

GOOD PRACTICES AND LESSONS LEARNED

ADG (Aide au Développement Gembloux) - Senegal

Project : ORISIS (Offre de Services Intégrés en Milieu Rural pour l'Inclusion Sociale)

Good Practice: Inclusion and Social Protection Model Based on the Provision of Services

1. Brief summary

The action is a unique approach to protection, social inclusion and building the resilience of rural households. This approach consists of:

- Identifying service providers who are useful for the economic and social inclusion of rural populations working in the informal economy and who do not have access to formal support
- Exploring distribution channels of social and geographical proximity with the target population (cooperative, savings and loan association, etc.);
- Enabling suppliers and distributors to work together to define a new package of services that is more coherent and adapted to the needs of vulnerable populations. This helps establish public-private-civil society partnerships.
- Informing people dependent on the informal economy of these services and products.

This approach is aimed at promoting an adaptive social protection model for people working in the informal economy. It increases their resilience to climate change and other risks (illness, disability, death, loss of productive capital, etc.).

Key Areas of Good Practice

- Capacity building of the implementing agency and / or project partners, including (local) government agencies (1.9)
- Awareness raising of operators / workers in the informal economy and other stakeholders (4.3)
- Organisation of informal economy workers in officially registered associations, cooperatives or other groups (1.9)
- Providing support to operators / workers in the informal economy to access services (social welfare services, business registration, access to formal savings and credit systems, training, etc.) (3.1)
- Entrepreneurship and Business Management Training (3.2)
- Leadership Training, Empowerment Training (3.4)
- Support for improving occupational safety and health among workers in the informal economy (2.3)
- Social protection at Community level (4.4)

2. Context - Brief description

Where the good practice was implemented:

The action is developed in 8 rural regions of Senegal

Why the good practice was implemented:

Most of the population (urban and rural informal economy, day laborers and others from vulnerable social categories) is not covered by formal social protection schemes. Such schemes are mainly geared to covering civil servants and employees in the private formal sector.

The overwhelming majority of the rural population works in the agricultural sector, which has very few paid jobs. It is self-employment dominated by family farms. These rural populations resort to alternative social protection systems:

- Services of Microfinance Institutions;
- Cooperative services;
- Community health associations groups;
- Traditional systems of solidarity.

In addition, protection and social inclusion models for people who depend on the informal economy are largely “welfare” assistance-based models. The state and NGOs working in the humanitarian field generally implement these programs to help vulnerable people in distress. The main means of intervention of these models is the grant.

This grant may be in kind or cash transfer (free or conditional). The grant is useful and necessary in a context of extreme poverty and the occurrence of a sudden, violent and large-scale shock. However, the grant is characterized by:

- limited access (reserved for the most vulnerable or who meet highly specific criteria)
- a duration limited to the time of the intervention
- significant dependence on public finances
- a possible negative effect of inhibiting the autonomy of the beneficiaries

For all these reasons the actors of the OSIRIS program proposed an alternative or complementary social protection model that is more sustainable for stakeholders and also for the State. The model responds to the demand of rural populations dependent on the Informal economy for economic and social protection.

It satisfactorily addresses the problem of vulnerability of these populations and their activities by strengthening their resilience to many risks.

Who was involved:

The experience was developed through a partnership between ADG, Groupe de recherche et d'échanges technologiques (GRET), Groupe Recherche Appui Initiatives Mutualistes, Immeuble (GRAIM), Compagnie d'assurance agricole au Sénégal (CNAAS), Réseau des Organisations Paysannes et Pastorales du Sénégal (RESOPP), Cooperative d'Epargne et de Credit (COOPEC-RESOPP) on the basis of each organisation's specific added value. Several categories of actors participated in the development of the model: project staff, directors of insurance and brokerage companies, elected representatives and technical staff of cooperatives, mutual health funds and group savings and loans.

The people who benefited from the model are vulnerable people dependent on the informal economy and who do not benefit from the classic offer of social protection services (regular salary, retirement, social security, health insurance, insurance of productive capital, etc.). They access the support by joining a cooperative, a health association, a savings and credit association and/or partner project.

