

Micro-insurance

Towards the extension of social security



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General characteristics of ILO / STEP programme

- Global programme for combating social exclusion and poverty
 - Initiated in 1998, under the impetus of Belgium
 - Multiple donors
- 2 priorities
 - The extension of social protection to excluded groups, in particular, with regard to health care
 - The development of an integrated approach to fight social exclusion at the local level
- Intervenes at several levels simultaneously (local / intermediate / national / international)
- STEP: Operational instrument of the "Global Campaign on Social Security and Coverage for All"
- www.ilo.org/step

Activities of STEP programme in countries and at the global level

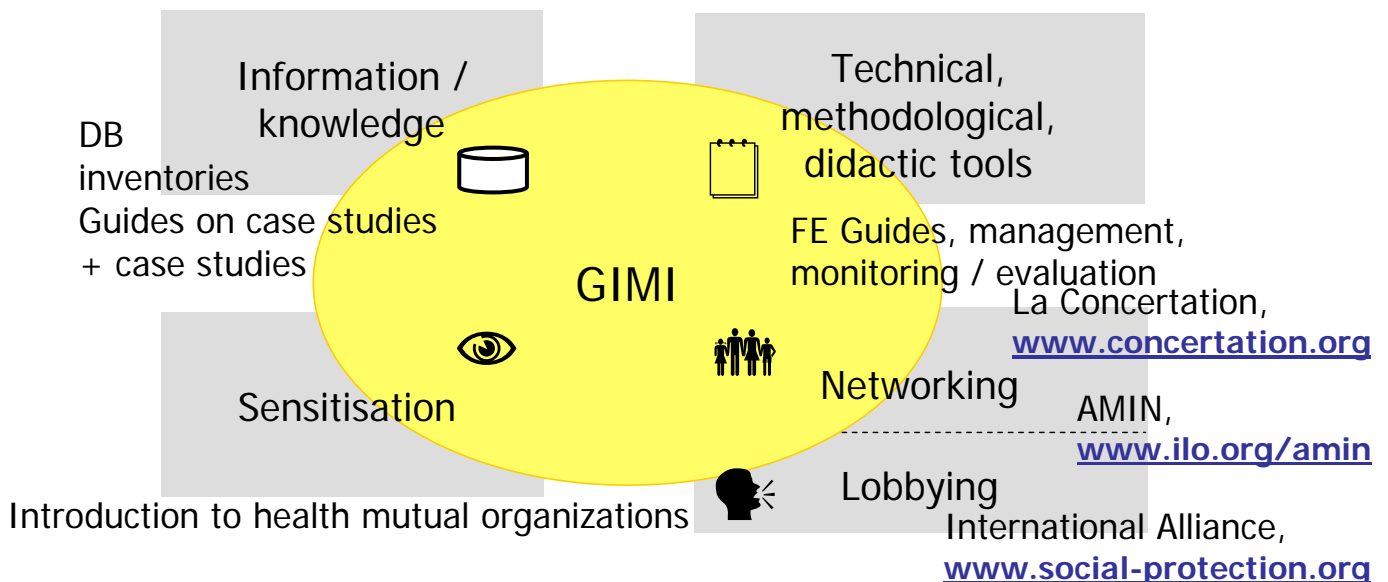
- At the local level: support to community orgs and socio-professionals from the IE; promotion of a new generation of MI (large size, linked, computerized)
 - E.g.: ASSEF in Benin, PAMECAS, road and rural transporters in Senegal
- At the intermediate level: strengthening the role of social partners, federations of organizations and support structures
 - E.g.: UMSD, meeting of organizations of African workers in the informal economy without social protection (oct 2005)
- At the national level: setting up, through social dialogue, an institutional and political environment favorable to the extension of SP
 - eg: Legislation, contractual agreements, integration of "major" projects (rural, roads) in PRSP

Activities of STEP programme in countries and at the global level(2)

- At the international level: strengthening the network of partners (International Alliance, AMIN, AMA...), lobbying
- At all levels: development of knowledge through capitalisation / dissemination
 - Experiments conducted either by STEP or by other actors → capitalized (production of "tools") and disseminated to others
 - Challenge in producing tools: take into account the diversity, technical nature vs. accessibility

Zoom on the tools produced by STEP (1)

- Several types of tools developed by STEP:



