

Plenary 1

Why does insurance matter for development?

Hosted by the Microinsurance Network

By Maria Victoria Sáenz

The plenary used the UN's Sustainable Development Goals (SDGs) as the framework to analyse links between microinsurance and development. The goals are part of the 2030 Agenda for Sustainable Development which the United Nations adopted in 2015. There are 17 SDGs⁷, which are an urgent call to all countries – developed and developing – to address through global partnerships. The plenary presented specific cases dealing with the relationship of inclusive insurance and SDGs 2,3,5,8 and 13.

SDG 2: Zero hunger

This goal includes implementation of resilient agricultural practices that increase productivity and production; so increasing the income of small-scale producers as well as their food security.

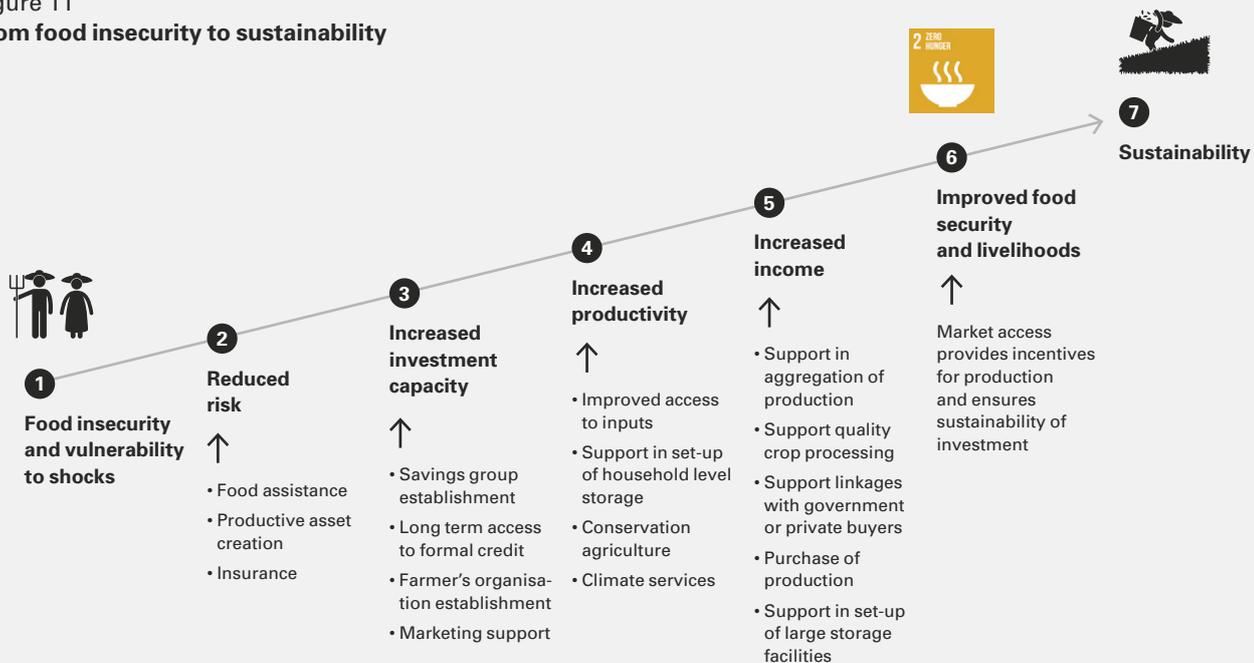
To contribute towards this goal, the World Food Programme (WFP) is supporting smallholder farmers with **disaster risk reduction programmes, integrated with micro, meso and macro schemes**. Insurance is considered a transfer modality. On micro level, farmers can pay the premium with their labour, by implementing risk reduction measures. Progressively, the increase in productivity and income generation allow the introduction of cash contributions. The main feature in these schemes is that insurance is not the only tool employed; it acts jointly with risk prevention programmes, savings groups and, in general, the financial inclusion tool. Most of the programmes are oriented towards really vulnerable and food-insecure households and are implemented in partnership with other institutions and using multiple tools.

Figure 11 illustrates the road from food insecurity to sustainability, with insurance just a link in a chain of tools.

7 No poverty, zero hunger, good health and well-being, quality education, gender equality, clean water and sanitation, affordable and clean energy, decent work and economic growth, industry, innovation and infrastructure, reduced inequalities, sustainable cities and communities, responsible consumption and production, climate action, life below water, life on land, peace, justice and strong institutions, and partnerships for the goals.

8 FCS is a proxy indicator of household food security calculated using the frequency of consumption of different food groups consumed by a household during the 7 days before the survey. There are standard weights for each of the food groups that comprise the food consumption score.

Figure 11
From food insecurity to sustainability



Insurance for the low frequency / high impact shocks

Source: Dubreuil, Mathieu. Presentation "Food Security and Livelihoods." 14th International Microinsurance Conference 2018

By using its M&E (monitoring and evaluation) system, the WFP was able to measure some results (see Box 4) confirming an overall improvement in food security conditions.

