

**DRAFT**

**GOVERNMENT OF SOUTHERN SUDAN  
MINISTRY OF GENDER, SOCIAL WELFARE AND RELIGIOUS  
AFFAIRS  
2009  
SOCIAL SECURITY POLICY**

**Introduction**

The Ministry of Gender, Social Welfare and Religious Affairs has been mandated to formulate Social Security Policy for the Government of Southern Sudan by the Council of Ministers Resolution number 284/2008 in their regular meeting number 35/2008.

The philosophy of Social security is meant to protect workers from economic hazard which includes the old age, death, occupational injury and job affected diseases. The first social security Act in the Sudan was enacted in 1974 with two amendments in 1978 and 1979. However, in 1990 the Social Security Act was endorsed by the Council of Ministers in Khartoum.

Social Security programs pull risks under required resources to insure against the occurrence of such risks. More concretely, social security programs provide access to basic services, such as health care and financial support to widows, widowers, and their families in cases of primary wage earner's premature death, as well as income security for the aged. Social security programs also can include various other similar types of insurance to provide income protection, for example, to those who became disabled or lost their jobs. The types of risks covered and the extent of the benefits provided reflect Southern Sudan policy choices and physical limitations.

The universal declaration of Human Rights (HR) of 1948 stipulates in its article (22) that "everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international cooperation and in accordance with the organization and resources of each state, of the economic, social and cultural rights indispensable for his or her dignity and free development of his or her personality".

In its article (25), the declaration stipulates that "everyone has the right to a standard of living adequate for the health and well being of him/herself and his or her family including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his or her control".

Sixty one (61) years after this declaration, consecrating social security as a fundamental Human Rights, it is now universally admitted that no stable and sustainable development is possible without social peace, and no social peace is possible without social security for all. The role of social security is increasingly being recognized by governments and international financial organizations for its role in poverty alleviation, promotion of social justices, and economic growth.

Although Sudan already has the core elements of comprehensive social security program in place, substantial gaps remains, mainly caused by the lack of general orientation based on one common vision, as well as lack of coordination for actions towards complementary objectives. This justifies the urgent need for Government of Southern Sudan (GOSS) to develop Social Security Policy which will be the framework for such coordination and will provide all necessary orientation.

## **Southern Sudan Vision for Social Security**

**The vision for Social Security Policy in Southern Sudan is to "attain better life for all".**

In line with the vision to make Southern Sudan an autonomous country of development and better life for all; considering the importance of protection of social risks as a major component of inclusive social-economic development; the Government of Southern Sudan is committed to develop all necessary programs and mechanisms aimed at attaining the ideal situation of "**Social Security Coverage for All**", rooted in the Universal Declaration of Human Rights which consecrates social security among fundamental social rights.

Concretely universal social security coverage means that all Southern Sudanese be covered with maximum benefits possible for retirement and key pre-retirement benefits such as housing, education and professional risk benefits, sickness benefits, maternity benefits, health care and eventually unemployment benefits.

## **Objective**

The objective of this policy document is to develop Social Security program and to identify the gaps and propose mechanisms for improvement, with as central goal to provide Southern Sudanese population with adequate protection against the adverse consequences of various "life cycles" events and risks.

Poor Southern Sudanese households are particularly vulnerable to these risks, which can undermine social stability and economic wellbeing. This policy will provide the framework for narrowing those gaps and eliminating them overtime as economic circumstances permit.

## **Specific Objectives**

The objectives set in this document define the coverage of Social Security expected by the year 2012 in terms of vertical (branches) and horizontal (population) coverage.

- **Pension branch:** every resident in Southern Sudan must have a pension cover either by a public pension scheme or by a private one.
- **Public pension:** first pillar based on "defined benefits" scheme will remain mandatory for the whole formal sector with 100% coverage.
- **Provident Fund:** composed of complementary pension scheme on a "defined contribution" model and schemes for pre-retirement benefits namely housing and education will be also mandatory for formal sector;
- **Private pension:** for the rest of the population adherence to pension scheme will be also mandatory, with free choice to adhere either to a private pension scheme or to the pension scheme managed by the public provident fund.
- **Occupational hazards branch:** will remain mandatory for formal sector with 100% coverage. It will be open to allow adherence of all workers in organized groups of information sector, especially cooperatives with target to reach at least 70% coverage.
- **Health care branch:** the vision of GoSS is to achieve the goal of health for all through universal health insurance.
- **Maternity and sickness branches:** will be mandatory for all formal sector similarly to occupational hazards, intensive sensitization programs for all organized working groups,

## **Purpose of Social Security Program**

Social security programs can foster social cohesion, help to prevent and alleviate the effects of poverty, and if well-managed, re-instill trust and faith in governmental intervention. Additionally, social security programs often have significant economic benefits. For example, old-age pension provision, if funded, often entails the formation of institutional capital that may be invested in the economy, and by reducing the uncertainty and fear of calamity that haunts many individuals and households, the provision of social security can result in a more productive workforce.