When the activity was implemented:

The implementation of the model started in 2015 and is still underway. The development of the model took a long time because of several factors:

- There were 6 partner organisations: ADG, GRET, GRAIM, CNAAS, RESOPP, COOPEC-RESOPP and their affiliated entities (9 cooperatives, 9 agencies, 25 health associations)

- The stakeholders knew where they wanted to go but the path was not marked, it was necessary to design and build processes step by step as well as continually convince the participants
- The duration of the establishment and the maturity of the model can be between 2 and 4 years according to the specific contextual conditions
- Some products may be operational after 3 to 6 months if all associations are in place and functional
- For seasonal products such as agricultural crop loss insurance, it takes 2 to 3 seasons to set up the product, train/retrain technicians, have a better understanding of the producers' products (optimal awareness)
- If cooperatives and associations are not in place, support for their implementation takes time (6 months to a year). It will take at least 3 to 4 years to obtain full capacity strengthening of members and leaders and for these organisations to reach full financial autonomy.
- In all cases, however, the model is functional after one year of implementation except in case of major unforeseen circumstances.

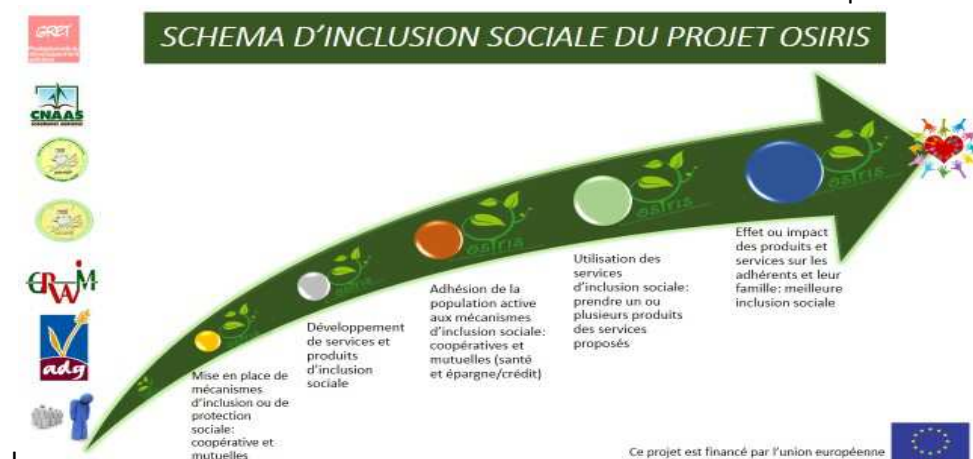
3. Level and type of innovation of the good practice

The model is innovative in several ways:

- It proposes a particular type of partnership bringing diverse types of organisations together. Some are from the private sector (insurance company), the public sector (including private company with a public service mission/social enterprise), civil society (international NGO, local NGO, producer organisation, mutual health, mutual insurance companies). savings and credit, cooperatives, etc.)
- It includes an integrated service offering. It is not a question of providing parallel services, but packages of services adapted to address specific needs
- It provides new products for rural populations (financial services, health insurance, agricultural insurance, advice on rural entrepreneurship, etc.)
- It proposes the provision of paid services to populations who are generally used to receiving grants. In this project, they must buy services that are adapted to their needs. There is no charge for obtaining advice, however.
- It seeks to develop a new market in a new segment in the social protection sector
- It has great potential for evolution and adaptation through partnership schemes between investors, suppliers and distributors (see diagram 2)