Micro-insurance: a mechanism for the extension of social security

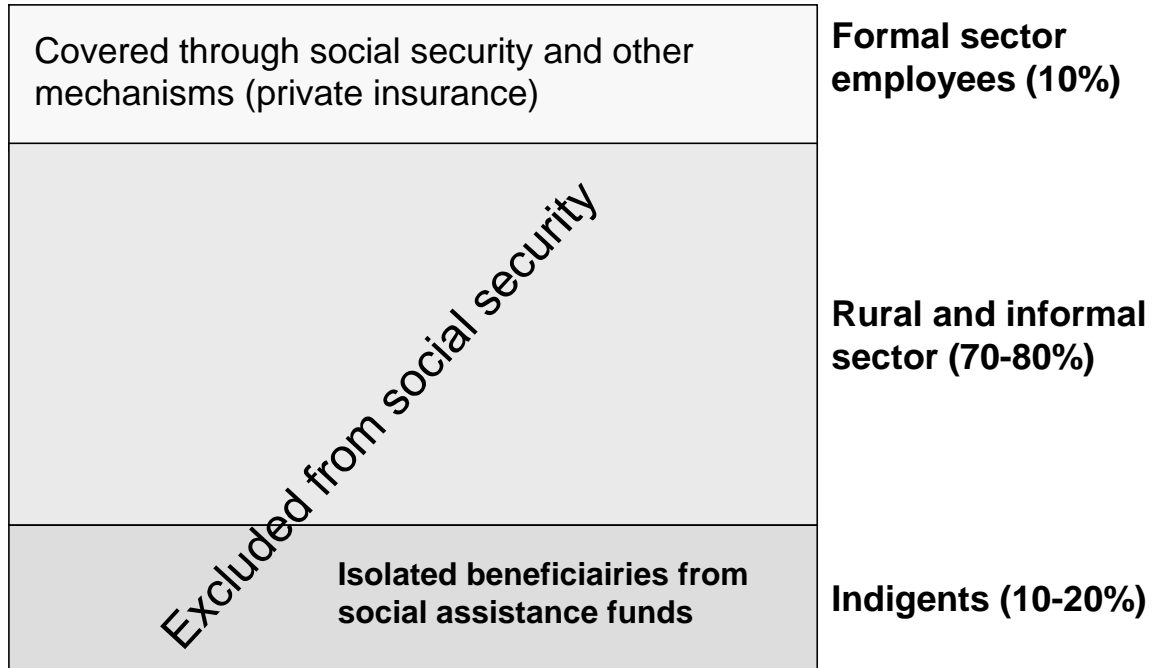
- **Definition:**
 - A scheme that uses (among others) the mechanism of insurance
 - Its beneficiaries are people excluded from formal social protection schemes (in particular informal economy workers and their families)
 - Membership is not compulsory (but can be automatic)
 - Members pay, at least partially, the necessary contributions in order to cover the benefits (possibility of subsidies)
- Some micro-insurance schemes are not only risk management instruments, but also have the potential to actively contribute to the extension of social security:
 - Risks covered: health, death, pensions, incapacity, loss of income ... those listed in C102
 - Rules of operation: inclusive systems, principle of solidarity, participation in the design and the management ...
 - Ex: MSS in Benin covers health / all craftsmen & women !

Micro-insurance: a mechanism for the extension of social security

- The role of micro-insurance in extension was recognized during the 89th ILC (2001) and reaffirmed in "Social Security: A New Consensus"
- The 2001 ILC recommends that the potential of micro-insurance be explored and encourages the design and implementation of integrated national strategies for social security
- At the suggestion of the Conference, the ILO launched in 2003 the "Global Campaign on Social Security and Coverage for All"
 - The campaign was launched in Senegal in 2004

