks have an inclusive definition of 'employee' to cater for several contract types and avoid evasion of disguised self-employment
- Adapt mechanisms for contribution, collection and payment for self-employed and informal economy workers
- Consider setting up a dedicated Strategy Unit in the Ministry of Labour and Social Security organization to progressively cover new groups of workers.
- Develop and implement outreach services and communication programs, including mobile service units
- Implement simplified administrative procedures for small businesses in collaboration with different Government Departments in particular Department/Ministry which is responsible for the investment and business development.

## **4.8 Elderly**

### **Issues**

The existing National Provident scheme pays lump sum benefits, which only provide short-term income protection to workers, and does not protect adequately in the longer term. Moreover, Survivor benefits are paid in form of lump sum. Portability of benefits is problematic as migrant workers are not able to carry their income on retirement from outside the country into Eswatini, and vice versa. This is a design issue where the amount of benefits depends entirely on accumulated savings and the performance of investments and are not annuitized. Compared to regional and international standards the pension eligibility age is lower in Eswatini.

Social security systems mostly run under the principle of broad collective risk pooling. This allows for achieving pre-defined lifetime income levels at a lower cost than where workers would have to strive individually for lifetime income security. It also

minimizes workers to rely on or overburden families and close kin networks in the absence of formal social insurance mechanisms. For example, the absence of effective old age pension system, means working families have to support their parents in old age or a bulk of elderly people may have to rely on State funded support in old age after their savings are exhausted.

## **Policy Statement**

***Establish a National Pension scheme that pays periodical benefits and a minimum pension to ensure long term protection of members.***

## **Initiatives**

- Ensure that there is a mandatory scheme for all citizens
- Review pension scheme parameters periodically after actuarial valuation to ensure its long term financial sustainability
- Introduce a Defined Benefit scheme that relates pensions to earnings and that allows improvement of the adequacy of pensions in payment through indexing of benefits;
- Protect pensioners through the introduction of a minimum pension for the contributory scheme;
- Revisit the law to expand coverage to excluded groups such as casual employees, non-citizens, domestic workers and the self-employed.
- Ensure that micro, small and medium enterprises are adequately covered by the current scheme and that coverage is also extended to the informal economy.
- Increase the insurable earnings threshold as a percentage of the average wage to enhance the adequacy of retirement benefits.
- Ensure portability of benefits within Eswatini, Regionally, and Internationally by means of a unique Social Security number for each person.

## CHAPTER 5

### **IMPLEMENTATION, MONITORING, INVESTMENT AND FUNDING FRAMEWORK**

The Social Security Implementation Strategy (**Annexure A**) and its milestones will serve as the basis for continuous monitoring and evaluation of the implementation of the Policy. This will be done through social dialogue on social security at national level.



# **NATIONAL SOCIAL SECURITY POLICY IMPLEMENTATION STRATEGY 2019 – 2023**

## **Chapter 1 - Introduction**

### **1.1 Background and justification**

The Social Security Policy Implementation Strategy provides a roadmap, regulatory and institutional milestones for the execution of the Eswatini National Social Security Policy. A key deliverable of Implementation Strategy is the establishment of a National Social Security Authority to champion progressive realization of a comprehensive social security system.

The Social Security Policy of Eswatini envisages the implementation of a comprehensive set of social security benefits across the life cycle, (“publicly mandated measures in the form of cash and in-kind social transfers that are organised by State or parastatal organisations or are agreed upon through collective bargaining processes. Benefits include pensions, employment injury benefits, short-term cash benefits (sickness and maternity benefits, unemployment benefits) as well as benefits in kind such as health services”)<sup>7</sup>. It further establishes the principles of equity and social justice. This includes solidarity between generations and within generations and adequate protection of lower income earners, the poor and the most vulnerable. Special provision is made for gender equality. It also promotes the principles of human dignity and sensitivity to needs of special disadvantaged groups. This includes consideration for special needs of children (survivors), disabled, and chronic illnesses.