4. Description: processes and steps involved

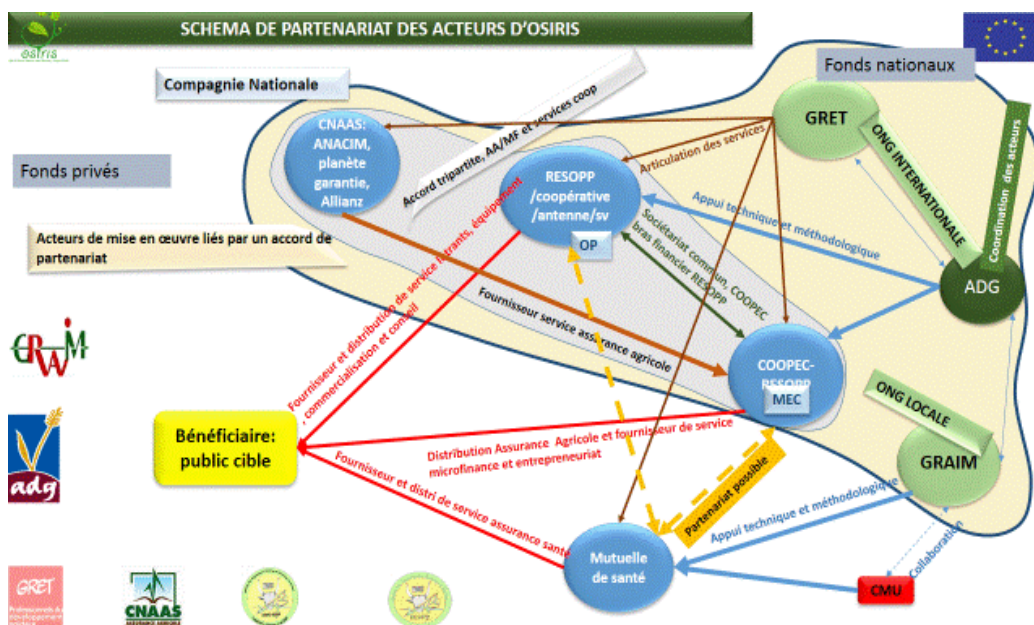
The inclusion model is based on the provision of services:



This inclusion plan advocates five (5) steps to improve the inclusion and protection of vulnerable rural people:

- Step 1: Implementation of Inclusion and Social Protection mechanisms. These are service cooperatives, health associations and savings and credit associations that provide integrated services to their members
- Step 2: Development of social inclusion services and products (e.g. savings, credit, agricultural inputs, agricultural insurance, health insurance, technical and managerial capacity building, advice and support for the creation of rural microenterprises , etc.)
- Step 3: Access of the population of the intervention zone to cooperatives and associations (savings, credit and health) and to services
- Step 4: Purchase of one or more products and services that the cooperatives and associations provide in accordance with the specific needs of each member
- Step 5: Regular use has a positive impact on the social protection status of service users and their families

The partnership model, organisation and identification of the actors and services are as follows:



The actors involved in the development of the model are NGOs (local and international): ADG, GRET and GRAIM.

They play a role as:

- Initiators of the action for more social inclusion
 - Contractors with donors, conduct stakeholder coordination and reporting (ADG)
 - Facilitators and mentors of beneficiaries and service providers
- They disengage at the end of the project.

The **service providers** are the agricultural cooperatives of RESOPP, the mutual savings and credit associations of RESOPP, the Mutuelles de santé, the National Agricultural Insurance Company (CNAAS), Allianz, etc.

The **distributors** are the agricultural cooperatives of RESOPP, the mutual savings and credit

associations of RESOPP, the Mutuelles de santé which are organisations of social and geographical proximity. It is not surprising that these organisations are, simultaneously suppliers and distributors. In addition to serving as a distribution channel they can provide linkages with other suppliers in the structured sectors.

The products fall into two categories:

1) A primary collection of diversified products:

- Supply of inputs and agricultural equipment
- Marketing of excess production of members
- Savings and microcredit services
- Entrepreneurship counselling and support for rural entrepreneurship
- Agricultural insurance which insures the activity, the equipment or the products against the risks related to the production
- Death/disability insurance for the borrower
- Health insurance that protects the person and their family against the risk of illness
- Support through capacity building through training and awareness actions (free services for members)

2) An integrated offer of service packages:

Suppliers, distributors and support organisations build integrated service packages that better meet the needs of vulnerable people:

- Package 1: Financial credit + death / disability insurance + health insurance *;
- Package 2: input and / or equipment credit + agricultural crop loss insurance + death / disability insurance + health insurance *;
- Package 3: equipment credit + agricultural insurance (machine breakdown) + death / disability insurance + health insurance *;
- Package 4: fattening or livestock credit + livestock mortality + death / disability insurance + health insurance *;
- Package 5: (free): Individual or combined action of advising the agricultural advisor, the business advisor, the loan officer and the livestock assistant for producer members and micro-entrepreneurs;

* It should be noted that, for the time being, the subscription to health insurance is acquired through a subscription to a health association in the zone. The initial option was to have a health insurance system specific to the RESOPP system, but the implementation of the Universal Health Coverage policy in Senegal made this option invalid.

