



SOCIAL SECURITY EXTENSION  
AND MICROINSURANCE  
NEWSLETTER










G-NEWS is produced by the STEP Programme (Strategies and Tools against social Exclusion and Poverty) of the Social Security Department of the ILO (International Labour Office). Available in English, French and Spanish, G-NEWS is based mainly on contributions from users of the GIMI and GESS platforms. The second edition of the letter (No. 2, September 2007) includes news posted by users from June to August 2007. You may contribute to the newsletter by clicking on "Community News" on the GIMI ([www.microinsurance.org](http://www.microinsurance.org)) or GESS ([www.socialsecurityextension.org](http://www.socialsecurityextension.org)) homepage. You may also send in your contributions to [gimi@ilo.org](mailto:gimi@ilo.org) or [gess@ilo.org](mailto:gess@ilo.org).

**GESS, a global platform dedicated to the extension of social security**

*GESS: Global Extension of Social Security*

The GESS Internet platform was developed as a key instrument for the ILO's Social Security Department in the management of knowledge on the extension of social security. GESS provides a complete and easily accessible set of resources, tools (guides) and services (online technical assistance and training) to design and implement extension strategies and systems tailored to national and local contexts. It is also a space for exchange and collaboration that enables actors in social security to learn from each other's experiences with a view to the extension of social security on a global scale. This innovative tool will make it possible to create a global network to facilitate collaboration on concrete projects. The site is available in English only for the time being, but will be available in French and Spanish soon. (See page 12 for more information.)

[www.socialsecurityextension.org](http://www.socialsecurityextension.org)

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## WHAT'S NEW?

### PERMANENT INVENTORY OF MUTUAL BENEFIT ORGANIZATIONS

In May 2007, the Coordination Network undertook a new inventory of mutual health organizations in West and Central Africa.

Unlike previous inventories, this inventory is permanent: the mutual organizations or their supporting structures fill in a form online that automatically feeds into a database.

#### MORE INFO

[Link to inventory](#) (in FR)

The following year, they simply modify any information that has changed. Statistics can be produced on a regular basis using the information contained in the database (number of mutual organizations, populations covered, types of services covered, etc.). These statistics are available free of charge on the Coordination Network website.

Seventy mutual organizations have already filled in the inventory questionnaire between June and September 2007.

It is not too late to fill in the questionnaire!

{Contribution from Olivier Louis dit Guérin, ILO/STEP Dakar, Senegal}

### THE MICROINSURANCE OF THE SOUTH INDIAN FEDERATION OF FISHERMEN SOCIETIES (SIFFS)

This 120 primary societies and 30,000 fishermen-strong federation has annual sales of 450 million Indian rupees (8.1 million euros, 11 million US dollars) and provides a wide range of activities and services ranging from boat manufacturing, to microfinance or advice to fisherwomen's associations, all in order to "assume collective control over [the fishermen's] own destinies". The Federation was also involved in the Tsunami relief, particularly by building homes.

Because fishermen lead dangerous lives, SIFFS has developed a not for profit nodal agency that works under a partner-agent model with various mainstream insurance companies in India in order to protect its fishermen.

It provides an old age security scheme to 2600 members, which offers remuneration rates of 9 per cent calculated quarterly on members'

savings (which total 3.5 million Indian rupees (63,000 euros)). It hopes to extend its non-life insurance category to assets in order to insure the fishing equipment. There are also two types of life insurances, one abbreviated "JBY" for 7,049 boat owners, which the central government of India subsidises at 50 per cent and which covers natural or accidental death, and one for five un-named members of each crew, through a daily register held by the craft owner to cover only the crew members' accidental death while fishing. A secondary school scholarship programme is also offered to JBY members' children.

{Contribution from Ramesh Kumar Maturi, Programme Consultant (mF), South Indian Federation of Fishermen Societies (SIFFS), Kerala, India}

#### MORE INFO

[See complete article on GIM!](#)



### FOCUS ON...

### Seven good reasons to adopt a law on mutual benefit organizations

1. To exist legally and have the right:
  - to enter into contracts and buy or sell property;
  - to operate legally as a mutual benefit organization;
  - to have its own assets.

In other terms, this would enable mutual organizations to have what is known in legal terms as a "legal personality".

2. To ensure that members can place their trust in their mutual organization, since it is subject to rules and controls;
3. To provide guidelines on the creation, organization and operation of mutual organizations under optimal conditions;
4. To enjoy greater credibility and visibility in relation to various partners and particularly in relation to healthcare providers and the government;
5. To be recognized as an instrument for the extension of social protection, and therefore be eligible for subsidies and tax benefits;
6. To be able to sign contracts with healthcare providers;
7. To create an enabling legal environment for the development of mutual benefit organizations in the field of social protection.

{Contribution from Sabrina Régent // ILO/STEP Dakar, Senegal}

### CREATION OF A MUTUAL HEALTH ORGANIZATION IN MALI (UNDER A PARTNERSHIP WITH SOCODEVI\*)

Creation of a mutual health organization, MUSARS, in the Sikasso region, located in the south of the country.

The unique feature of this project is its regional scope, as opposed to a local focus, which will facilitate reaching a critical mass, that is, the adequate number of insured members (and beneficiaries) to warrant the sustainability and autonomy of this mutual organization.

The Sikasso region offered a number of advantages for implementing this project: a relatively comfortable standard of living, thanks to cotton cropping in the area; the presence of a dozen small local mutual organizations (which are likely to participate in the project); the existence of Kafo Jiginew, a microcredit cooperative which is well-established in the area and willing to support the project (through the availability of local premises and accounting management services); the existing community-based health centres offering basic healthcare facilities.



## WHAT'S NEW?

ties; a significant population base, sufficient to ensure the demographic feasibility of the project.

The feasibility study lasted two years and was implemented with the support of SSQ (Insurance company, Quebec) actuaries.

Further support and advice was provided by FNM (French National Mutuality Federation), which had already carried out other projects in Mali, and UTM, the Technical union of mutuality in Mali, which is very active throughout the country.

The objectives are: to reach the financial break-even point by 31 March 2012, with 10,000 members and 50,000 beneficiaries; to organize the company around a democratic and participative management structure reflecting the values of mutuality; and to provide health insurance coverage responding to members' needs.

The constitutional general assembly was held on 24 March 2007 and 150 people attended. Elections were held for the nine members of the Board of Directors, as well as for the Control Committee (three members).

{Contribution from Laurence Chircen, MACIF, France}  
\* SOCODEVI: *Société de coopération pour le développement international*

### CREATION OF A MUTUAL HEALTH ORGANIZATION IN PUNE, INDIA

MACIF is involved in this project initiated by a French NGO, *Inter-Aide*, founded in 1980.

The aim of the general project is to improve the standard of living for slum populations in Pune, through four main priorities: loan-based micro-financing; family support via specific actions aimed at promoting improved school attendance, sanitary conditions and health; administrative support through the availability of "administrative specialists" from local NGOs; microinsurance through a community-based health organization.

The Microinsurance Project will provide accessible healthcare, with a full-time medical practitioner supported by a network of local professionals, a cash less access to healthcare services and prevention campaigns.

Premiums are currently a set flat rate (1 euro per person per year) and a sliding scale to set premiums according to income brackets is under consideration.