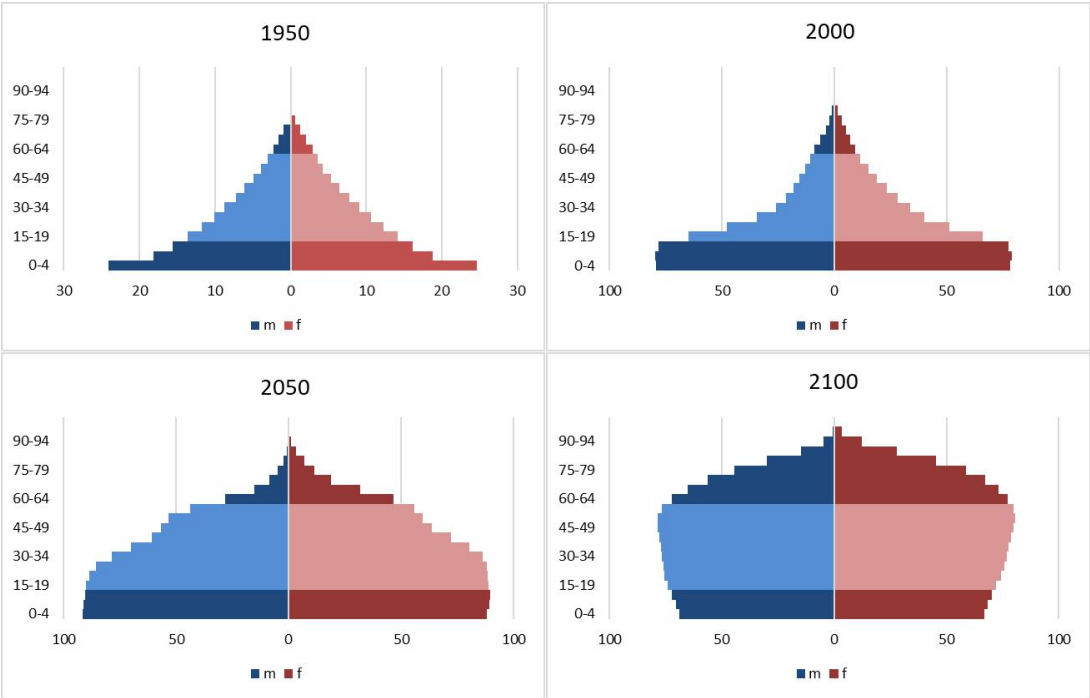
### **1.2 Demographic, Macroeconomic and Labour situation and forecasts**

The population of Eswatini is relatively young with 37.2% of the population in the 0-14 age group, and a median age of 20.4 years (2017). **The annual population yearly growth rate is 3.2%.**

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<sup>7</sup> See also Cichon et.al., 2004 *Financing Social Protection*. Quantitative Methods in Social Protection Series, ILO Geneva.

**Figure 1: Eswatini population age group profile (past, present, projected)**



Given the projected population age profile and indications of the current salary structure that 70.9% of all employees are remunerated less than E2, 000 which is 35% lower than the estimated living wage of E3, 076.29 for a rural worker with a household size of three. It is 61.2% lower than the estimated living wage of E5, 148.69 for an urban worker with a similar household size<sup>8</sup>. The provisions of the social security framework is crucial to cater for unprecedented risks which the individual might not be able to finance out of pocket.

**1.3 Gender considerations**

Gender inequality presents complex challenges for the country. The burden of caring for the sick and orphaned falls primarily on women, further entrenching gender stereotypes and economic reliance by women on men. Considering women tend to have higher life expectancies, but low access to labour markets, survivor benefits should be of a decent level. Furthermore, in recognition of the fact that men and women, are affected differently by the same risks and face different types of risks, efforts shall be made to assess the implications for both males and females of any planned Social Protection activity at every level (e.g. maternity and paternity benefits).

