

Micro-insurance in West Africa

Towards extension of social security

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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 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 !
 - Mutuelle des Volontaires of Senegal (50% of premium paid by government)

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

- The role of micro-insurance in the 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”
 - In Senegal the campaign was launched in 2004

Reminder: Some data

GDP / capita: less than 700 US \$

Life expectancy: 50 years

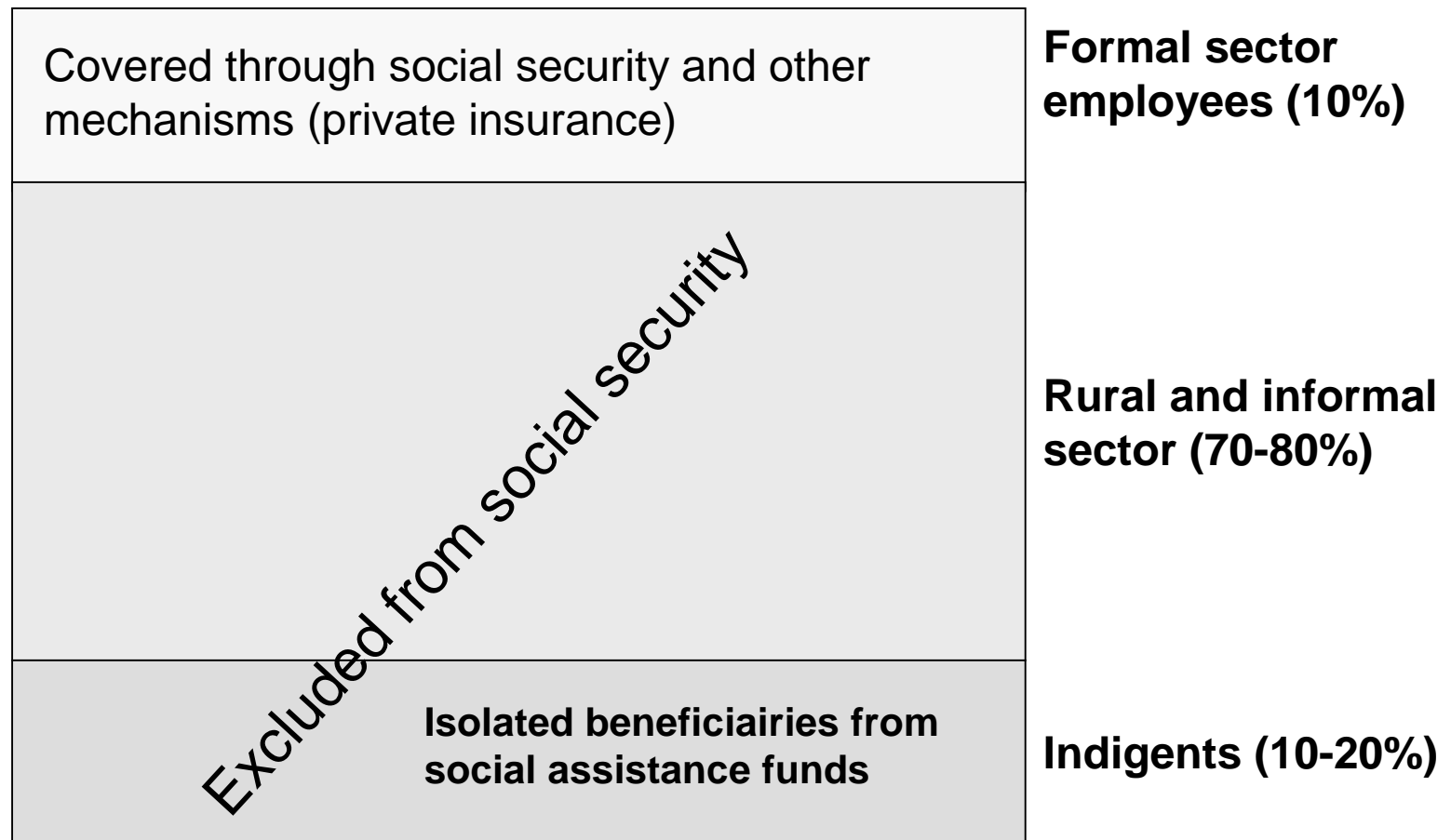
Child infant mortality: + 150 / 1000

Maternal mortality: + 510 / 100 000

**On average, 48,5% of population is poor
Poverty is worse in rural areas (57,5%)**

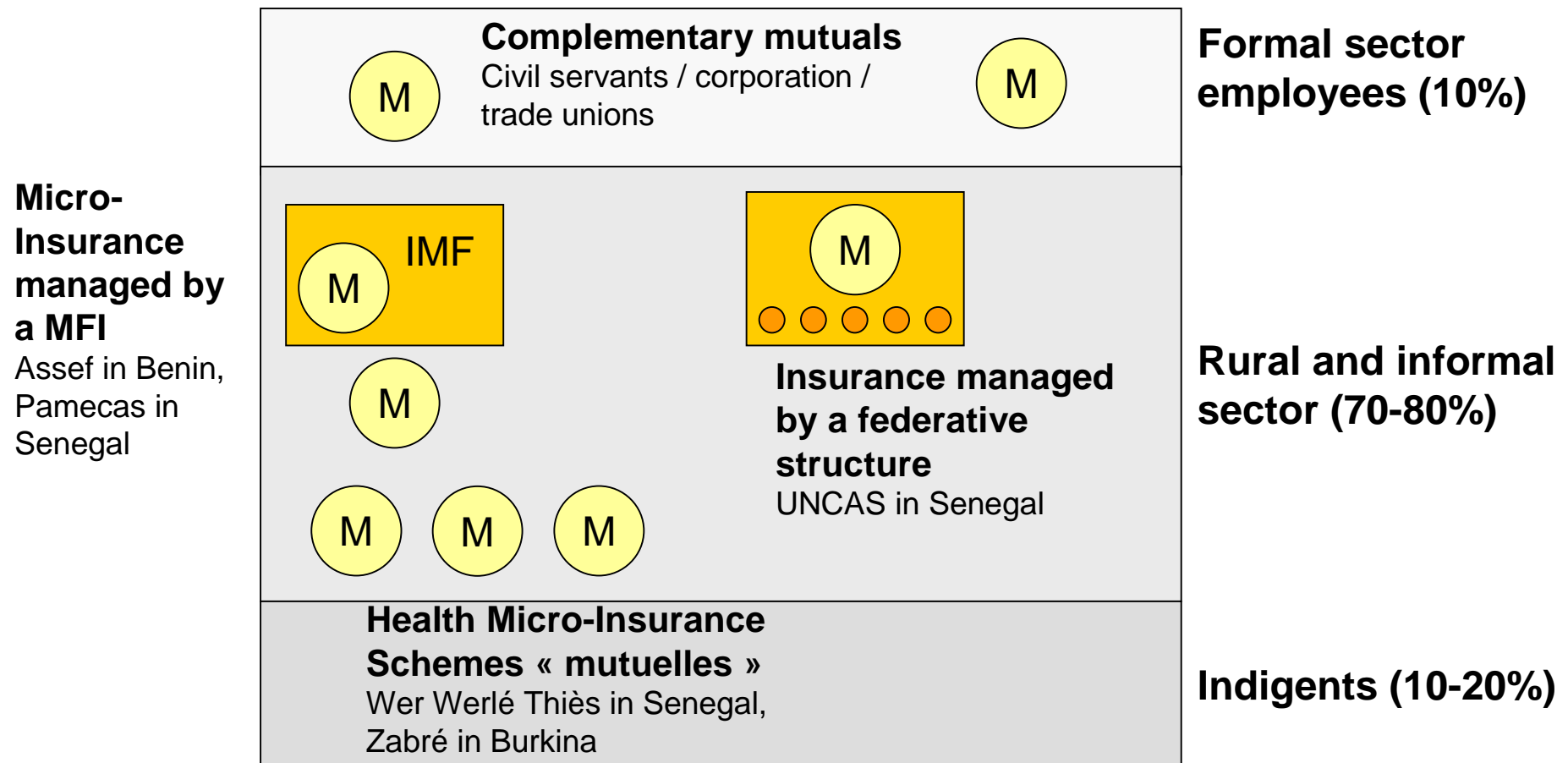
Evolution of the extension of social security in West Africa