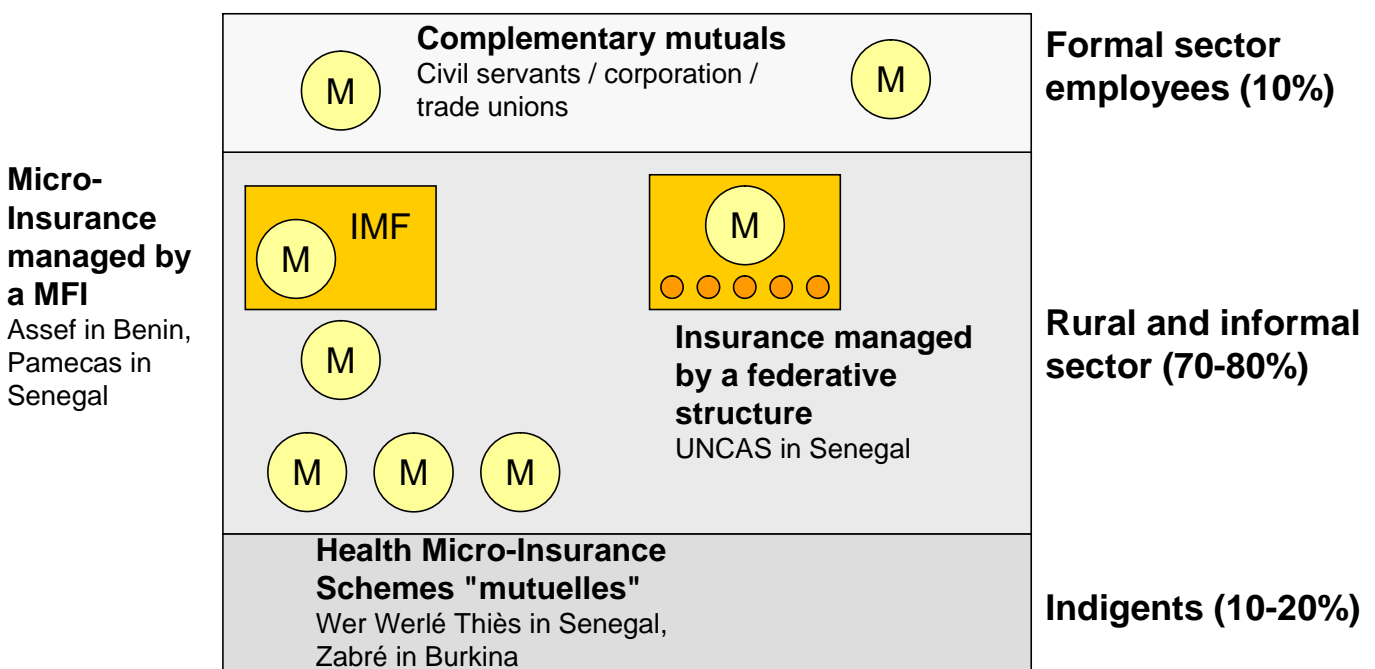
Evolution of the extension of social security in West Africa

10 years ago



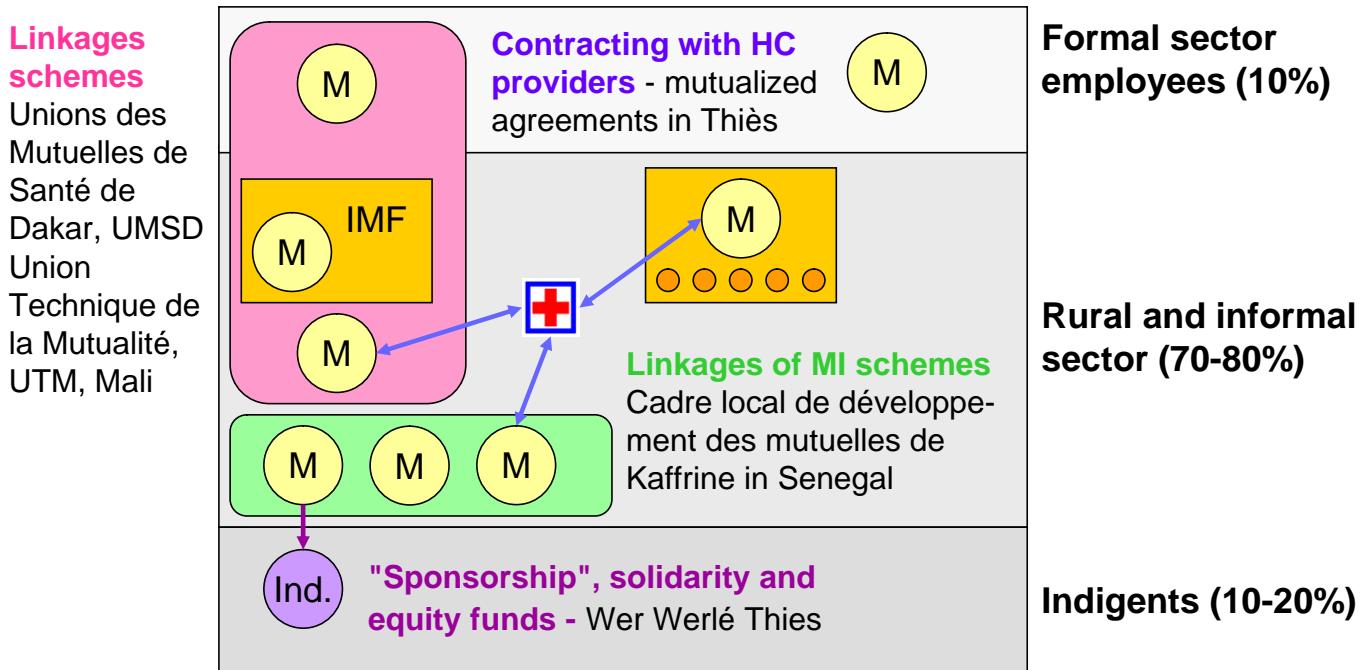
Evolution of the extension of social security in West Africa