In order to achieve participative management various committees, aimed at involving members in the decision-making process, will be created.

In order to develop the organization, partnerships and communication plans with local political institutions will be set-up to promote the implementation of a compulsory health scheme model.

Two mutual organizations are currently running and cover 21,000 beneficiaries. The objective of 50,000 beneficiaries is to be reached by 1 January 2009. MACIF is involved both financially and through technical support services.

#### MORE INFO

See [Community news on GIM!](#)

#### MORE INFO

[www.interaide.org](http://www.interaide.org)

{Contribution from Laurence Chircen, MACIF, France}

### REFLECTION ON GUARANTEE FUNDS FOR THE EXTENSION OF MUTUAL HEALTH SCHEMES' AREAS OF OPERATION

For the actors in development of mutual health insurance, guarantee funds are key tools for financial consolidation. The objectives sought have been thoroughly described in the management guide: *Guide de gestion des mutuelles de santé en Afrique* (ILO-STEP, 2003). We remain convinced that constraints on the development of mutual health organizations are many and varied.

The development process of mutual health organizations more or less follows a classic demand curve.

We can assume that the main purpose of guarantee funds will be to contribute to the recovery of mutual organizations in difficulty (decline, turbulence, etc.).

Guarantee funds may also have other objectives, such as supporting diversification or developing the activities of mutual health organizations (i.e.: a mutual organization wishes to offer new products to its members or to other segments of the population).

Consensual terms of reference need to be defined immediately, so that, in addition to the recovery of mutual organizations in difficulty, the guarantee fund selected can include other aspects of reinforcement and mastery of complex risks.

In short, it appears vital to assign additional objectives to the funds to ensure that they are a technical and financial tool for the promotion and development of mutual health organizations.

{Contribution from Alioune Niasse, Chairman of ASADEP, Saint Louis, Senegal}

### THE AGA KHAN STARTS A MICROINSURANCE INITIATIVE

In an interview by French weekly magazine *L'Express* on 4 July 2007, Karim Aga Khan IV, supreme Imam of 15 million Shi'a Isma'ili Muslims, businessman and philanthropist discusses the economic, political and religious difficulties of his community, of Muslim countries, and of the developing countries in general.

#### MORE INFO

- See [Community news on GIM!](#)
- [The Microinsurance Initiative](#)

Questioned on his conception of development, he suggests that to be sustainable, development projects must themselves be economically sustainable, and that their efficiency for reducing poverty must not only be measured against material criteria. He is now convinced that protection and security concerns are key to this reduction, which could be achieved through microinsurance schemes. One only escapes poverty through autonomy and protection, he believes.



## WHAT'S NEW?

### RWANDA: A SPECIAL CASE OF MANDATORY HEALTH INSURANCE FOR ALL

In 1999, the government of Rwanda set up mutual health organizations at three pilot sites. The experience was aimed at reconciling, in a context of poverty, healthcare improvement and affordability, and equity of access with the need to mobilize internal resources to increase the financial viability of healthcare services.

In December 2004, the government decided to develop a strategy paper on "Mutual health organization development policy in Rwanda" to extend the creation of mutual health organizations across the national territory to reach rural populations and the informal sector (85 per cent of the population).

Since early 2005, a law on mutual health organizations has been under development to clarify the role, status and organization of such mutual schemes.

In 2006, the government decided to impose mandatory family membership on the whole of the Rwandan population.

There are two healthcare packages, one known as the "Minimum package" and another known as the "Additional package". The minimum package is financed by member premiums, which were originally set at the district level; their amount was standardized in September 2006, and is now 1,000 Rwandan francs per person per year (1.82 US dollars at the exchange rate prevailing in May 2007). The additional package is covered by a national Solidarity Fund and at the district level by the government and foreign donors. In addition to their premiums,

sick members are asked to pay an individual co-payment to health structures when they receive care, which has also been standardized at approximately 10 per cent of the cost of the services they consume.

{Contribution from Alexandra Panis, ILO/STEP, Kigali, Rwanda}

### PLANET FINANCE HAS LAUNCHED A PLAN OF ACTION FOR MICROINSURANCE DEVELOPMENT

Following a test phase in 2006-2007, PlaNet Finance has begun the global deployment phase of its microinsurance approach with a view to covering seven million micro-entrepreneurs in 20 countries by 2010.

In addition to the organization of the Microinsurance Awards by PlaNet Finance India (see page 9 "Microinsurance Awards"), the organization has other projects in the works:

- the development of a death and invalidity insurance product in Morocco, Egypt, Jordan and South Africa and a death/invalidity product for microcredit beneficiaries, in partnership with Surety Funds Global Services and several re-insurers;
- the creation (together with ILO/STEP programme) of a health microinsurance institution in Benin that will distribute microinsurance products through NGOs; the objective is to cover over 100,000 people in three years;

this project is part of a Microfinance & Health programme partially financed by the pharmaceutical group Sanofi;

- the development of training modules with ILO/STEP programme, beginning with a self-learning kit on conducting feasibility studies;
- microinsurance awareness for poor populations, through the creation of information modules and the use of a network of trainers.

#### MORE INFO

- [www.planetfinance.org](http://www.planetfinance.org)
- [See Community news on GIMI](#)

{Contribution from Mathieu Dubreuil, PlaNet Finance, Paris, France}

### A FRAMEWORK FOR CONTRACTUAL ARRANGEMENTS WITH HEALTHCARE PROVIDERS IN SENEGAL

In Senegal, ILO-STEP, in partnership with the Ministry of Health, is working towards the establishment of a framework for contractual arrangements between healthcare providers and mutual health organizations. A framework for contractual arrangements is an important tool for the development of mutual health organizations. It provides a systematic framework for contractual commitments between mutual health organizations and healthcare facilities.

A participatory process, in which mutual health organizations and unions of mutual organizations, along with their support structures and healthcare providers worked with the Ministry of Health, was set in place to define a national framework for contractual arrangements.

The resulting framework agreement stipulates the principal clauses that mutual organizations should include in specific contracts linking them to healthcare facilities and indicates the minimum elements that should appear in all contracts. These include provisions regarding the quality of care, pricing, billing, payment and guarantees, information, follow-up, monitoring, and evaluation.

Mutual organizations and healthcare structures will then be free to negotiate specific contracts provided that they are in conformity with the provisions of the framework agreement.

The framework agreement is in the finalization process.

Once completed, it will be signed by the Minister of Health and representatives of Unions of mutual organizations.

#### MORE INFO

- [See the What's new? Section on GIMI](#)

{Contribution from Sabrina Régent, ILO/STEP, Dakar, Senegal}



## WHAT'S NEW?

### CENTRE FOR CO-OPERATIVE ENTREPRENEURSHIP

In July 2007, the "Steunpunt Coöperatief Ondernemen" (Centre for Co-operative Entrepreneurship), in cooperation with the BRS (Solidarity Bank and Insurance for the Third World) and the international pole of CERA, published an E-note on Microinsurance.