10 years ago



Evolution of the extension of social security in West Africa

Development of micro-insurance (bottom-up) : 1995-2003

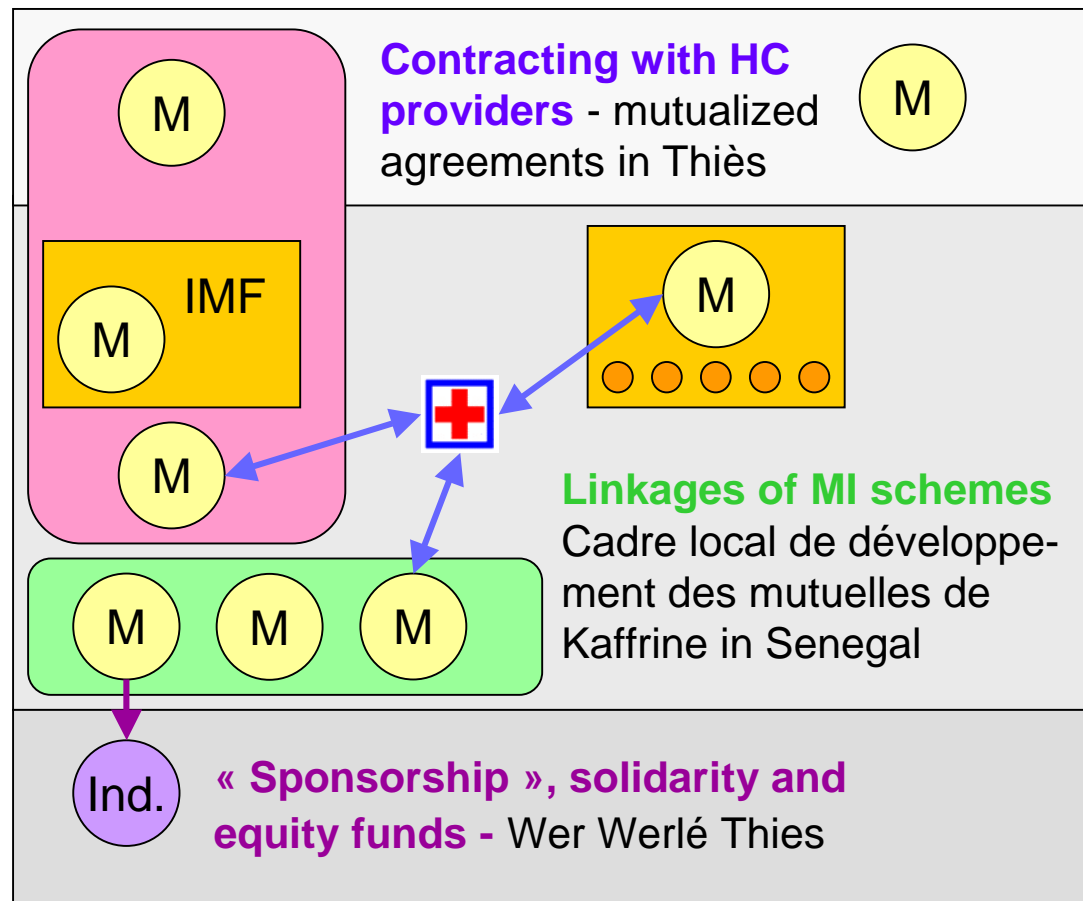


Evolution of the extension of social security in West Africa

Development of linkages : since 2000

Linkages formal / informal SP schemes

Unions des Mutuelles de Santé de Dakar, UMSD



Formal sector employees (10%)