Development of micro-insurance (bottom-up) : 1995-2000



Evolution of the extension of social security in West Africa

Development of linkages : since 2000



Positive contribution of micro-insurance in the context of a State with a weak financial and institutional capacity

- Participation of civil society in the design and management of the schemes, social control
- Empowerment of socio-occupational groups including women (PROFEMU in Senegal - Wer Werlé, ASSEF in Benin, Nyeta Musow - Kènèya So in Mali)
- Good capacity to reach groups excluded from statutory social insurance & reduced transaction costs
 - Low-cost, affordable premiums
 - Proximity, decentralized civil society organizations
 - Benefit packages responding to needs

Positive contribution of micro-insurance in the context of a State with a weak financial and institutional capacity

- Improved conditions of access to health care and reduced insecurity
- Increased transparency in billing / fee setting and management of healthcare thanks to the contracting process with HC providers

Current limits on the contribution of MI to the extension of social security

Weaknesses of the schemes

- Size of membership limited → reduced pools
 - 64% of the schemes covered less than 1 000 persons in 2003
- Some explanations:
 - Voluntary membership
 - When membership is automatic, the size is increased; E.g.: Mutuelle des volontaires de l'éducation (Senegal), 95 000 persons covered
 - Inadequacy of health care → the system is less attractive
 - Limited financial capacity of the members + no subsidies → limited benefits packages

Current limits on the contribution of MI to the extension of social security

Weaknesses of the schemes

- Poor management skills and information systems
 - Voluntary management staff; Small number of schemes with computerized MIS (Progressive installation of MAS Gestion software in Senegal, Benin and Burkina Faso)
- Premium collection mechanisms
 - Per month & direct payment → low collection rates
- Weak capacity to negotiate with health care providers