The E-note focused on the following points:

- microinsurance in southern countries (introduction to the concept);
- institutional options (legal forms and objectives pursued by the actors: private companies, non-profit associations, cooperatives, healthcare providers, and others);
- the added value of cooperative and mutual organizations (featuring the advantages of those systems and the complementary relationship between microinsurance and microfinance);
- microinsurance in a broader perspective;
- cooperative insurance: more than insurance (or why it serves the insured better than insurance companies);
- the role of Belgian actors in microinsurance (mutual organizations, the state, companies, universities, medical centres).

#### MORE INFO

- [See Community news on GIMI](#)
- [www.cooperatiefondernemen.be](http://www.cooperatiefondernemen.be) (See E-note in FR)

{Contribution from Bert Opdebeeck, microinsurance coordinator for BRS/CERA – Banque et assurance Solidaires dans le Tiers-Monde, Leuven, Belgium}

### HOW MUTUAL HEALTH ORGANIZATIONS (MHOS) AND MICROINSURANCE SCHEMES CONTRIBUTE TO THE FIGHT AGAINST HIV/AIDS IN CAMEROON

Since June 2007, the German-Cameroon Aids Health Programme, supported by the German Technical Cooperation Agency GTZ, now covers PLHA (People Living with HIV/AIDS) through its MHO coverage package. Thus, it has reinforced its activities in the fight against the HIV/AIDS pandemic in Cameroon. The project is only in its experimental phase, as it only covers the GTZ intervention zones, in particular the Saéa Tiko, Manjo, Kumbo and Wum mutual health organizations.

This initiative is the result of the pressure that Wum PLHAs put during the setting up of the MHO in their town. At that time, antiretroviral and opportunistic disease treatment, as well as biological follow-up and monitoring were not covered, and cost an average of 15,000 CFA Francs. Some expenses, such as the treatment for brain toxoplasmosis, would cost up to 450,000 CFA Francs, and would therefore sentence PLHAs and their families to poverty.

In addition to medical costs, psychological issues must also be taken into consideration in order to perform a comprehensive treatment.

Thus, it has been revealed that many PLHAs die from a lack of information on their treatment and how important it is to observe it. In order to size the problem, a preliminary study was carried out, and revealed that over 2,000

members from the five MHO zones declared themselves PLHAs. More importantly, the study shows that PLHAs do not observe the treatment seriously (47 per cent of them state that they follow their treatment correctly), and that their knowledge and habits regarding prevention measures were problematic (only 13 per cent systematically use condoms in spite of knowing their serological status). It is, thus, urgent to find the means to improve access to antiretroviral treatment, and also to increase observance and modify behaviour regarding the use of condoms.

Since MHO managers declared themselves ready to help, additional funding was found to cover costs for PLHA treatment, biological follow-up and monitoring, and opportunistic disease treatment. An anonymity system was set-up in order to allow MHOs to pay for the costs without revealing the patients' identities. A training course was organized to improve treatment observance among PLHA associations. Expert patients were recruited by MHOs in order to help those recently infected and those whose observance of the treatment makes the follow-up and the prevention measures difficult.

A special reinsurance fund meant to cover PLHA expenses was set-up in coordination with the Special health promotion funds. These structures provide a place for dialogue at the province level, and one of their roles is to supply drugs to the South-Western, North-Western and Coastline provinces. A follow-up and monitoring system is organized by a doctor-advisor, a social anthropologist, and research desk employees while observance-enhancement training modules are provided by GTZ self-promotion reinforcement Groups (REGA) division.

There are approximately 1,500 treatment-eligible PLHAs in the five MHO-covered zones. The results should lead to an extension into other zones. The success of such an initiative might prove the maturity of the MHOs in managing extra funding, the feasibility of a reinsurance fund, as well as the possibility for MHOs to contribute to the fight against the pandemic in Cameroon.

{Contribution from Dr Alain Ahawo and Peggy Kopnang, GTZ-Health/MAMS, Cameroon}



## WHAT'S NEW?

### CREATION OF THE PROVINCIAL CELLS FOR THE PROMOTION AND DEVELOPMENT OF MUTUAL HEALTH ORGANIZATIONS (CPPDMS) IN CAMEROON

Pursuant to the provisions of the strategic plan for the development of health insurance coverage in Cameroon, the three GTZ (German Agency for Technical Co-operation) priority intervention-labelled provinces – Coastline, North-West and South-West – have just been granted provincial cells for the promotion and development of mutual health organizations (CPPDMS). And indeed, the national plan makes provision for such cells for the transition to MHO scale. Nevertheless, their feasibility remains mostly theoretical. By setting-up the first three structures, the GTZ is paving the way towards national capitalisation.

The object of this initiative is to bring together the support centre with the MHOs. To this effect, the Health Promotion Special Funds of the respective provinces recruited four young graduates with the support of the GTZ.

#### MORE INFO

[See Community news on GIMI](#)

These provincial advisors are in charge of organizing the communities benefiting from health microinsurance and MHOs in the counties of the relevant provinces. The Coastline province enjoys the help of two advisors, one of whom works in close cooperation with *La Citoyenne* insurance company towards the setting-up of trade-specific MHOs in the city of Douala.

The main tasks of the advisors are:

- promoting MHOs;
- conducting research-and-action projects;
- reinforcing cooperation with healthcare facilities;
- setting up the networking of MHOs; and
- cooperating with the Dialogue structures.

An introduction course was organized during one month, followed by practical experiences [internships] in the existing MHOs. The advisors are currently on the job, working towards the shift to the MHO scale, with the aim of generalising the Tiko model.

This MHO model's main innovations are:

- its legal status (GIC), which is well adapted to MHO development;
- its organization that includes a general assembly made of founding members (known as "shareholders") that represent 25 members each, i.e. 100 beneficiaries;
- professional management based on the use of a salaried manager's services;
- a compulsory annual premium of 10,000 CFA francs per family of four;
- the effective coverage one month after payment of the annual premium;
- except for consultation fees, full coverage by the MHO up to the ceiling on benefits.

The process initiated some months ago (May 2007) with

the recruiting and training of the provincial advisors is now in full swing thanks to the diligence of those who set up an area-tailored microinsurance scheme and an MHO.

The Health Promotion Special Funds play a leading role as they position themselves as main promoters of mutual benefit organizations in the provinces.

This activity should lead to the replication of the Tiko experience and to the extension of health coverage to the most blighted rural and urban zones of Cameroon.

{Contribution from Dr Alain Ahawo and Peggy Kopnang, GTZ-Health/MAMS, Cameroon}





## TRAINING

### TRAINING COURSE ON MICROINSURANCE, THE BOULDER INSTITUTE: 16 July – 3 August 2007 at ILO's international training centre in Turin, Italy

This course addressed among others risk management, designing microinsurance products, microinsurance distribution channels, premium pricing and microinsurance products marketing.

The course was taught in English with a French translation.

#### MORE INFO

- [See Community news on GIMI](#)
- [www.bouldermicrofinance.org](http://www.bouldermicrofinance.org)

### TRAINING ORGANIZED BY THE CIDR

The *Centre International de Développement et de Recherche (CIDR)* will hold a training seminar on the viability of mutual organizations from 24 September to 5 October 2007, in Autrèches, France.

The aim of the seminar is to provide the participants with methodological and practical tools to precisely define the viability conditions of the organizations they run or support: studying the populations' ability to pay for health insurance, diagnosis of the healthcare supply, methodology to study the financial viability of a network of health mutual health organizations, process of organizing mutual scheme networks, etc.