5. Resources and skills needed to carry out the good practice

The development of the model requires two types of financial resources

Grants to support:

- Deployment of the agricultural insurance technical system (the development of indices, the purchase and installation of automatic rain gauges in the absence of satellite indices)
- The construction of collective infrastructures for local organisations (cooperatives, associations) if necessary
- Support for capacity building of these mutual organisations
- The project team of support organisations.

Refinancing at moderate interest rates from private funds for:

- Strengthening the credit funds of savings and credit associations (MEC) involved in the experiment

- Financing the agricultural cooperative supply and marketing funds (COOP) involved in the experiment
- Strengthening the capital of insurance companies or make reinsurance

Regarding human resources, ADG and its partners relied on:

- Structural managers (NGO managers, directors of insurance companies, SFD directors, cooperative and network presidents) committed and want to innovate for the development of services for low-income people.
- A project-oriented service development team for low-income people whose members have solid understanding of the operation of associations, microfinance, insurance, entrepreneurship, communications, etc.

6. Sustainability of the Good Practice

Aside from support partners (international and local NGOs), the main actors involved in the implementation of the model are local organisations that are intended to be sustainable (mutual savings and credit, mutual health, agricultural cooperatives, insurance companies).

Suppliers and distributors are bound by memoranda of understanding that extend beyond the life of the project. As an example, the signing of a tripartite protocol between CNAAS (National Agricultural Insurance Company), COOPEC (Savings and Credit Cooperative of RESOPP) and RESOPP (Network of Peasant and Pastoral Organisations of Senegal) allowed members of this network to access conventional crop loss insurance at a rate of 2% of the credit amount). In ordinary situations, this rate is 7 to 9% for subscribers. This agreement includes review mechanisms and will last as long as all parties benefit.

Customers buy the appropriate services (quality / price / proximity) to their situation and that of their activity. As long as the offer coincides with their demand and their means, they will continue to buy the products of the services offered.

8. What the originators of the Good Practice would do differently if they were to do it again

As part of this experiment, the European Union as donor provided the credit funds and cooperative marketing funds. It may be possible to mobilise these funds from private sources (development bank, agricultural credit). This would strengthen the credibility of the economic model.

Lesson Learned 1

a) Challenge that was faced

How to effectively work with 6 partner organisations with different status and institutional culture? The experience mobilised 2 international NGOs, a local NGO, National Agricultural Insurance Company, a SFD, a network of cooperatives. Administrative procedures, financial, accounting, motivations, levels of commitment are not the same. It was necessary to align all its interrelations so that all the actors could find their place in the system.

b) How it was addressed

Steps were taken to ensure clear work roles and responsibilities:

- a. A partnership agreement between the project implementation actors that specifies the roles and responsibilities of each organisation (activity, implementation, reporting)
- b. Detailed split budget (share of the budget, mobilization of co-financing)
- c. Development of a common manual of administrative, financial and accounting procedures.

In addition to the establishment of clear work organisation, it was necessary to put in place communications frameworks to maintain cohesion and level of commitment:

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- A coordinating committee that brings together the senior managers once a quarter and whenever needed
- A team meeting in which a focal point represent each of the worganisationsand that meets monthly (implementation field activities, coordination, monitoring level reached indicator, results and objectives, etc.)
- Thematic sectoral meetings between 2, 3 organisations at any time to advance specific issues (blockage, misunderstanding, delay, frustration, focus, etc.) facilitated by the project manager.

Lessons Learned 2

a) Challenge that was faced

The integration of health insurance is a challenge given the change of the option of departure due to Senegal universal health coverage scheme. The creation of a health support association was planned in the network of cooperatives RESOPP.

b) How it was addressed

For the moment, the solution that has been undertaken is to make it an optional product outside the existing service packages through a membership of the target persons to a health support association.

The solution found can be further deepened. Time spent developing other products meant that the project team had less time to fully exploit all the solutions.

c) Details if partially able to overcome the challenge

We planned the organisation of a brainstorming workshop in March 2018 between cooperatives, savings and loan associations and health association organisations to consider a more balanced and beneficial collaboration