Box 4

Impact of WFP in Malawi based on the M&E system

Number of households with acceptable food consumption score (FCS)⁸ increased from 58% to 89%.

Dietary diversity improved: households with low dietary diversity halved and households with medium dietary diversity increased by 35%.

Participants increased their capacity to save.

The participation of women has increased from 34% to 50%.

SDG 3: Good health and well-being

This goal includes financial risk protection, access to quality essential health-care services and to safe, effective, quality and affordable essential medicines. Discussing this particular SDG involves issues like universal health care (UHC).

Despite many efforts, UHC remains elusive. The World Health Organisation estimates that, as of 2015, around 3.5 billion people had access to essential health care, implying that half of the world’s population lacks coverage. In each of the health care programmes in Kenya, the Philippines, Pakistan and India, there were partnerships with the private sector (mainly in technology and insurance) for the design of biometric cards, of prepaid medicine, of a maternal passport and many other solutions.

The fact remains however that the world has not achieved UHC. Some of the programmes have achieved partial results due, amongst many reasons, to lack of information, regulation and

resources. In many cases, there is no inclusion of the informal sector, in others the programme is meant only as a way to give more access to the poor but not necessarily to achieve UHC.

Nevertheless, there is a belief around the possibilities of micro-health insurance to improve the access of vulnerable populations to health-care, develop more suitable services and provide education in health prevention.

SDG 5: Gender equality

One of the most important reasons for the financial insecurity of vulnerable populations is health-related risks. On top of this, a large percentage of the female population is part of the informal sector, which rarely has access to health services or insurance. These women often de-prioritise their health. Even if in some cases they have access to some form of health or insurance protection, it rarely covers maternity risks. Mainstream services do not generally include women,



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31 — Rowan Douglas, CEO Capital Science & Policy Practice, IDF/Willis Towers Watson, United Kingdom

32 — Shilpi Shastri, Microinsurance specialist, Women’s World Banking, United States

33 — Left to right: Peter Wrede, Senior Insurance Specialist, World Bank, United States; Mathieu Dubreuil, Microinsurance Consultant, World Food Programme, Italy; Craig Churchill, Head, ILO’s Impact Insurance Facility, Switzerland



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Plenary 1

How does (micro)insurance matter for development?

undermining their empowerment as useful and productive persons.

With this in mind, Women's World Banking has designed an inclusive health insurance product called "Caregiver", that is being implemented successfully in Jordan, Egypt, Peru, Mexico, Morocco and Uganda. It is a simple hospital cash product that addresses the most important financial pressure faced by low-income women entrepreneurs: health emergencies and loss of income as a result of missed work due to hospitalisation. The product pays a fixed amount per night of hospitalisation and has no exclusions (maternity and pre-existing conditions are covered from the outset). Beneficiaries are free to use the claims amount in any way that best fits their emergency cash-flow needs.

The Caregiver programme has reached over 1.3 million women and has covered 2 million lives over a period of 12 years, with over 120,000 claims paid. Outcome studies conducted by Women's World Banking, using the gender empowerment framework, demonstrate positive changes in women's lives across multiple dimensions due to their increased access to financial safety nets provided by the Caregiver programme.

SDG 8: Decent work and economic growth

Almost all of the microinsurance activities fall into this agenda. Indeed, the insurance theory of change implies that SMSEs are more motivated to take risks and invest in more productive activities if their risks are transferred and covered. However, there is no proof this is the case.

What it has achieved, though not globally, is strengthening of the capacity of financial institutions to expand their services to the "missing

middle," those not micro but not yet medium-sized enterprises. In other words, there is still a gap to plug with services focusing on small and medium enterprises.

SDG 18: Climate action

To achieve the indicators set for this SDG, it is necessary to integrate climate change into national policies, to promote education around this issue and to strengthen and promote resilience on all levels. Insurance as the framework par excellence of managing risks has an active role to play.

As with all other SDGs, partnerships are an important aspect of the implementation of programmes to combat climate change (see Figure 12).

Figure 12

Examples of public-private partnerships created for combating climate change



- Public/private partnership led by the insurance industry and supported by international organisations
- Officially launched by leaders of the United Nations, the World Bank and the insurance industry in 2016.
- Aims to optimise and extend the use of insurance and its related risk management and investment capabilities to build greater resilience and protection for people, communities, businesses, and public institutions that are vulnerable to disasters and their associated economic shocks.



- Specialised Agency of the African Union (AU). Established 2012
- Sovereign risk pool designed to provide immediate financial response for drought
- Triggered by a parametric index developed with the World Food Programme, based on staple crop rainfall requirements
- Help Member States improve their capacities to better plan, prepare and respond to extreme weather events and disasters and to assist food insecure populations.

Lessons learnt

- Insurance cannot be a standalone product in the pursuit of SDGs. It is only a tool to be used in conjunction with other tools.
- Achieving UHC and having a climate change agenda are primarily the responsibilities of governments; without their participation, there will be no success.
- Well-designed inclusive insurance programmes in the private sector, aligned with the needs and aspirations of vulnerable people, can help governments and institutions achieve the SDGs in a meaningful way.