Practical exercises will be carried out based on case studies presented by the participants. The seminar is open to 12 participants

holding positions of responsibility in the promotion of mutual organizations, either within mutual organizations, as support operators or as donors.

#### MORE INFO

- [See Community news on GIMI](#)
- [www.cidr.org](http://www.cidr.org) (in FR)

### WORKSHOP ON PERFORMANCE INDICATORS FOR MICROINSURANCE PRACTITIONERS

The second edition of the workshop, organized by ADA in cooperation with the CGAP Working Group on Microinsurance and the Belgian Raiffeisen Foundation (BRS), was held from 17 to 18 July 2007 in Luxembourg.

The objectives of the workshop on Performance Indicators for Microinsurance Practitioners were as follows:

- to strengthen awareness of microinsurers for performance analysis and risk management;
- to provide practitioners with a first set of microinsurance performance indicators and test them using data from the workshop participants;
- to share information and knowledge necessary to monitor performance and to increase transparency, which will facilitate the inclusion of microinsurance into the financial sector; and
- to promote the exchange of experiences between participating microinsurers and experts.

#### MORE INFO

- [See Community news on GIMI](#)
- [www.microfinancegateway.com](http://www.microfinancegateway.com)

{Contribution from Véronique Faber, ADA, Luxembourg, Luxembourg}

### INTERNATIONAL TRAINING CENTRE OF THE INTERNATIONAL LABOUR ORGANIZATION, BASED IN TURIN, ITALY

The Centre works to enhance the capacity of governments, employers' organizations, workers' organizations and other social and economic actors to play an effective role in the economic and social development of their countries and regions.

The Centre helps participants in its courses:

- to identify, share and understand current thinking and practices concerning international labour standards, decent work, employment, social protection, social dialogue, tripartism and related development issues;
- to examine common problems and challenges;
- to find and implement sustainable solutions to those problems and challenges.

The Centre offers training courses on-campus in Turin, training events in-country or in-the-region, distance learning programmes, postgraduate programmes and custom-made conferences and seminars.

In the area of social protection, the Centre offers courses on:

- formal social security schemes;
- the extension of social protection (see below);
- workers' protection.

The Centre also organizes a training course on social security in Latin America.

#### MORE INFO

- [www.itcilo.org](http://www.itcilo.org)
- [Social Security in Latin America](#)
- [Training courses in social protection](#)
- [Courses on pension schemes & social security financing](#)
- [Strategies for the extension of social protection](#)



## TRAINING

### COURSE ON THE STRATEGIES FOR THE EXTENSION OF SOCIAL PROTECTION: 26 November - 7 December 2007, Turin, Italy

The course will focus on:

- the link between informal economy, decent work, and social protection;
- social insurance, social assistance schemes and universal benefits;
- decentralized and community-based social protection systems;
- the linkages between different systems of social protection;
- gender sensitive approach to the extension of social protection.

#### MORE INFO

- For the complete course description see [GIMI's Library](#)
- For more information on how to register, contact Miriam Boudraa (+39 (0) 11 693 65 48, or [socpro@icilo.org](mailto:socpro@icilo.org)) before 19 October 2007.

{Contribution from Miriam Boudraa, ITC ILO, Turin, Italy}

### SELF-LEARNING KIT ON CONDUCTING FEASIBILITY STUDIES

The STEP Programme and PlaNet Finance are producing a self-learning kit on conducting feasibility studies. The kit will be available on GIMI in late 2007.

It will enable users to gain familiarity with the methods and tools provided by the *Health Micro-Insurance Schemes: Feasibility Study Guide* (BIT/STEP, 2005). The kit also includes materials and tools developed and used by experts conducting feasibility studies in the field. It will be progressively enriched with new materials, content, etc. provided by GIMI users.

{Contribution from Victoria Giroud-Castiella and Valérie Schmitt-Diabaté, ILO/STEP, Geneva, Switzerland}

### INTERNATIONAL TRAINING PROGRAMME: DESIGN, DEVELOPPEMENT AND SETTING-UP OF MICRO-INSURANCE PRODUCTS: 10-13 September, Santa Cruz, Bolivia

This course is organized by the International Financial Innovation Support Centre (AFIN) and the ILO's International Training Centre (ITC), with the support of the microfinance management Institute, PROFIN, ADA, and the Microinsurance Centre. It is meant for microfinance institution managers, insurance companies employees, national and international microfinance experts, and for civil servants working for insurance service regulation entities.

#### MORE INFO

See the [What's new? section on GIMI](#)

{Contribution from Victoria Giroud-Castiella ILO / STEP, Geneva, Switzerland}

### THE NUMBER OF THE LETTER



78 million people in the 100 poorest countries

...are already covered by microinsurance schemes (all categories of risk)

Source: J. Roth, M.J. McCord, D. Lieber. 2007: *The Landscape of Microinsurance in the World's 100 Poorest Countries*





## CONFERENCES

### 96TH INTERNATIONAL LABOUR CONFERENCE

More than 3,000 government, worker and employer representatives met from 30 May to 15 June 2007 for the annual Conference of the International Labour Organization (ILO) to discuss issues ranging from decent work and development to child labour in agriculture, work in the fishing sector, equality at work, forced labour and the promotion of sustainable enterprises.

Five heads of State and government and two crown princes honoured the Conference with their presence this year: H.E. Ms. Michelle Bachelet, President of Chile, and H.E. Mr. John Kufuor, President of the Republic of Ghana and Chairperson of the African Union, and his Highness Shaikh Salman Bin Hamad AlKhalifa, Crown Prince of Bahrain; H.E. Ms. Portia Simpson-Miller, Prime Minister of Jamaica, and H.E. Mr. Abdoulaye Wade, President of the Republic of Senegal, his Royal Highness Felipe de Borbón, Prince of Asturias, and H.E. Mr. Mahinda Rajapaksa, President of the Democratic Socialist Republic of Sri Lanka.

ILO Director-General Juan Somavia provided delegates with an overview of ILO issues and concerns. The Director-General also presented a new report on "Decent work for sustainable development" that examines more effective ways of implementing a balanced approach to sustainable development, within which its social, economic and environmental pillars are fully integrated.

### MICROINSURANCE AWARDS

PlaNet Finance India, with the support of ING, organized the Microinsurance Awards ceremony on 27th July 2007 at Hyderabad, India, in order to reward the most innovative microinsurance-oriented Microfinance Institutions (MFI).

The ceremony was attended by over 70 people, including representatives from numerous MFIs and insurance companies interested in the development of micro-insurance.

#### MORE INFO

- [www.planetfinance.org](http://www.planetfinance.org)
- See the [press release](#) on GIMI's Library

Out of the 750 MFIs that participated, 21 were nominated in the following three different categories: Spark, Shimmer, and Shine.

This ceremony comes as a confirmation of PlaNet Finance's will to support microinsurance initiatives whether they are initiated by MFIs or insurance companies. Thus, PlaNet Finance aims to help 7 million micro-entrepreneurs to access microinsurance in the next three years.