## **Definition of Social Security**

The International Labor Organization (ILO) defines **Social Security** as "a set of public measures that a society provides for its members to protect them against economic and social distress that would be caused by the absence or substantial reduction of income from work as a result of various contingencies like sickness, maternity, employment injury, unemployment, invalidity, old age, death and health care."

Social protection is essentially the management of social risks especially to protect weak segments of the society. It helps the beneficiaries to cope with problems

associated with social risks by taking care of them and providing them with alternative sources of revenue.

For the case of Southern Sudan, there has not ever existed any document concerning Social Security Policy (SSP). Hence, basing itself on the laid down international standards, on Social Security Funds (SSF), the Government of Southern Sudan is setting up legal framework policy in order to govern the social security funds for the unclassified workforce.

Based on the above definition, the social security minimum norm will cover the following:

**Pension** composed of three branches:

- old-age benefit, covering survival beyond defined age, normally no higher than 60 years;
- invalidity benefit, covering the inability of engage in any gainful activity where such inability is likely to be permanent or persists after the period during which the beneficiary is entitled to benefit from temporary incapacity (employment injury benefit);
- and survivors' benefit, covering the loss of support suffered by the widow or children as the result of the death of the breadwinner.

**Occupational hazards benefits**, covering a morbid condition, incapacity for work invalidity or a loss of faculty due to two types of risks: work injury and occupational disease;

**Family benefit**, covering the maintenance of children under school-leaving age or under 18 year's of age;

**Maternity benefit**, covering the medical care required by pregnancy, confinement and their consequences and the resulting suspension of earnings;

**Unemployment benefit**, covering suspension or loss of earnings due to inability to obtain suitable employment;

**Dismissal through public interest**, covering suspension or loss of job, due to reduction of manpower or dismissal because of failure to carry out government duties.

## **Current Status of the Social Security Regime in the Government of Southern Sudan**

The Social Security management in Southern Sudan is fragment with pension and occupational risks branches being administered by the social Security Fund of Government of National Unity (GONU); and medical insurance being managed under Sudan Health Insurance.

## **Pension Branch**

The pension branch of the Social Security Fund insures against the risks associated with old age, disability and death. It is primarily aimed at providing retired pensions with an income on a basis proportionate to number of years worked and wages earned at the level of employee and employer contributions to the program.

## **Coverage and Benefits**

Pension coverage is generally limited to those individuals who are employees in the formal sector – approximately 7% of the working population of the GoSS. Actually estimates indicate that only 5.6% of the working population (2.3% of the total population) is covered. Individuals are eligible for a monthly pension at the age of 55 if they have accumulated 12 years of service, or at age 60/65.

The amount of the pension paid is based on a formula that takes into account the level of wages earned and number of years of service in the formal sector.

Disability insurance coverage is provided to the same individuals. Disability pension is paid to those who have lost 50% or more of earning capacity, have at least 12 years' contribution history, and have actively contributed for 12 of the 15 months prior to the onset of the disability. Disability is assessed periodically by a doctor approved or appointed by the National Social Security Fund. NSSF calculated the disability pension under the same benefit formula as old-age pension except that the claimant is credited with only 6 months of coverage for each year that a claim is made before age of 60.

For both types of pension, pensioners receive a minimum pension equal to 75% of the minimum wage (at the time payment level is determined). The monthly pension paid is adjusted for inflation only on an ad hoc basis by Presidential Decree, resulting in a substantial erosion of the real value of the pension over time. After the pensioner dies, the surviving spouse (and children up to the age of 25 if still student) or a pensioner continues to receive the pension until his or her death. The calculation for old age pensioners is  $(1/5 \times \text{No. of months subscription}/12 \times \text{coverage monthly salary for the last year of it } 75\%)$ .

## **Financing**

The Pension benefits are primarily financed by employer and employee contributions. The contribution rate is 25% equally shared between employer and employee, 17% by employer and 8% by employee. Additional financing comes from penalties that are charged for late declaration and payment of contributions and the gains obtained from the GoSS SSF investment.

The documents required are:

1. Birth or Assessment of Age Certificate
2. Nationality Certificate
3. Notification certificate of retirement from service for those who have reached age of 55/60, 65.
4. Decree of dismissal for those dismissed by the ministerial order
5. Certificate from the medical commission for those who are laid off due to health conditions.

## **Governance and Management**

The Government of Southern Sudan Social Security Fund (GoSS/SSF) is in charge of the management of the pension and reports to the Ministry of Gender, Social Welfare and Religious Affairs which coordinates its activities with the Ministries of Finance and Economic Planning and Ministry of Labour, Public Service and Human Resource Development. It is intended that the Bank of Southern Sudan (BOSS) would supervise and manage the activities of the GoSS Social Security Funds and assets. The GoSS SSF would be administered by a Board of Directors, the composition of which is determined by a decree of the President of GoSS. The GoSS SSF should take steps to improve the governance of its asset management function, establish a transparent investment policy and improve its capacities in this area.

