



**Pro MHI Africa - EU-African University Network to strengthen community-based  
micro health insurance  
Newsletter | Volume # 1 | July 2008**

Dear ladies and gentlemen,

We kindly welcome you to the **1<sup>st</sup> newsletter** of:

**„Pro Micro Health Insurance Africa – EU-African University Network to  
strengthen community-based Micro Health Insurance“**

Please find information that will introduce you to this EU-funded research project being coordinated by the **Department of Cooperative Studies at the University of Cologne** in collaboration with the **University of Botswana, the University of Ghana** and the **University of Malawi**. The primary focus of Pro MHI Africa is to initiate and strengthen micro health insurance units catering to the needs of the informal sector in Africa.

This newsletter is but one way to keep you informed about the research process and other developments on the project. We are pleased to share with you the project information and would like to welcome any feedback from all our stakeholders on topical issues regarding micro health insurance. In this newsletter we would like to take an opportunity to introduce to you the project team, project objectives and give you a brief on the project background as well as how you can get more related information.

Please feel free to disseminate the contents of the newsletter to all who might be interested. We hope that you will enjoy this newsletter and all the upcoming editions.

Kind regards,  
the Pro MHI Africa-team

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## Micro Health Insurance in Africa

Private insurance products hardly exist for the rural and urban poor and in cases where they do they are not affordable for them. Public Social Insurance Services are mostly insufficient and exclude people working in the informal sector. Nine out of ten people in Africa therefore do not have any access to health or accident insurance. They have to pay tremendously high fees for treatment, medical care and hospitalisation out of pocket. Especially those people living below the poverty line (more than 40% in Sub-Saharan Africa) have to take out loans, dissolve their savings or sell essential assets to pay for their treatment. Therefore, many are not in the position to make use of the required services at all. In fact, many people fall into poverty due to illness and treatment costs.

The concept of community-based health insurance, also called micro health insurance, tries to overcome this vicious circle of poverty and illness. The Department for Cooperative Studies at the University of Cologne has already worked on concepts to improve the access to affordable and qualitative health services in developing countries for several years. In line with this, the EU funded research project “Pro MHI Africa – EU-African university network to strengthen community-based micro health insurance” has just commenced. This project will be conducted in collaboration with universities in Ghana, Malawi and Botswana within the next two years. The university network will analyse micro health insurance units in the cooperating countries and give academic attendance within these two years. On the basis of scientific outcomes, the university network plans to introduce a common micro insurance diploma to prepare the candidates to qualify as experts for micro health insurance and to become policy makers for the expanding (micro-) insurance markets within their respective countries and to qualify them as experts for micro health insurance.

Micro Health Insurance (MHI) units have a long tradition in many African societies, particularly the western part of Africa like in the Thiés region of Senegal for example and also in East and Central Africa where MHI units are existing since over 60 years. In many other African countries like in DR Congo, Mali, Burkina Faso, Benin, Ghana and Kenya, micro health insurance units were built up in the 1980ies and 1990ies, in Kenya and Ghana the MHIs can be traced back to mission hospitals that offered free or low cost health services.

Please visit our website for more information!

[www.microhealthinsurance-africa.org](http://www.microhealthinsurance-africa.org)

### Info Box: Micro Health Insurance

Micro health insurance (MHI) is an emerging concept in many low-income countries all over the world. Poor people are most vulnerable to health risks and less protected against the consequences. MHI is the provision of health insurance services to low-income people. It operates on the basis of the same principles as conventional insurance, such as pooling of risks. Small and irregular income, lack of experience with insurance services, lack of access to public and/or private healthcare are examples for the conditions of the low-income sector targeted by micro health insurance. Due to its connection and embeddedness with the local people, the benefits of risk sharing can reach remote areas and poor people. Micro health insurance can help to cope with catastrophic health care costs. Moreover, micro health insurance units are even more important to their members, because they can improve access to health care services, may improve the quality of services and are an element of community empowerment and raising of health awareness. Micro health insurance is a risk management institution for low-income population (mostly working in the informal sector) that cover the costs of certain predefined illness-related losses (=limited benefit package) to a certain extent (=limited coverage). The key features of micro health insurance are that the premium is prepaid on a regular basis before the illness-related event occurs. The premium is affordable to low-income population. Like any insurance, micro health insurance units apply risk pooling between good and bad risks.