Current limits on the contribution of MI to the extension of social security

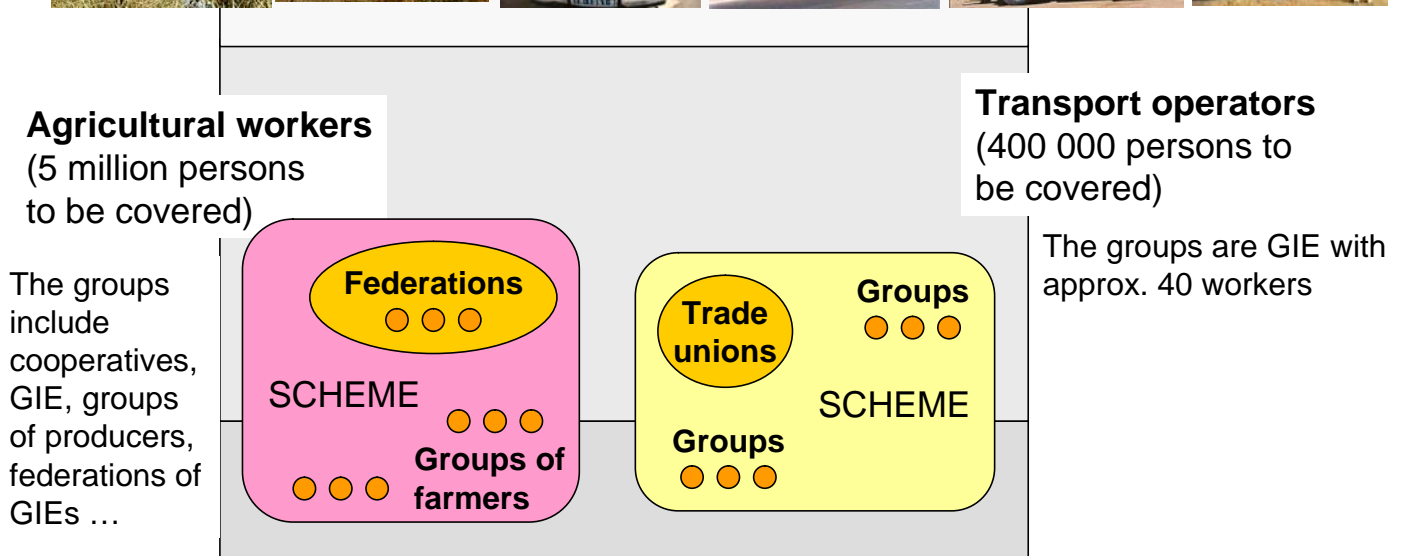
Limitations at a higher level

- Lack of coherence at the national level
 - Poor redistribution
 - Between +/- rich members (flat rate premiums)
 - With other segments of the population (formal sector)
 - Towards the poorest of the poor (excluded from contributive schemes)
 - No functional linkages with statutory SS schemes
- Lack of an environment conducive to the development of these schemes
 - Poorly adapted legal framework

Possible leads: development of nationwide schemes and linkages

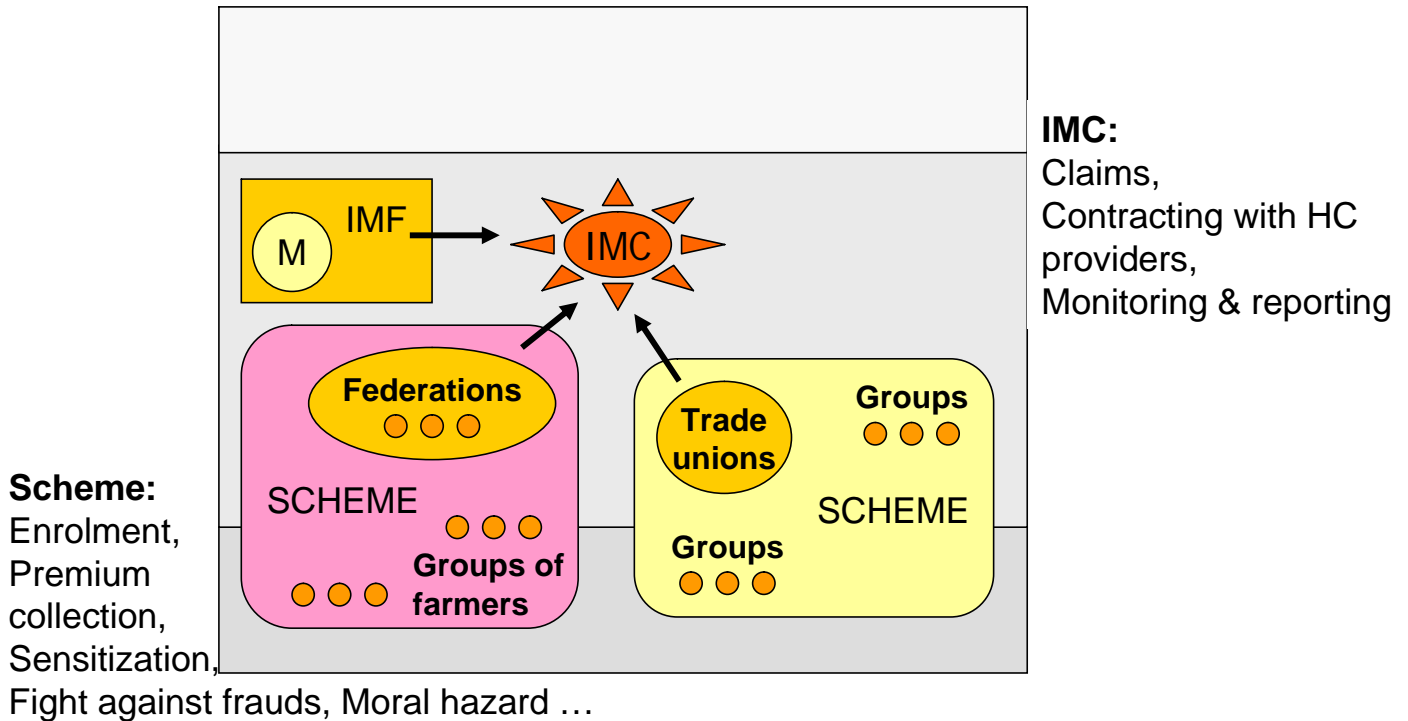
- The design of national strategies for extending social security
 - Senegal: NSSP / GR in 2006
 - Benin: NSSP being drafted
- The development of nation-wide schemes
 - Based on "communities" (socio-occupational groups)
 - Outsourcing of technical management and use of computerized MIS (multi-client & server applications)
 - New financing mechanisms and diversity of financing sources; redistribution
 - Coherent framework for the process of contracting with healthcare sector
 - Adapted legal framework