**1.4 Environmental change and sustainability**

Eswatini is particularly prone to climate risks which impact the economy and livelihoods. The Eswatini SDG Report 2019<sup>9</sup> highlights the high environmental risks (drought) that

<sup>8</sup> eparc.co.sz/wp-content/uploads/2018/06/Living-Wage.pdf  
<sup>9</sup> https://sustainabledevelopment.un.org/memberstates/swaziland

persist with high social and economic impacts. Given that progress towards poverty reduction continues to be tied to the performance of the agricultural sector which is highly vulnerable to prevailing adverse weather conditions<sup>10</sup>, secure incomes, ability to save and to afford insurance is considered one major way for people in Eswatini to mitigate against economic and social risks arising from natural disasters (National Climate change policy, p. 18<sup>11</sup>).

## **Chapter 2 - Strategy and milestones**

### **2.1 Establishment of a legal framework**

The Eswatini Social Security Policy establishes the principle of universal access to and mandated cover of a comprehensive set of benefits. This is in conformity with Sustainable Development Goal Targets 1.3 to *“Implement nationally appropriate Social Protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable”*.

To operationalize the principle of universality, a coherent and coordinated Social Protection system will be established under Law (in accordance with ILO R. 202 on Social security floors, Chapter I par. 3). A Social Security Act will define the overall approach for reaching universal coverage comprising a Social Protection floor for all, with particular focus on social insurance benefits.

The Social Security Act will describe governance and administration to ensure operational coherence between social security schemes. A key deliverable of the Social Security Act is the establishment of the National Social Security Authority to run comprehensive social insurance schemes (contributory element of Social Protection). The formulation of the law will follow tripartite consultation (Government, Employers and Workers representatives) and will include representatives of migrants and informal workers' associations. NSSA governance and administration, the range of benefits, benefits' rates determination, qualifying criteria and funding will be established in harmony with Convention 102 (1952) minimum social security requirements and based on a comparative social security law (especially from SADC). Portability of social security benefits for migrant workers will be enshrined in law.

As a result of the new Social Security Act, amendments will be brought to related existing laws (including, the Workman Compensation Act, Eswatini National Provident Fund Order, Public Health Act, etc). Equally a National Health Insurance Bill will be drafted. It will introduce a cost effective national health insurance system

<sup>10</sup> <http://pubdocs.worldbank.org/en/548321492188172694/mpo-szw.pdf>

<sup>11</sup> <http://www.separc.co.sz/wp-content/uploads/2018/04/Drought-Study-Report.pdf>

that enhances effective financial protection against medical costs. The law will enshrine principles of equitable and effective access of all residents to medical services, based on need and collective risk pooling (not individual risk). It will not allow exclusions based on preconditions or affordability of contribution rates. It will ensure equal treatment of non-nationals in accessing general health services and to all persons (including visitors) in accessing emergency services.

## **2.2 Governance and institutional framework**

The Social Security Policy establishes the principle of good governance in management of social security. Firstly, the policy establishes the principle of State responsibility for the proper administration of social security institutions and services, for the due provision of the benefits provided in compliance with the respective laws, and to take all measures required, including as a guarantor of last resort of the social security schemes.

Adequate supervision of social security requires the establishment of a functional Social Security Directorate at the Ministry of Labour and Social Security. This entails the responsibilities to determine policy, realizing and updating legislation, and general oversight including ensuring monitoring and evaluation of social security and ensuring financial studies are conducted to preserve the financial sustainability of the schemes. This requires the hiring and capacitating of sufficient dedicated staff for policy and legal development, technical oversight and stakeholder engagement functions.

Secondly, good governance involves setting up institutional checks and balances that ensure proper accountability of social security administration to contributors to the scheme, government as ultimate responsible its good administration, and its stakeholders including social partners. To operationalize these principles, in addition to Government, ancillary institutions will be established to provide specialized regulation over certain social security functions which include external grievance and redress mechanism, social security tribunal, financial and investment oversight, operations oversight. In particular, a Social security grievance mechanism will be in place, in line with international standards which includes an internal social security organization claims unit, and an external appeals body. The right to redress will ensure simple and non-costly litigation processes.