{Contribution from Mathieu Dubreuil, PlaNet Finance, Paris, France}



#### FOCUS ON...

### Adoption of Convention no188 Concerning Work in the Fishing Sector

There are approximately 15 million fishermen in the world. The profession is generally associated with difficult working and living conditions. Most often, fishermen do not benefit from the social services available to those working on land and are very often unable to lead normal family lives. Although much has been done to improve their situation, both nationally and internationally, over the last three or four decades, fishing still remains, and probably will always be, one of the hardest professions. The natural disadvantages and risks inherent in the work are one more reason to spare no efforts to ensure that fishermen enjoy the best possible conditions in terms of employment, and that the risks and uncertainties linked to their work are reduced to a minimum.

#### MORE INFO

On 14 June 2007, the 96th Session of the International Labour Conference adopted

- [Convention \(No. 188\) Concerning Work in the Fishing Sector, 2007](#)
- and [Recommendation \(No. 199\) Concerning Work in the Fishing Sector, 2007](#). Part VI focuses on medical care, health protection and social security.
- See [What's new? on GIMI](#)



## CONFERENCES

### 1ST ASIAN CONFERENCE ON MICROINSURANCE: 25 - 26 July 2007 in Manila, Philippines

This conference aimed at meeting the insurance needs of the poor masses excluded from financial systems with the right socio-business strategies.

This conference looked at the opportunities and challenges in microinsurance and the need to provide for the masses who

are under-financed and under-banked. It provided a platform for discussion on how microinsurance can effectively offer protection to the poor with affordable premiums paid in installments and according to their means. The conference also looked at how microinsurance can be used as a business tool to complement public insurance schemes, sometimes seen as inefficient. It is a profitable business proposition with a social conscience and not charity.

#### MORE INFO

[See Community news on GIMI](#)

### GIMI IN FIGURES

You are now one of **over 300 users**, from over 50 different countries, who have registered on GIMI.

Thank you for your contribution to the life of the platform!

How many GIMI members will there be in three months? To find out, don't miss G-News No. 3.



### FOCUS ON...

### World Social Security Forum – Moscow, 10-15 September 2007

At the heart of the social security debate, the first World Social Security Forum was a major event bringing together more than 1,000 ministers, policymakers, administrators and academics from around the world.

The forum took place in Moscow from 10 to 15 September 2007.

It was hosted by the Ministry of Health and Social Development and other ISSA member organizations of the Russian Federation.

Comprising the 29th General Assembly of the International Social Security Association, the World Social Security Forum provided an interactive platform for experts to discuss today's challenges and tomorrow's solutions to a range of crucial and topical issues, including:

- developments and trends: supporting dynamic social security;
- good practice and emerging policy responses to combat child poverty;
- successfully managing change;
- options for financing healthcare;
- solutions to high unemployment rates;
- strategies for developing more sustainable pension systems;
- social security in the Russian Federation.

A highlight of the World Social Security Forum was a high-level summit where social policy leaders and strategists exchanged views on the future of social security.

#### MORE INFO

[See the website of the World Social Security Forum](#)



## RESOURCES

All the resources presented below are available in the GIMI and GESS library that at present regroups about 300 resources (guides, manuals, reports, database, software, etc.).

### ISSUES IN REGULATION AND SUPERVISION OF MICROINSURANCE

The International Association of Insurance Supervisors (IAIS) and the Consultative Group for Assisting the Poor (CGAP) released a paper outlining several features of regulation and supervision of micro-insurance and provided input for high level expert discussion among regulators, supervisors and other stakeholders involved in the provision of insurance services for lower income segments. The ILO Social Security Department

#### MORE INFO

- [See the What's new? section on GIMI](#)
- [Read the issues paper](#)

{Contribution from Sabrina Régent, ILO/STEP Dakar, Senegal}

and the STEP Programme advocate their vision of microinsurance as a tool for extending social security.

### USAID GUIDELINES FOR MARKET RESEARCH ON THE DEMAND FOR MICROINSURANCE

This paper states that the demand for microinsurance grows out of the risks and risk management strategies of low-income households.

What risks do poor people face? How do they manage these risks? How effective are their strategies? What are the gaps?

Demand is further shaped by the current 'landscape' of insurance: What formal and informal insurance mechanisms exist? What losses do they cover? When and how do different groups among the poor use them? How effective are they at protecting against losses? Do they address the priority needs of low-income households? Where are the gaps?

#### MORE INFO

- [See the What's new? section on GIMI](#)

The document details that qualitative market research can play an important role in developing appropriate

microinsurance products for the poor by addressing these questions.

This report offers guidance for conducting qualitative market research on the demand for microinsurance. The immediate audience for these guidelines includes donors interested in funding the development of the microinsurance sector and practitioners responding to the demands of customers for risk management products.

### MONITORING AND EVALUATION GUIDE

The ILO's STEP Programme has just published an English version of the French, *Guide de suivi et d'évaluation des systèmes de micro-assurance santé, vols. 1 and 2*. The English version is specifically adapted to East Africa and Asia.

#### MORE INFO

- [Download the guide on GIMI](#)

{Contribution from Ivón Garcia, ILO/STEP, Geneva, Switzerland}



### FOCUS ON...

#### The Landscape of Microinsurance in the World's 100 Poorest Countries

This report allowed identifying over 350 microinsurance products covering 78 million individuals in 77 of the world's poorest countries. The report helped to show certain trends emerging such as the significant importance of health microinsurance, the lack of legislation of microinsurance, the absence of microinsurance in North Africa and the Middle East, the very weak activity of donors, among others. The majority of microinsurance programmes are small in size (regarding the number of individuals insured). The microinsurers that were questioned foresee a growth of at least 10 per cent over the following year and 100 per cent growth over five years.

#### MORE INFO

- [See the What's new? section on GIMI](#)
- [Download the report in the GIMI's Library](#)



## E-EVENTS

### THE GESS PLATFORM IS LAUNCHED

GESS, Global Extension of Social Security, aims to become the leading interactive Internet platform in the field of global social security extension.

GESS is intended for all the sector's stakeholders (policymakers, regulation authorities, researchers, trainers, managers, operators, social security managers, etc.) to use, contribute and animate.

GESS provides constantly updated information and knowledge on the extension of social security (documents, tools, information on the major extension projects, training tools, databases, etc.). It keeps a critical eye on the current state of knowledge to identify knowledge gaps and highlight important new areas for development.

GESS offers collaborative workspaces meant for experts, research fellows, or fieldworkers to produce jointly training material, digests, to share experiences and innovations, to conduct research projects, to further major extension projects worldwide, and to be assisted with training and technical expertise. The information produced through GESS is systematically stored to build-up an information and knowledge database. As it is based on the Web 2.0 approach, GESS promotes user interaction, social networking and content syndication.

#### MORE INFO

[See the GESS Brochure](#)

GESS is developed by the ILO's social security Department in the framework of its "Global Campaign for Social Security and Coverage for All".

Visit GESS and register!

{Contribution from Valérie Schmitt-Diabaté and Christian Jacquier, ILO/STEP Geneva, Switzerland}

[www.socialsecurityextension.org](http://www.socialsecurityextension.org)

**>> SIGN IN**

**Register and participate!**

Click on "Sign up here" under the **>>SIGN IN** box; then fill in the fields and click on "register".