Rural and informal sector (70-80%)

Indigents (10-20%)

Global view: MIS in 11 countries

COUNTRIES	Number of functional MIS	% in total MIS in each country	Total number of MIS	% of each country
Bénin	43	79.6	54	8.7
Burkina Faso	36	39.1	92	14.8
Cameroun	22	57.9	38	6.1
Côte d'Ivoire	36	90.0	40	6.4
Guinée	55	49.5	111	17.8
Mali	56	70.0	80	12.9
Mauritanie	3	42.9	7	1.1
Niger	12	63.2	19	3.1
Sénégal	87	58.4	149	24.0
Tchad	7	100.0	7	1.1
Togo	9	36.0	25	4.0

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

- 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)
- Good capacity to reach groups excluded from statutory social insurance & reduced transaction costs
 - Low and affordable premiums
 - Proximity, decentralized civil society organizations
 - Benefit packages responding to the needs

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

- 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

This is possible with:

- Government commitment (regulations, follow up, etc.)
- Presence of organizations involved in the development of MIS, such as STEP, CIDR, World Solidarity, PHR

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

This is possible:

- Democratization process in many african countries
- Government comittment (regulations, follow up, etc.)
- Presence of organizations involved in the development of MIS, such as STEP, CIDR, World Solidarity, PHR

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

Weaknesses of the schemes

- Size of membership limited → reduced pools
 - 64% of the schemes have less than 1 000 persons covered in 2003
- Some reasons:
 - Voluntary membership
 - When membership is automatic, the size is increased; Ex: 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 of the contribution of MI to the extension of social security

Weaknesses of the schemes

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

Current limits of 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
- Weakness of the environment for the development of these schemes
 - Poorly adapted legal framework

Possible leads: development of nation wide schemes and linkages

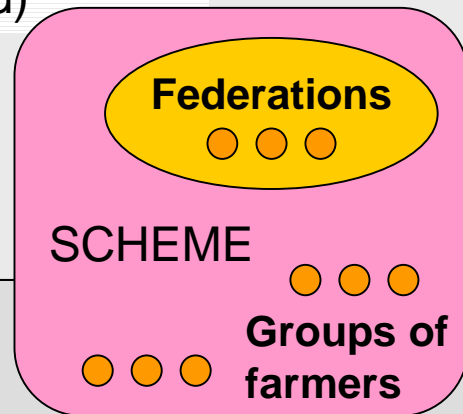
- The design of national strategies for extending social security with big government commitment
 - Senegal: SNPS / GR in 2006
 - Benin: SNPS being drafted
- The development of nation wide schemes
 - Based on « communities » (socio-occupational groups)
 - Outsourcing of technical management and use of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

Nationwide micro-insurance schemes based on socio-occupational groups



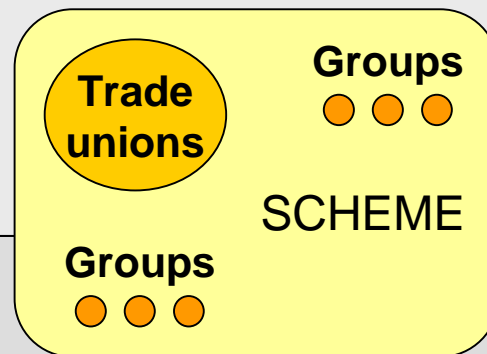
Agricultural workers
(5 million persons
to be covered)

The groups
include
cooperatives,
GIE, groups
of producers,
federations of
GIEs ...