The National Social Security Authority (NSSA) will be established in charge of delivering social security benefits. NSSA will carry out its functions and make decisions without interference and in the best interest of its members. NSSA's role will be a comprehensive implementation institution, ranging from registration of employers / employees, collecting contributions, delivering benefits (including contracts to external service providers such as health care facilities), financial

management including accounting, investment and long-term financial planning (e.g. actuarial assessment), first access points for information, consultations and complaints for all administrative issues.

Social partners will have a role in oversight to ensure transparent and sound financial and administrative management of NSSA. For this, the organization will be governed by an independent Governing board. Governing board represents the interests of those covered by the different schemes. It will be charged with overall supervision of NSSA to ensure that it complies with the legislation and policy. The Board should ensure that the institution acts as an “independent but responsible” body in its relations with the Government. Composition of Board will comprise tripartite members (government, workers and employers) usually represented in contributory schemes and include representatives of protected persons (civil society).

### **2.3 Operational and administrative issues**

NSSA will establish a unique social security number for its members. This will allow portability of individual contributory records across jobs and over time and prevent duplication of records. It will collect, record and manage information related to beneficiaries (work history, contributions paid, etc.) and issue member cards. It will collect contributions, donations and grants and other financial transfers for the schemes. It will pay social security benefits. It will develop and operate an adequate Information Technology system, linked to other Government Departments (for example Civil Registry), for supporting and documenting its business. It has responsibility to take legal action against employers for failure to declare and insure (wholly or partially) workers in their service or to deposit and remit the required contributions to the authority.

The Social Security Policy indicated that social cohesion is to be strengthened with respect to tradition, cultural values, participation of communities and groups, locally appropriate and coordinated delivery services that empower communities, and promote social inclusion. In practice, social security governance should include the participation of those affected by the scheme, including social partners and civil society. There should be dedicated and consistent efforts to communicate and inform widely including in local languages, and with focus on inclusion of illiterate and marginalised. Appropriate and understandable format and language should be used while avoiding stigmatising imagery and words.

## **Chapter 3 - Investment and Financing Plan**

Social security requires a stable macroeconomic environment and employment rich growth. The macroeconomic, employment and earnings situation in Eswatini characterized by low employment rate, high unemployment and skewed income distribution represents a challenging environment for the introduction of earnings related social security, based on payroll contributions.

The implementation of social security will have to be gradual; in most cases, benefits are already provided under Labour law; the introduction of social insurance contributions will simply improve the efficiency of current benefits provisions, by ensuring greater stability and predictability of cash flows for business.

Funding of benefits and administration costs overtime will be through contributions, donations, grants, assistance. A percentage of pay roll contributions will be levied to cover administration costs. Payroll contributions will be ring fenced to fund certain benefits based on actuarial valuations.

Actuarial valuations will be conducted periodically. It may be necessary to review benefits scheme parameters periodically after each actuarial valuation to ensure their short or long term financial sustainability. It will be necessary to increase steadily the insurable earnings threshold as a percentage of the average wage to enhance the adequacy of benefits from time to time

A separate investments plans for health will be done which considers:

- Implementation of Essential Health Care Package (EHCP)
- Investments to ensure greater equity in the distribution of health facilities throughout the country
- Funding of services to exempted groups of the population.

## **Chapter 4 - Risk and Monitoring Frameworks**

### **4.1 Risks and assumptions**

The low levels of economic growth, high volatility and dependence of the economy to external environment, low levels of productivity and wages constitute the most important risks facing the introduction of social security in the country. This is combined with low levels of employment and high unemployment rates. Natural hazards such as droughts are a permanent and severe risk affecting the economy

and livelihoods. The measures indicated by Government to attract investment and favour economic growth include the objective to lower corporate taxation. This introduces an additional risk regarding the possibility to implement employer social security contributions to the non-wage costs of labour.