## **Professional Risks Branch**

The professional risks branch protects employees against the risk of income loss due to work accidents or work-related illnesses.

## **Coverage and Benefits**

The professional Risks Branch covers workers in the formal sector. Employed persons are covered regardless of the nature of their work or the extent of their exposure to hazardous working conditions.

A person with work injury or work-related diseases preventing him from working is entitled: (i) a cash benefit equal to 75% of the insured's average daily earnings that is payable until recovery or a determination of permanent disability, up to a maximum of 180 days and (ii) the reimbursement of medical and pharmaceutical fees.

If the insured person is totally and permanently disabled, he/she is entitled to 85% of his/her monthly wage.

## **Financing**

Employers pay a compulsory contribution of 17% of each employee's salary to the GoSS SSF to finance professional risks branch benefits. Although permitted under the law, there is currently no rate differentiation among various employers or economic sectors, which may present different levels of risk of worker injury and illness.

Employer contributions are allocated to an operational fund, a technical reserve and a security reserve that is invested by the Social Security Fund.

**Maternity leave and leave for sickness** are currently covered by the employers who continue to pay the salary of the concerned employees with no counterpart in production. The consequence is that in most cases employees are obliged to shorten their leave in order not to lose their jobs, and most of the employers in private sector will practice de facto discrimination against young women.

Unemployment protection scheme is inexistent for very understandable reasons.

## Policy Recommendation

1. The Government will reinforce measures for total adhesion to pension schemes for all workers in formal sector, for self employed and for workers in informal sector in organized groups; mandatory adhesion to the First Pillar (defined benefit scheme), and Second Pillar (Provident Fund) for all workers in formal sector; mandatory adhesion with choice between Provident Fund and any legally authorized Private pension Scheme for Self-Employed and workers in organized groups.
2. The Government will reinforce measures for total adhesion for occupational Hazards, Maternity leave and Sickness leave for all workers in formal sector.
3. The Government will promote voluntarily adhesion to those schemes for salaried workers in organized groups by promoting the development of all kind of cooperatives especially by providing attractive tax incentives and by organizing intense education campaign and capacity building programs for the cooperatives.
4. The Government will make all required adjustment in legal framework.
5. Appropriate tax incentives will be provided for the development of Private pension schemes. For voluntary schemes, incentives will be provided for the programs and appropriate incentives will promote adhesion of at least 70% of the work force.
6. For health care, the Government will adopt and implement a new specific policy. This policy will propose all necessary measures to make universal coverage effective and financially sustainable. A non exhaustive list of measures to be considered in the policy will be:
  - To establish a plan to achieve universal coverage and to integrate the pensioners within the GoSS Medical Assurance Scheme.
  - To clarify and enforce Labour Code provision relating to compulsory affiliation of all employees and the employers' obligation to provide medical care to employees.
  - To address price, service availability and quality of service differentials between private sector, medical insurance and mutual medical insurance,
  - To identify financial resources to subsidize insurance premiums for those unable to make full payment.
  - To the extent financially feasible expand coverage to HIV Aids.
  - To consider permitting limited access to critical medical services available in neighbouring countries to the extent fiscally feasible.

The Government will conduct regularly intense campaigns of information to the general public about the social Security Programs in order to increase the social security coverage. These education programs will include:

- The scope of the social security program and the important protection of its affords.
- Individual obligations, rights and entitlements and employer responsibilities under the programs; and
- The limitations of programmatic protections and the need for individuals and families to consider securing supplementary means of social programs and products.

The government will continue to improve education levels, financial literacy and access to financial services in order to strengthen the synergy between social security schemes and other financial institutions.

## **Conclusion**

In order to attain the Millennium Development Goals (MDGs) and the Vision and objectives of this document, it is crucial for the Government of Southern Sudan to develop a social security system which is inclusive, efficiently managed and contributes significantly to savings mobilization.

This policy defines guidance and highlights priority actions to be implemented in order to make Social security for all a reality.

Basing on the very positive recent experience in the development of mutual social security scheme, there is no doubt that objectives of this policy will be attained if the following actions are well coordinated:

- reinforcement of mandatory adhesion and/or development of incentives for self adhesion to voluntary schemes;
- Streamlining the management of all schemes, and regular actuarial studies for necessary adjustments;
- Sensitization campaign for active participation of the population through community based organizations;
- Adapting and updating the legal and the regulatory framework related to each of these actions.

This will require maximum coordination of following forces and synergy:

- Political commitment to this policy and total involvement of both central and Government of Southern Sudan, GoSS and the State Governments;

- Permanent social dialogue between government, employers and employees/self employers/members of cooperatives.

### ***References***

1. *National Social Security Policy of Rwanda, February 2009;*
2. *National Security Fund (Policy) of Tanzania, 2003*
3. *Sudan National Social Security Policy, 1974*

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