Nationwide micro-insurance schemes based on socio-occupational groups

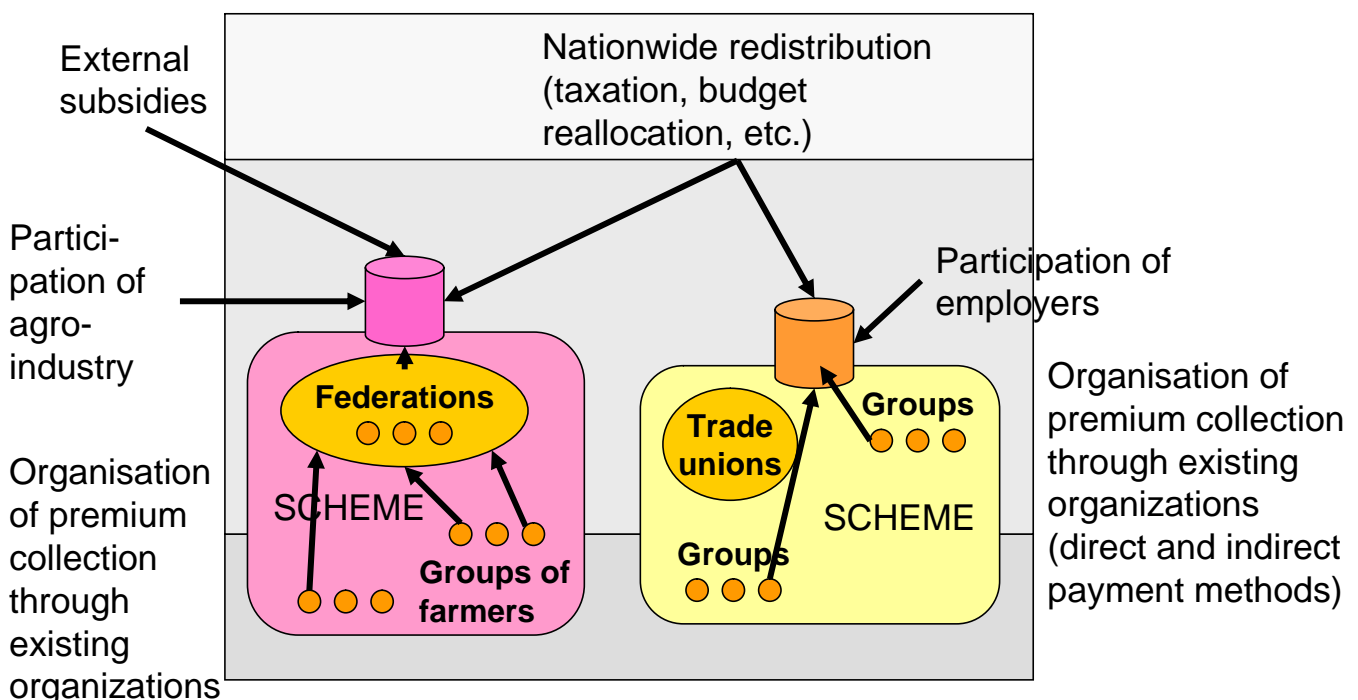


Outsourcing of technical management and use of computerized MIS

Design and implementation of an Insurance Management Center

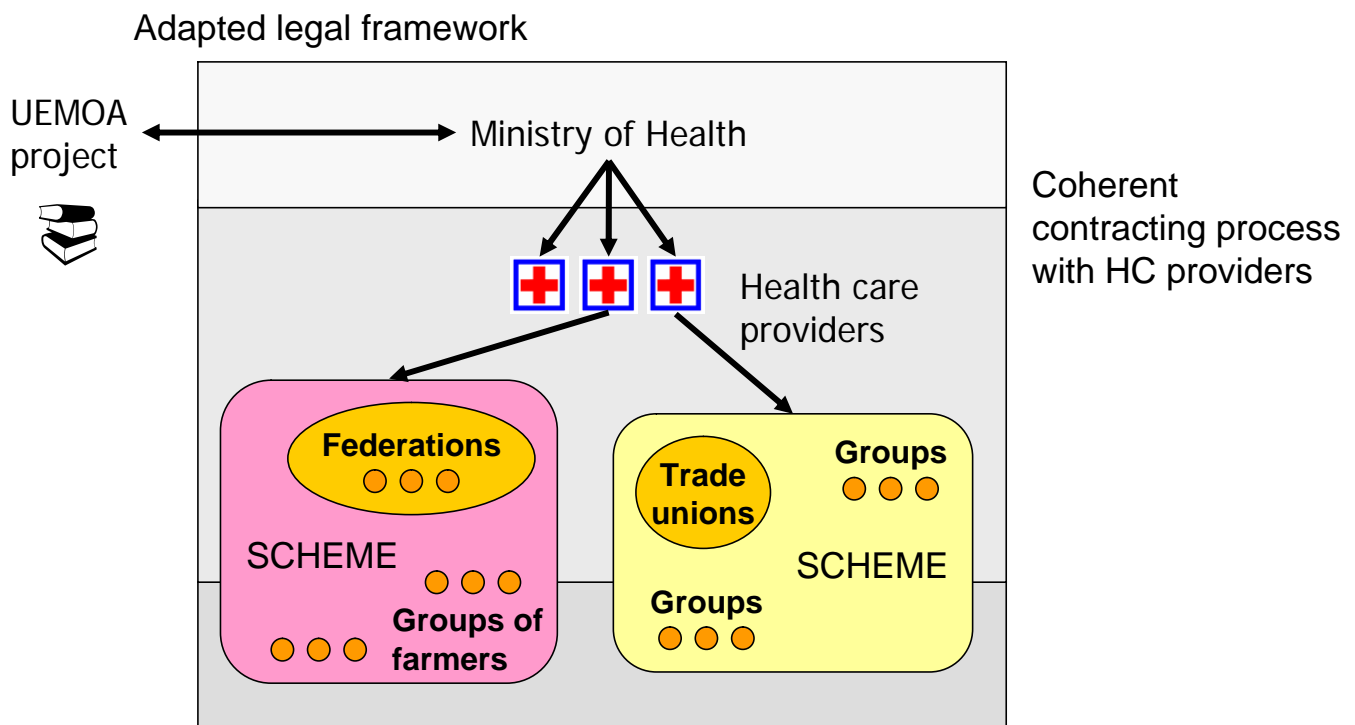


New financing mechanisms and diversity of financing sources; redistribution



Coherent contracting process with HC sector

Adapted legal framework



Lessons learned: the extension of social security through isolated MIS will take ages !

→ Design & implement schemes

- That keep the positive aspects of mutuals (participation, proximity)
- And learn from their limitations:
 - Voluntary membership → +/- automatic
 - Poor HC quality / Problems of transparency → contracting process at a national level
 - Little ability to pay → subsidies
 - Problem of direct payment of premiums → indirect payment mechanisms
 - Poor management skills → outsourcing
 - Legislative framework inadequate → conducive

To conduct such projects ...

- The following ingredients are necessary:
 - A strong political will
 - The involvement of social partners
 - Technical inputs from various actors that are willing to work together
 - Inspiration drawn from similar experiences conducted in other countries
- The [GIMI](#) technical platform and the networks ([La Concertation](#), [l'Alliance Internationale](#)) can help ...

Thank you for your attention