



Institute
and Faculty
of Actuaries

Social Impact Investment

19 March 2020

Agenda

- Introduce social impact investing and explore the role of actuaries in this growing field.
- The presenters will use their international experience of this significant and growing market to:
 1. Clarify often confusing terminology
 2. Describe key trends
 3. Explore the ways in which actuaries can contribute in this field



Institute
and Faculty
of Actuaries

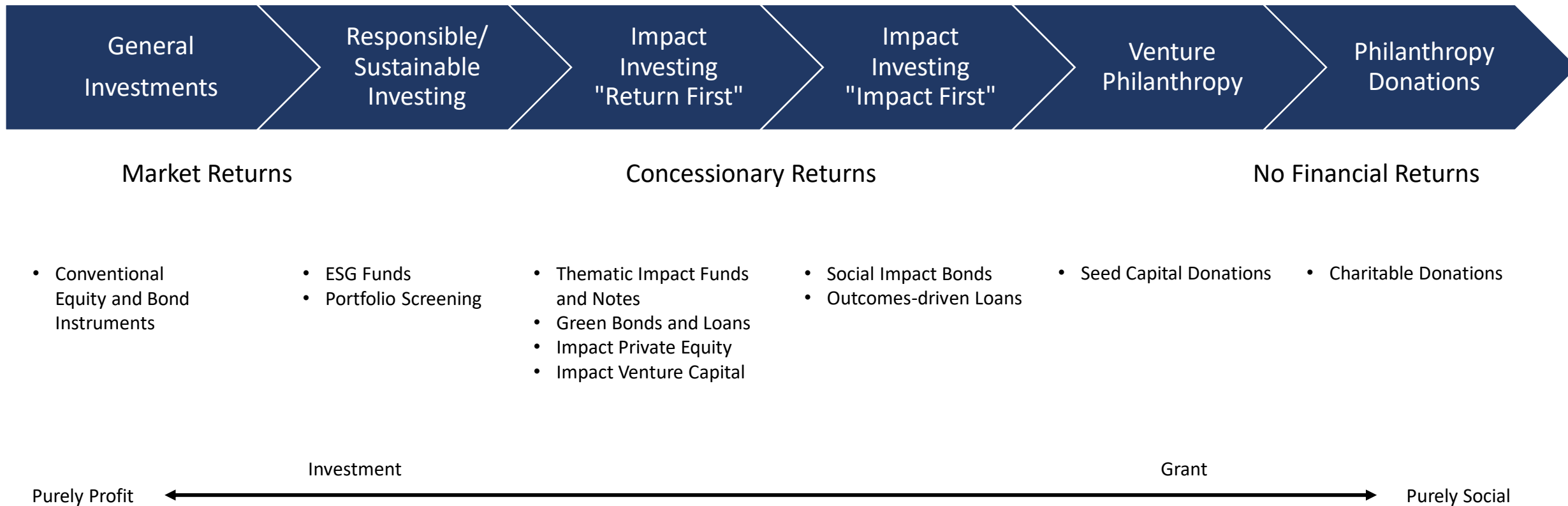
Bios

- **Kudzai Chigiji** is an Actuary and a member of the IFoA's Social Impact Investment Working Party. She is also a member of the IFoA Finance and Investment Board. She has worked as a consultant actuary in healthcare and in banking, and chairs the Banking Committee of the Actuarial Society of South Africa, where she is based.
- **Kurt Morriesen** is the Head of Sustainability in Europe for the UN Development Programme. His experience spans many countries across Latin and North America, Europe, sub-Saharan Africa and Asia, working for multilateral development institutions, international organisations, and companies specialized in sustainable investments. He has a particular interest in integrating environmental, social and governance (ESG) factors in projects and investments while keeping a commercial focus.
- **Shilpi Nanda** is an Actuary who led an innovation project with the public sector social health insurance scheme in Ghana. The project was facilitated by the ILO and funded by the French Development Agency AFD. Since joining a UK life insurer in 2019 she has continued to be involved in the microinsurance space.