## E-EVENTS

### A LEAFLET FOR THE INTERNATIONAL AND REGIONAL NETWORKS!

The goals of the "International Alliance for the extension of social protection" and the regional networks in Africa (the Coordination network, called *La Concertation*), Asia (AMIN) and Latin America (ACYM), are to strengthen and stimulate the development of social protection initiatives. A common leaflet presents their strategy and activities.

#### MORE INFO

[See the brochure of the Networks](#)

### THINGS ARE HAPPENING AT THE COORDINATION NETWORK

The Coordination network (called *La Concertation*) between actors involved in the development of mutual health organizations in Africa has launched a new Internet site, which provides information, resources and initiatives for the African mutual benefit movement, as well as the opportunity to participate online in the continuous inventory of mutual health organizations in Western and Central Africa. *La Concertation* has also published the 17th Coordination Network Newsletter (available in French). This 17th edition addresses the importance of a legislative framework for the WAEMU. It discusses the strategic issues surrounding the mutual health insurance movement and announces the implementation of The African union of mutual organizations (*Union Africaine de la Mutualité*). It details the experiences in the field through examples from Senegal and Togo.

#### MORE INFO

- [See Newsletter No. 17 \(in FR\)](#)
- [www.concertation.org](http://www.concertation.org) (in FR)

{Contribution from Alain Coheur, Union Nationale des Mutuelles Socialistes, Belgium}

### ASIAN MICRO-INSURANCE NETWORK - AMIN

AMIN is the regional micro-insurance network in Asia. It brings together professionals from the 22 largest networks of Asia and aims at promoting exchange between those diverse micro-insurance schemes (cooperative organizations, women's groups, trade unions, microfinance institutions, NGOs, etc.). This network was developed through a collaboration with the ILO-STEP programme.

#### MORE INFO

[www.amin-net.org](http://www.amin-net.org)

The AMIN website is now online.

{Contribution from Ashita Abraham, ILO / STEP New Delhi, India}

### PRESENTATION OF NETWORK "AMÉRICA COOPERATIVA Y MUTUAL" - ACYM

*América Cooperativa y Mutual* is a regional network of mutual and cooperative organizations that promotes the exchange and the study of experiences between the actors involved in providing social protection services. The network is a STEP Programme initiative aiming to contribute to the objectives defined in the "Global Campaign on Social Security and Coverage for All".

The access to social security is a fundamental human right recognised as such in the Universal Declaration of Human Rights. Nevertheless, it remains the privilege of a small segment of humanity. The access to social security and social protection is widely recognised as indispensable on the way towards sustainable economic development, fair globalisation, "decent work" and poverty reduction.

In the Latin American context, various civil society organizations have decided to provide their members with specific social protection services, even if these initiatives remain isolated and under-documented. Faced with this reality, a regional network represents the most appropriate instrument to address the difficulties that affect these initiatives and to help them have a wider and more sustainable impact, especially in matters of health-related social protection.

ACYM is constituted of three international organizations: the *Alianza del Mutualismo de América*, the *Asociación de Cooperativas y Mutuales de Seguros de las Américas*, and the International Health Cooperatives Organization (IHCO). Its role is also to explore possible cooperation with formal sector social security systems and to promote the implementation of innovating initiatives that contribute to the extension of social security for all.

The ACYM website has several sections, including one dedicated to resources, where it is possible to access a set of tools related to mutual and cooperative insurance organizations, and the extension of social protection.

#### MORE INFO

[www.acym.net](http://www.acym.net) (in SP)

ACYM's first meeting will be held in Montevideo (Uruguay) on 9 November 2007.

{Contribution from Brenda Rial, Secretary of ACYM, Montevideo, Uruguay}



## E-EVENTS

### OPEN A DEBATE ON G-FORUM!

G-FORUM is a space for discussion and debate on microinsurance and the extension of social security.

G-FORUM includes several discussion groups on technical and policy themes.

The discussion groups are facilitated by experts.

Once you have subscribed to a discussion group, you will receive all messages exchanged by the group by email. You may post questions to the discussion group, exchange information and suggest new discussion topics. G-FORUM also includes a GIMI news mailing list called Info-GIMI.

#### MORE INFO

[Visit the G-Forum](#)

All users with a GIMI account are automatically placed on this list.

### LUCKILY, HERE COMES THE MINI NEWS!

Available in English and French, MINI NEWS informs you of every significant change on the GIMI and GESS platforms (new online tools or services, new content, etc.). To receive MINI NEWS, all you have to do is to register in one of the platforms.

To open your GIMI account, go to [www.microinsurance.org](http://www.microinsurance.org) and, in the "Sign in" box, click on "Don't have an account yet: sign up here".

In the same way, you can open an account on GESS. Go to [www.socialsecurityextension.org](http://www.socialsecurityextension.org) and, in the "Sign in" box, click on "Don't have an account yet: sign up here".

### SOLUTION EXCHANGE DISCUSSION LISTS

Solution Exchange is an initiative of the United Nations Country Team in India that offers communities of development practitioners a space where they can provide and benefit from each other's solutions to the day-to-day challenges they face.

Solution Exchange provides several discussion lists ("communities") e.g., Maternal and Child Health, Poverty & Microfinance, ICT for Development, Disaster Management.

#### MORE INFO

[www.solutionexchange-un.net.in](http://www.solutionexchange-un.net.in)

Some of the discussions address microinsurance and risk management topics. For instance, a recent discussion on "Disaster Risk Insurance for Vulnerable Communities. Experiences; Examples" took place in July and August 2007.

{Contribution from Sumeeta Banerji, resources person and moderator, Poverty Communities, UNDP, New Delhi, India}

### NEW ONLINE ASSISTANCE PAGE

The GIMI platform has a new online assistance page. On this page you may consult a list of questions and answers on themes linked to microinsurance, as well as a selection of reports, tools and methods produced in the framework of technical assistance missions.

#### MORE INFO

[See the assistance page on GIMI](#)

If you are looking for more personalized assistance, you may also contact one of the GIMI experts, launch a new

discussion topic in the G-FORUM or create a workspace on the GIMI platform.

We are also counting on your contributions to help us produce new technical assistance content by adding new Questions and Answers or by uploading your mission reports in the library. By helping us you will earn GIMI-points!

### SOCIAL MARKETING IN BENIN

The *Mutuelle de Sécurité Sociale du Bénin* (MSS, Social Security Mutual Organization of Benin) has launched a pilot social marketing and communication project for informal economy workers to raise awareness on health insurance and risk management.

#### MORE INFO

[See the project space on GIMI](#)

The project, which began in May 2007, is currently in its implementation phase. The approach taken is aimed at impro-

ving internal communication among MSS staff and elected mutual members, strengthening the capacities of partners to sensitize the target population, and using the media to raise awareness on a larger scale. As a new area of action research, this experience has resulted in the creation of a series of resources and tools that can be adapted for use in other social protection systems, all available for download on the GIMI website:

- a study of the target population's health and social protection needs and perceptions;
- a communication plan;
- marketing materials (brochure, posters);
- a report documenting the experience and key lessons learned.