The implementation plan assumes the improvement of exports and economy dynamism with the confirmation of renewed economic growth and its continuation over the period under consideration. It also assumes the political will to effectively increase decent work through job rich growth and improvement of quality of work.

#### 4.2 M&E of Implementation plan

The Social Security Implementation Strategy and its milestones serve as the basis for continuous monitoring and evaluation of the implementation of the Policy. A chronogram with key milestones is reproduced in **annex** to allow to monitor progress of the action plan's key deliverables. NSSA will establish a comprehensive M&E system of social security indicators and reporting once established.

#### 4.3 Institutional arrangements

The Ministry of Labour and Social Security Directorate will establish a monitoring unit. This office will later work in collaboration with the National Statistics Office and NSSA to provide continuous monitoring of social security targets in the country, liaising with ILO (Social security inquiry), International Social Security Association and other international monitoring instruments including duties to report on United Nations SDG Targets on Social Protection. Under the The Kingdom of Eswatini Strategic Road map (2019-2023), the Directorate of planning, monitoring and evaluation under Prime Minister's office is charged to monitor the development of key results. The development of a National Social Security Policy is one such key deliverable. In addition to such reporting, Ministry of Labour and Social Security will also periodically inform and elicit the views of social partners on progress of implementation of social security through presentations at the national social dialogue forum.

	<b>Activities</b>	<b>Timeframe (from month/year to month/year)</b>	
<b>1. Enactment of Social Security Act</b>	<b>1.1.</b> Formulated Draft Bill and analysis of commonalities and disconnects between different Social Security Policies and Legislation	February 2020	May 2021
	<b>1.2.</b> Undertake Stakeholders sensitization and Consultation on Social Security Bill and table Bill for promulgation	May 2020	October 2020
<b>2. National Social Security Authority Operational</b>	<b>2.1.</b> Resolution adopting an interim Social Security board in place	August 2021	
	<b>2.2</b> NSSA organizational feasibility study	September 2021	October 2021
	<b>2.3</b> NSSA Investment and financing strategy (actuarial study) conducted	September 2021	February 2022
	<b>2.4</b> Master and investment plan for IT system in place	September 2021	December 2021
	<b>2.5</b> Management and administration systems are operational in place	October 2021	March 2022
<b>3. Establishment of ancillary regulatory social security institutions</b>	<b>3.1</b> Development of social security integrity framework, ethical code and anti-corruption measures	May 2021	
	<b>3.2</b> Establishment of External grievance and redress mechanism; Social Security Tribunal; Financial and Investment oversight, Regulators		
	<b>3.3</b> Communication Master plan is budgeted and implemented	June 2021	
	<b>3.4</b> Establishment and Capacitation of board members and stakeholders on roles and responsibilities	July 2021	
<b>4. Workman</b>	<b>4.1</b> Workmen Compensation	<b>Feb 2020</b>	<b>May 2021</b>



<b>Compensation Insurance Fund</b>	Insurance Fund Act aligned to National Social Security Authority (NSSA)		
	<b>4.2</b> Rehabilitation centres established in line with the OSH Act	<b>Feb 2020</b>	<b>May 2021</b>
<b>6. National Health Insurance Act enacted</b>	<b>6.1</b> Undertake Financial study of National Health insurance	April 2021	August 2021
	<b>6.2</b> A national health insurance bill will be drafted. ( To introduce a cost effective national health insurance system that enhances effective financial protection against medical costs)	September 2021	March 2022
<b>7. Unemployment, sickness and maternity fund implemented</b>	<b>7.1.</b> Active Labour Market Policy developed and adopted	June 2021	February 2022
	<b>7.2.</b> Employment Act enacted	<b>July 2020</b>	
<b>8. Studies and measures to include informal economy workers determined and implemented</b>	<b>8.1.</b> Leveraging partners in setting up a responsive administrative structure	February 2023	October 2023
	<b>8.2.</b> Develop mechanisms for collection and payment for informal economy workers through NSSA	May 2023	August 2024