Institute
and Faculty
of Actuaries

Investment Continuum

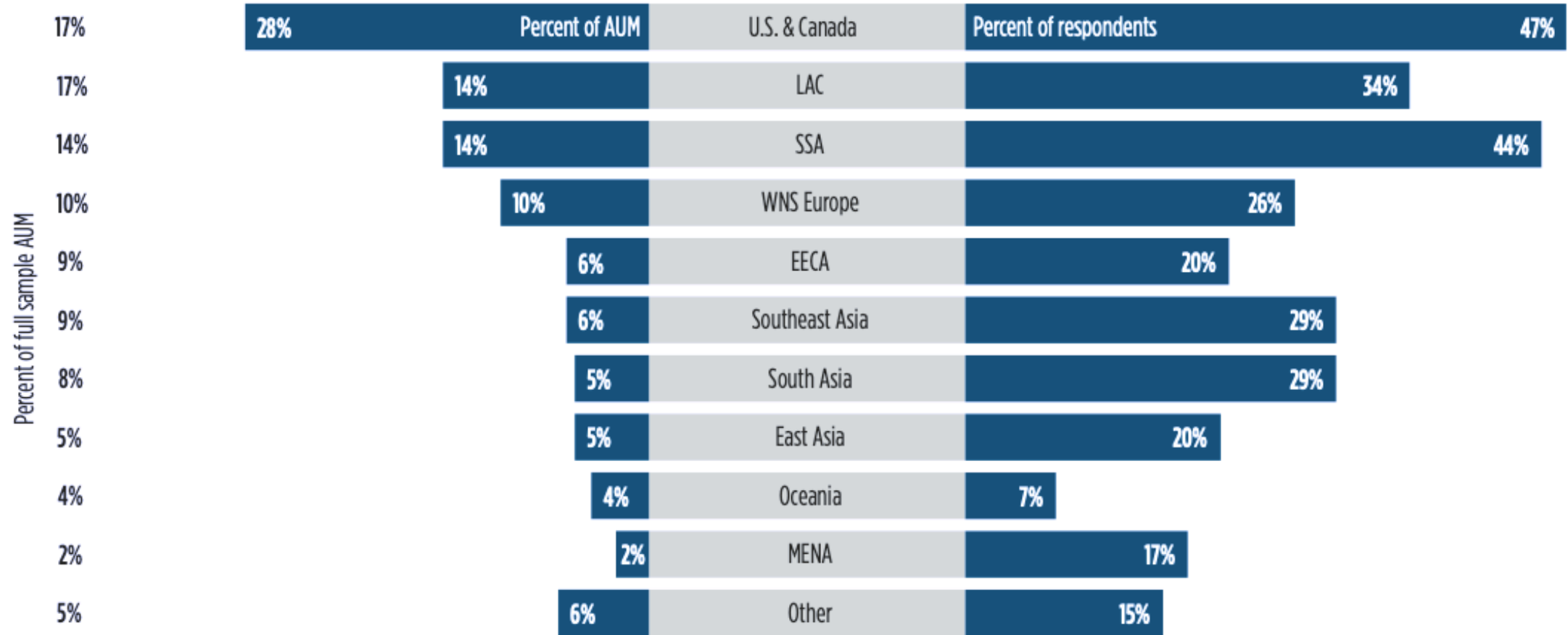


Theory of Change and Logic Model

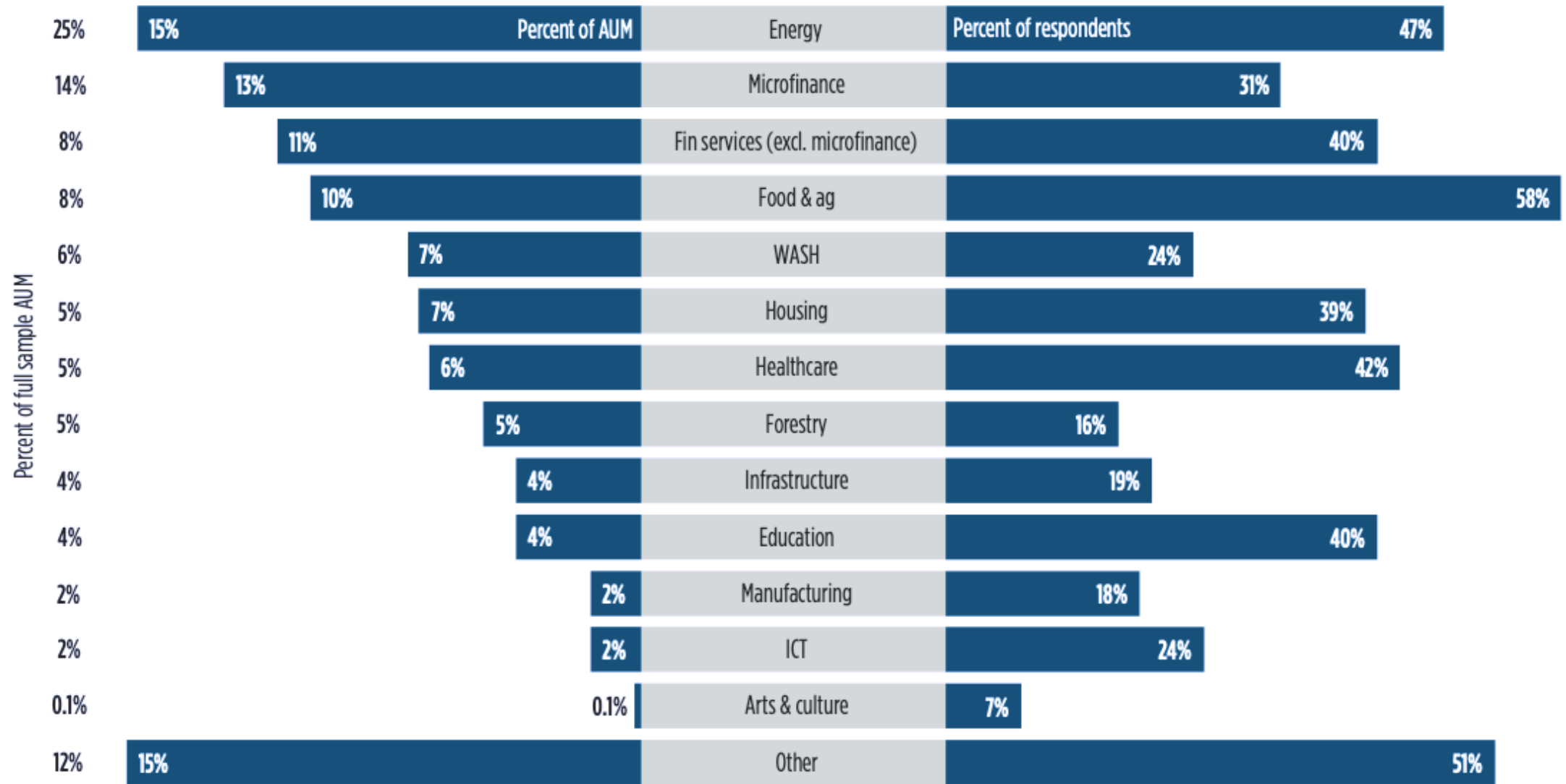
	Inputs	Activities	Outputs	Outcomes	Impacts
Definition	Resources (capital, human) invested in the activity	Concrete actions of the investee	Tangible products from the activity	Changes resulting from the activity	Broader change occurring in communities or systems resulting from the activity
Application / example indicators	\$, number of people, etc.	Development and implementation of programs, building new infrastructure, etc.	Measurable actions or conditions that assess progress against specific operational activities, e.g. Number of people reached, items sold	Measurable actions or conditions that demonstrate progress towards specific outcomes, e.g. increased access to education	Effects on broader target population, e.g. sustained drop in poverty, increase in literacy rates