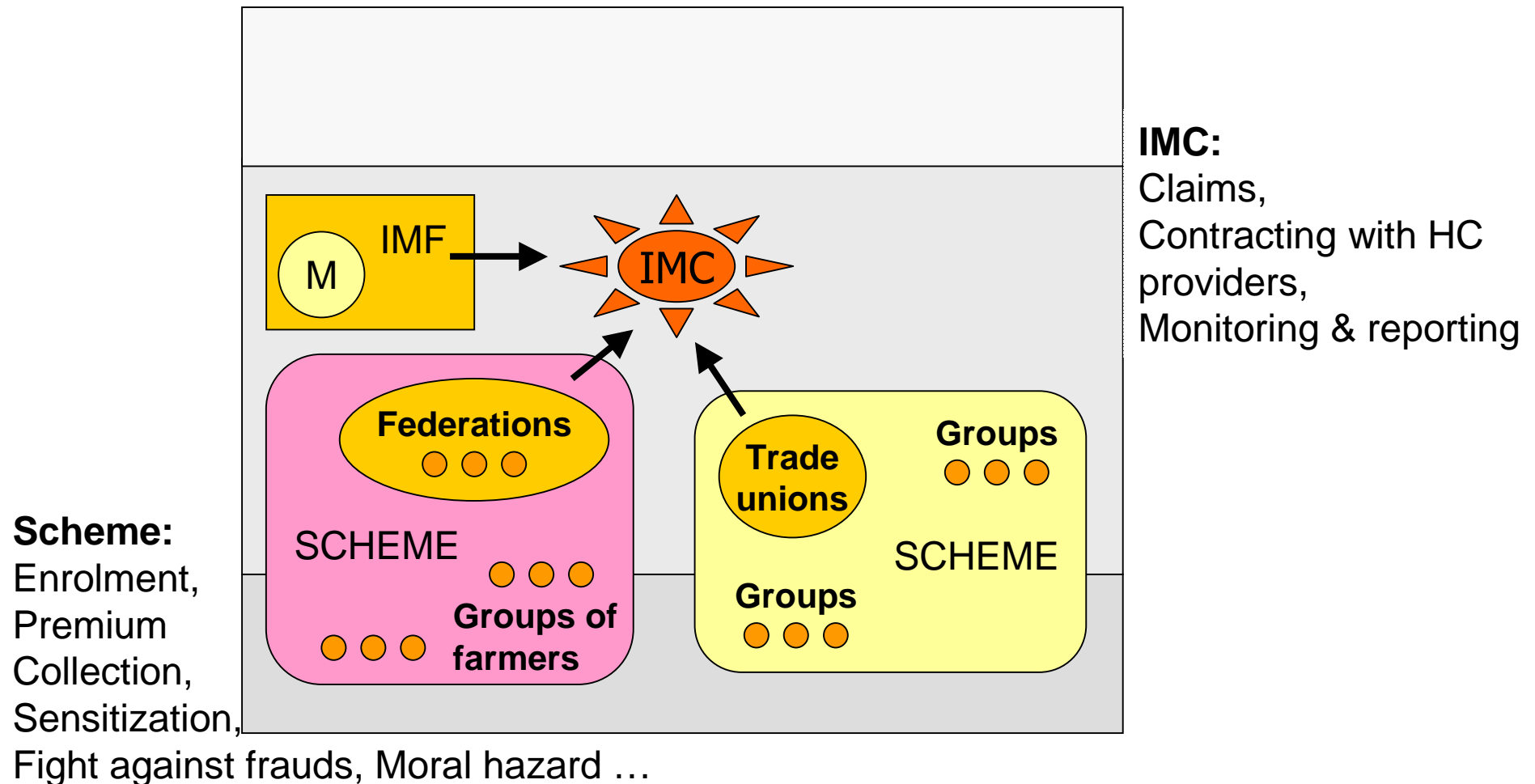
Transport operators
(400 000 persons to
be covered)