## Relevance of Micro Health Insurance in Africa

*This table shows the existing MHIs in 19 African countries, the data was taken from different case studies that were conducted in the 1990ies and also after 2000:*

Country	Number of Schemes	Number of people covered	Estd. number of functional schemes
Benin	53	41.428	120
Burkina Faso	89	17.873	60
Burundi	1	k.A.	
Cameroon	38	15.947	30
Chad	7	1.775	11
DR Congo	4	103.926	
Ghana	168	k.A.	
Guinea	109	84.820	90
Guinea-Bissau	1	k.A.	
Ivory Coast	40	527.670	47
Kenya	2	~1650	
Mali	71	469.815	102
Niger	13	49.868	19
Nigeria	3	~32.000	
Ruanda	54	> 88000	
Senegal	136	308.563	130
South Africa	3	k.A.	
Tanzania	5	~76.000 plus 27 families	
Togo	17	20.011	12
Uganda	2	6.827	

### The Team

The members of the project team are researchers at one of the four partner universities having their specialities in various areas, all being fundamentally important to micro health insurance issues. Bringing together knowledge of cooperative studies, especially on micro insurance, development economics, accounting and financing and empirical research, enables the team to conduct extensively and promising research on MHI in Africa.

For detailed profiles of our team members, please visit:

[www.microhealthinsurance-africa.org/team.html](http://www.microhealthinsurance-africa.org/team.html)



### Research Objectives of the "Pro MHI Africa"-project

#### Overall Objective

The *overall objective* of the "Pro MHI Africa"-project is:

to strengthen the capacities of participating universities to make a tangible contribution to the development of effective and actionable social health-related programmes particularly in the domains of access to healthcare & poverty reduction of low-income population segments

### Specific Objective

The *specific objective* of the "Pro MHI Africa"-project is:

- to improve knowledge about the functioning of micro health insurance and
- to put it into practice

With a newly designed *micro health insurance curriculum*, which is based on research, capacities among university students, micro health insurance workers and government officials will be built in the field of micro health insurance

### **Concrete Research Objectives of "Pro MHI Africa"**

- Many people in the informal sector of Africa live in poverty and hence are not in a position to bear the cost of medical care. To resolve this problem, it is considered that Micro Health Insurance units (MHI) will be best suited as it penetrates to the grass routes of the community. MHI by involving the local community is considered as the most important innovative model in reducing the risk of catastrophic health care costs and improve access to health care within a reasonable time frame, at reasonable costs.
- In order to achieve the research objectives, following aspects were taken into account at the kick-off-meeting of the "Pro MHI Africa"-project conducted in Accra in March/April 2008:

#### **(a) Research as a basis for Curriculum Development**

Knowledge is the basis for finding a solution to any problem. An in-depth knowledge is lacking in the area of MHI. Such knowledge will be created through the research project embarked. This research will create a knowledge base and develop effective products to support the local market. This will be achieved by qualitative and quantitative research techniques. The knowledge generated by such research will be used for the curriculum development in the participating universities.

#### **(b) Capacity Building in micro health insurance**

The "Pro MHI Africa"-project will enable the participating post graduates students and teachers to cooperate in an international research network and enable them to write their theses and develop a curriculum, teaching material and to teach jointly.

#### **(c) Curriculum Development and introduction of a MHI Diploma**

Lack of knowledge among stakeholders in the market was identified as a major problem, hindering the development of this pro-poor market. Participating universities will fill this gap by developing modern lectures so as to educate decision makers of tomorrow in government, industry and civil society. Teaching material will be developed for those who play an active role in market, but not attending a University. Curriculum development will be based on research findings. The module combines multimedia and participatory teaching approaches. The Research Team aims to introduce a joint diploma in MHI to provide adequate sustainable skilled professionals for the fast growing (Micro) insurance industry.

Pro MHI links theory and practice in the demanded field of health insurance for the poor population segments. This project will also work closely with existing MHI units. Results of this research will enable participants to render suitable advice to stabilize MHI units and to improve out reach.

### **Upcoming newsletter and useful weblinks**

In the near future you will receive a „Pro MHI Africa“-newsletter that will focus on specific and topical themes, e.g. we are planning a newsletter about Micro Health Insurance in Ghana.

**For further information on our research topics visit our website:**

[www.microhealthinsurance-africa.org](http://www.microhealthinsurance-africa.org)

**For general information please visit:**

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

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

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