{Contribution from Kenza Dimechkie, ILO/STEP consultant in Benin}





## E-EVENTS

### SELF-LEARNING KIT ON THE ROLE OF INTERNATIONAL SOCIAL SECURITY STANDARDS IN THE EXTENSION OF SOCIAL SECURITY

This learning kit tries to explain what international social security standards are and tries to define the role and impact of the ILO social security standards in the extension of social security worldwide.

#### MORE INFO

[See the self-learning kit on GESS](#)

{Contribution from Pieter Drubbel ILO/STEP and Ursula Kulke, Social Security Department, ILO, Geneva, Switzerland}

### WORKSPACE "CHINA: TOWARDS A UNIVERSAL COVERAGE OF HEALTH INSURANCE"

The workspace, "China: Towards a universal coverage of health insurance" has been updated and is now ready for consultation and for receiving your comments. It is accessible through the GIMI and GESS platforms.

#### MORE INFO

[See the project space on GIMI](#)

It contains information and the latest developments on two innovating schemes targeting non-covered population: the

health insurance scheme for urban economically inactive residents (HIUR), with a targeted population of 300 million persons; and the new co-operative health scheme (NRCMI), targeting 700 million people.

{Contribution from Aidi Hu, specialist of the Social Security Department, ILO, Geneva, Switzerland}

### SELF-LEARNING KIT 'SOCIAL BUDGETING'

The STEP programme in cooperation with the Social Security Department of the ILO is producing a self-learning kit on social budgeting.

The objective of this course is to introduce participants to the main components of the social budgeting process. This course is designed for anyone involved in the design and planning of a national social policy.

Social budgeting is a comprehensive planning of social protection finances, and is a comprehensive and detailed account of a country's revenue and expenditure earmarked for social protection. As national social protection systems are long-term commitments of society, the objective of the methodology is to develop a long-term view of possible economic, financial and fiscal developments in a particular country, which permits the assessment of long-term commitments and whether they are fiscally and economically sustainable.

#### MORE INFO

[See the self-learning kit on GESS](#)

The self-learning kit is divided into three modules and includes plenty of exercises, case studies and references.

{Contribution from Griet Cattaert, ILO/STEP Geneva, Switzerland}



## UPCOMING EVENTS

### COORDINATION NETWORK FORUM: 26-27 November 2007 in Dakar, Senegal

Get out your diaries, the 4th Coordination Network Forum will take place on 26-27 November 2007 in Dakar. This year, the general theme will be "Networks of mutual health organizations in the extension of social protection and poverty reduction". In light of growing interest, this highly topical subject will be addressed in-depth by the actors involved.

#### MORE INFO

[See the website of the Forum \(in FR\)](#)

Is organizing mutual health organizations into networks a relevant and effective strategy for improving

access to healthcare, promoting the extension of social protection and thereby reducing poverty? What strategies do mutual health organizations use to ensure their credibility, recognition and development? Can the State play a role in supporting the mutual movement, in general, and the networking of mutual health organizations in particular? These questions and more will be asked at the upcoming Coordination Network Forum.

{Contribution from Alain Coheur, UMS, Belgium and Ndeye Bercy Kane, secretary of La Concertation / The Coordination Network, Dakar, Senegal}

### 23RD PATIENT CLASSIFICATION SYSTEMS INTERNATIONAL WORKING CONFERENCE: 7-10 November 2007, Venice, Italy

From 7 to 10 November 2007 the 23<sup>rd</sup> Patient Classification Systems International Conference will be held in Venice, Italy. This conference is the biggest international event on Casemix system of patient classification and on Health Service Evaluation, both from an economic/managerial and from a medical point of view.

All over the world, systems of classification of patients, their treatment and associated costs are used for financing, clinical management, planning, budgeting, evaluation and control purposes in hospitals and in other healthcare services.

#### MORE INFO

- [See the conference website](#)
- [See the Community news on GIM!](#)

The Conference provides an ideal, international forum for discussion and dialogue among managers, doctors, academics, researchers, practitioners and policy-makers, among others.

### MICROINSURANCE CONFERENCE

The Microinsurance Conference 2007 which will be held in Mumbai, India, from 13 to 15 November 2007 will be jointly hosted by the CGAP Working Group on Microinsurance, the Munich Re Foundation and supported by the IRDA, the Indian Regulation Development Agency.

#### MORE INFO

[www.munichre-foundation.org](http://www.munichre-foundation.org)

During this conference, around 200 experts from around the world will exchange experiences and discuss the challenges of microinsurance.

The main themes of the Conference will be regulation, supervision and policy; improving efficiency and enhancing benefits; innovative microinsurance products and groups versus individual insurance.

### 6TH GESTARSALUD NATIONAL CONGRESS

The 6<sup>th</sup> Gestarsalud national congress will take place on 16 and 17 October 2007, on the topic of "Colombia's way to equity, health, and the fight against poverty" at the convention centre of the Hotel Las Américas, in Cartagena of the West Indies, Colombia. National and international experts on the topics of poverty, inequality, and their impact on individual and community health are expected to join.

#### MORE INFO

[www.gestarsalud.com \(in SP\)](http://www.gestarsalud.com(in SP))



## THE ARTICLE: LINKAGES BETWEEN LEGAL SOCIAL SECURITY AND COMMUNITY-BASED SOCIAL PROTECTION

### LINKAGES BETWEEN LEGAL SOCIAL SECURITY SCHEMES AND COMMUNITY-BASED SOCIAL PROTECTION: A NEW PROMISING APPROACH

The extension of social security is very urgent for those most exposed to health and accident risks, such as informal economy workers. The World Health Organization (WHO) estimates that every year, 100 million persons enter into a vicious circle of ill health and poverty due to healthcare costs.

In order to extend social security, policymakers have several options to choose and mix from: Social health insurance, tax-financed universal healthcare systems, private health insurance, community-based and micro-insurance schemes financed by contributions or taxes. None of them is ideal, as they all have context-related advantages and disadvantages, as indeed the issue of extension is best addressed through customized programs using coherently all the complementarities of these options.

This paper intends to both underline the high potential of coverage extension strategies that build on linkages between various extension mechanisms and to respond to the existing gap of both empirical and conceptual considerations on linkages.



#### FOCUS ON...

The article was presented at the World Social Security Forum as part of the mutuality technical committee on 13 September 2007.

#### MORE INFO

- [Consult the article on GIMI](#)
- [See the article on ISSA website](#)

The article focuses on statutory social security (SSS) schemes and community-based social protection (CBSP) mechanisms in order to develop a typology of potentially promising linkages between these types of mechanisms. Both SSS schemes and CBSP mechanisms have each their specific advantages and disadvantages in terms of their capacity to cover different types of population groups in developing countries. Linking the two in order to compensate for their respective weaknesses and to exploit their respective strengths, therefore, appears to have important potential.

And indeed, this paper provides innovative empirical examples on some of these types of linkages based on a joint ILO/ISSA/AIM study covering a number of countries: Argentina, Burundi, China, Colombia, Ghana, India, Laos, the Philippines, Rwanda and Uruguay.

Country reports are accessible on the ILO/GIMI platform.

The ILO, the ISSA, and the AIM would like to thank the authors of the respective national reports: J.M Garriga and I. Olego (Argentina); J.M. Niyokindi (Burundi); A. Hu (China); A. C. Mercado Arias (Colombia); A. Grüb (Ghana); M. Chakraborty (India); A. Ron (Laos); A. Asanza (Philippines); A. Fischer (Rwanda); J. Martinez (Uruguay).