The groups are GIE with
approx. 40 workers

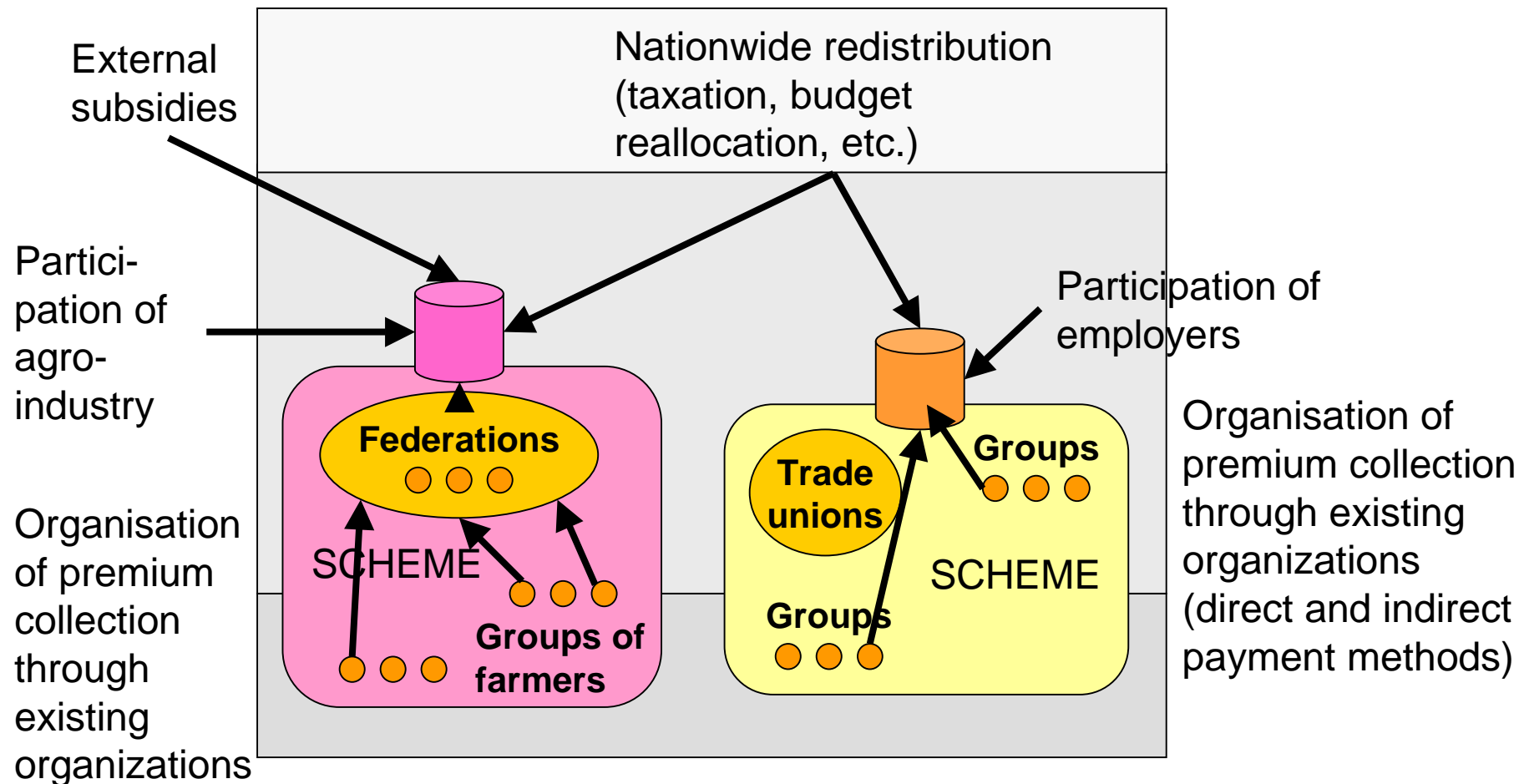


Outsourcing of technical management and use of computerized MIS

Design and implementation of an Insurance Management Center

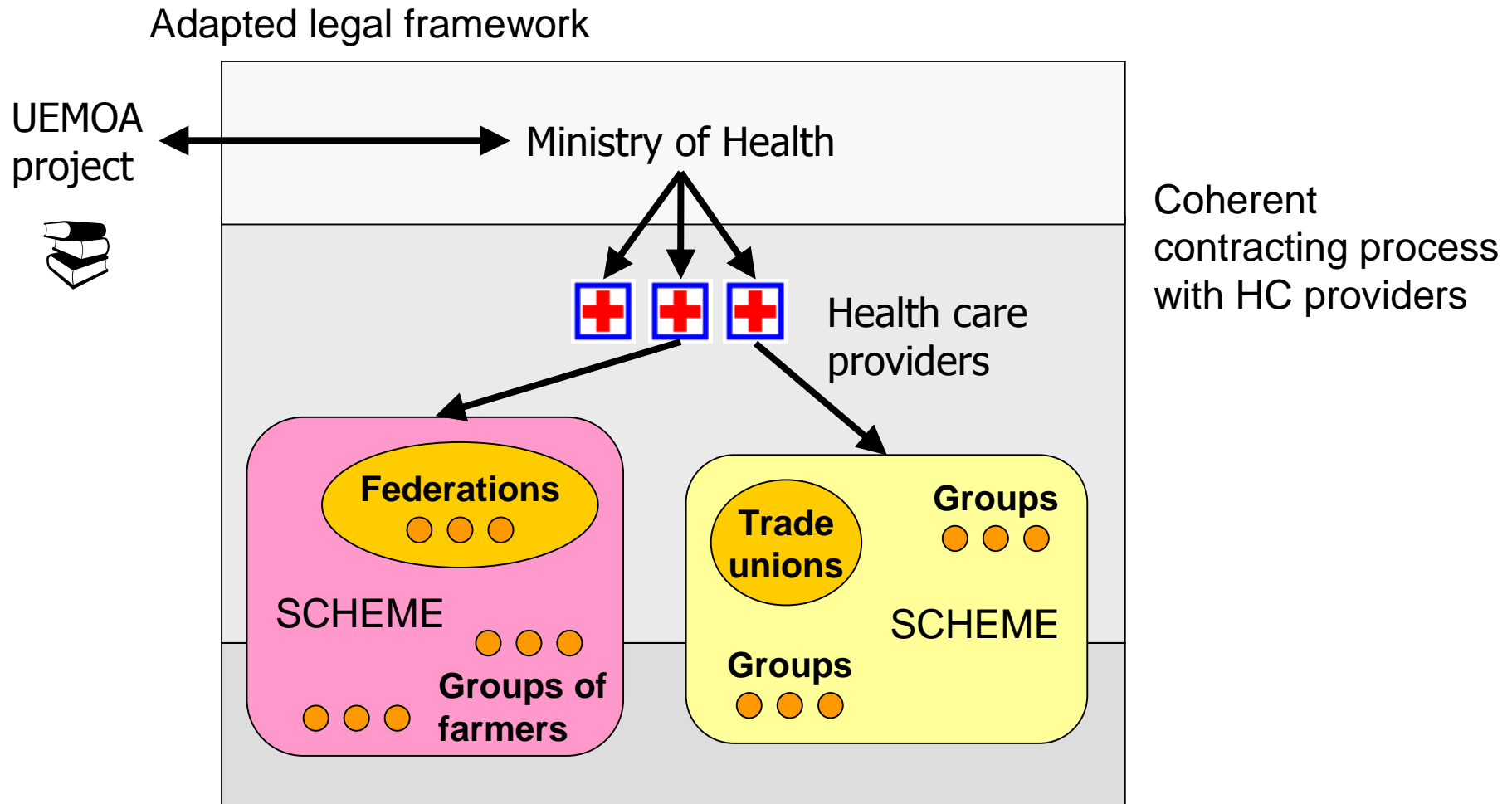


New financing mechanisms and diversity of financing sources; redistribution



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 ...

- 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 coming 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