{Contribution from Alain Coheur, AIM, Brussels, Belgium; Jens Schremmer, ISSA, Geneva, Switzerland; Christian Jacquier and Valérie Schmitt-Diabaté, ILO/STEP, Geneva, Switzerland}



## THE INTERVIEW: MICHAEL CICHON



### “SOCIAL SECURITY FLOOR”:

#### THE GROUND WHERE GROWTH CAN MEET EQUITY

While the World Social Security Forum was held in Moscow in September, the ILO, through its “Global campaign for Social Security and Coverage for All”, promotes the idea of a social security floor. Strategy aimed at achieving the Millennium Development Goal N° 1 on halving poverty, it is also a case for early investment to reach the 80 per cent of the world’s population that lacks adequate social protection. Interview with Michael Cichon, Director of the Social Security Department of the ILO. Questions were asked by Laetitia Dard.

#### The extension of social security for all has recently moved to the top of the international agenda, why?

**Michael:** For years we’ve been following a development paradigm that said you need to get developing countries to grow before they can start redistributing and combating poverty. But that’s not working, otherwise how could you explain that countries with the same level of income per capita have different levels of poverty? Growth doesn’t work for the poor by itself.

If we want to meet the 2015 Millennium Development Goals, especially goal N°1 on halving poverty, we have to build the channels that make growth trickle down to the poor and that’s what social security systems in a developing country context should do: create the redistributive systems that actually benefit the poor, directly.

In fact, the G8 acknowledged that social security should be part of a development paradigm. There is a commitment to improve the advisory services and technical assistance for the build-up of social protection systems.

#### Why is it crucial for a developing country to develop its social security system?

**Michael:** We consider social protection as being an investment in development. You need to share and balance your investments between social investment and the solid infrastructure, hardware investments.

In the past, it has been said that the priority is to put the country in a position that it invests in hardware before it invests in software. That means build bridges, build roads, build telecommunications, but how can you? If you have roads and nobody travels on them, because nobody knows how to drive, it makes no sense; and if people can’t work because they are not healthy; if they can’t be productive because they didn’t have any schooling since they had to work at a very early age... You can build as many roads and airports and telecommunication units as you want, that doesn’t create a productive workforce.

#### But would the costs be worth it?

**Michael:** It doesn’t cost anything, because social protection contributes to the increased productivity of the worker. A study conducted in Mexico, for example, showed that people who have been benefiting from youth and family health programmes during their adolescent years, had their labour productivity, indicated by the level of earnings, increased by about 20 per cent higher over a life-time, compared to others who have not benefited. So that productivity shift alone would pay the transfers by itself.

Social security also contributes to social cohesion, which is the prerequisite for any long-term investment. Nobody invests in the long run in a socially unstable, insecure society. The World Bank acknowledges that poverty and inequality in a country can lead to insecurity, which is a major infringement on international and local investments in a country. So social security contributes to long-term growth.

#### Universal social coverage is a high level goal, is it achievable financially as well as technically?

**Michael:** We’ve done simulations on how many countries could actually afford a basic system in the developing world, and 10 out of the poorest 12 countries that we actually analyzed, where such systems don’t exist, could afford some form of basic social security without external assistance provided.

In a country like Tanzania or Senegal, if you were to spend between three to four per cent of GDP on social security, you could reduce the poverty headcount by 40 per cent, which is – of course – a rule of thumb. Three to four per cent of GDP represents about 25 per cent of these governments’ budgets that needs to be re-allocated.

Policy priorities need to be shifted towards redistribution rather than towards something else that the country is spending its money on, like defence. Apart from the political will, a national consensus process is needed with the employers and the workers on board. You don’t



## THE INTERVIEW: MICHAEL CICHON



do it overnight, you don't do it from one year to the next, but you can do it over a ten-year development plan.

### Have any developing countries successfully extended their social security system?

**Michael:** We have many positive experiences in a set of developing countries, but basically, looking back in history, all of the OECD countries which are now prosperous had started to develop their social security systems when they were poor, and it was part of their growth pattern. The paradigm - what we call the new development paradigm, aims at stabilizing societies first rather than economies. The object is to favour a growth in equity, with wealth being redistributed while growing.

Let me give you one concrete example: Namibia has a modest universal pension scheme which has clear effects on old age poverty; but what's more interesting is that also it has an impact on whole families: school attendance rate of girls, as well as their height and their weight are correlated to the existence of a pension in the family, for in this country, grandmothers buy or finance school fees and food for the family.

The question is - can you deliver a pension into the last remotest village and benefit? It happens in South Africa, it happens in a country like Namibia. It does happen in a country like Nepal. So it can be done. It's not impossible. If we can deliver Coca-Cola cans into the remotest African village, we should be able to deliver a pension.

### What is the ILO agenda in supporting the process of extending social protection to all?

**Michael:** The ILO "Global Campaign on Social Security and Coverage for All" promotes the idea of a social security floor. As a standard setting organization, the ILO is undertaking a process aimed at fixing a minimum level, globally accepted, of benefits and securities anybody in the world should enjoy, and that shouldn't be undercut. The instruments that we have already defined protect people who are paying taxes, contributing from regular incomes, but they are not necessarily reaching out to those who don't. We have to return to ILO recommendations that, already in 1944, requested universal basic income security and universal access to healthcare and we should turn these ideas into an instrument that makes them a real social floor for all. There is no doubt that the global society can afford that. At the same time we will continue to help countries implement a basic social security system through our STEP programme and other activities.

Anybody should have access to a minimum protection. Nobody should be in a position where he suffers from

hunger. Every child should have access to schooling; we should all have access to a minimum essential set of healthcare services, and we should all have access to a minimum pension when you are old or disabled. That would take most of the risks off you. At least it would stop people from dying in the streets.

[Interview also available on GIMI](#)



### CONTRIBUTE !

G-NEWS is a collaborative product based on user contributions.

Do not hesitate to share your experiences in the areas of extension of social security and microinsurance through the GIM and GESS platforms or by writing to [gimi@ilo.org](mailto:gimi@ilo.org) or [gess@ilo.org](mailto:gess@ilo.org)

### DISCUSSION

Write to GIM [gimi@ilo.org](mailto:gimi@ilo.org) or to GESS [gess@ilo.org](mailto:gess@ilo.org) to respond to an article, suggest new topics or initiate a debate on a subject linked to the extension of social security or microinsurance!



## WHAT IS THE STEP PROGRAMME?

### Strategies and Tools against social Exclusion and Poverty

STEP, a global Programme of the Social Security Department, is a key tool in the "Global Campaign on Social Security and Coverage for All" launched by the ILO in June 2003.

More information: <http://www.ilo.org/step>



### SUBSCRIBE !

To receive the G-NEWS, go on the GIM platform ([www.microinsurance.org](http://www.microinsurance.org)) or on the GESS platform ([www.socialsecurityextension.org](http://www.socialsecurityextension.org)), go in the "sign-in" box, click on "Don't have an account yet: Sign up here". You can also write to [gimi@ilo.org](mailto:gimi@ilo.org) or [gess@ilo.org](mailto:gess@ilo.org).