Geographical Spread of Impact Investment



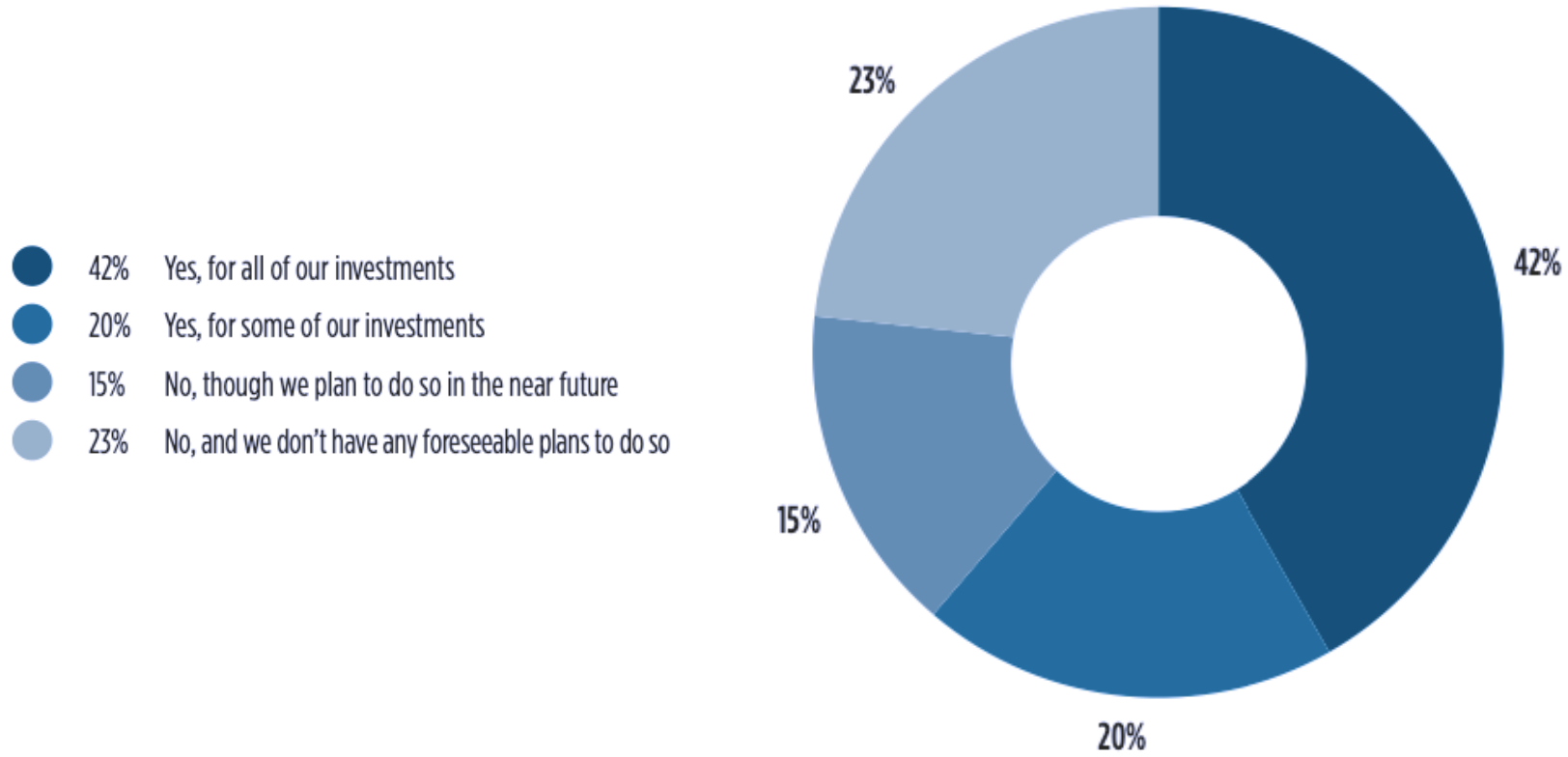
Key Investment Themes



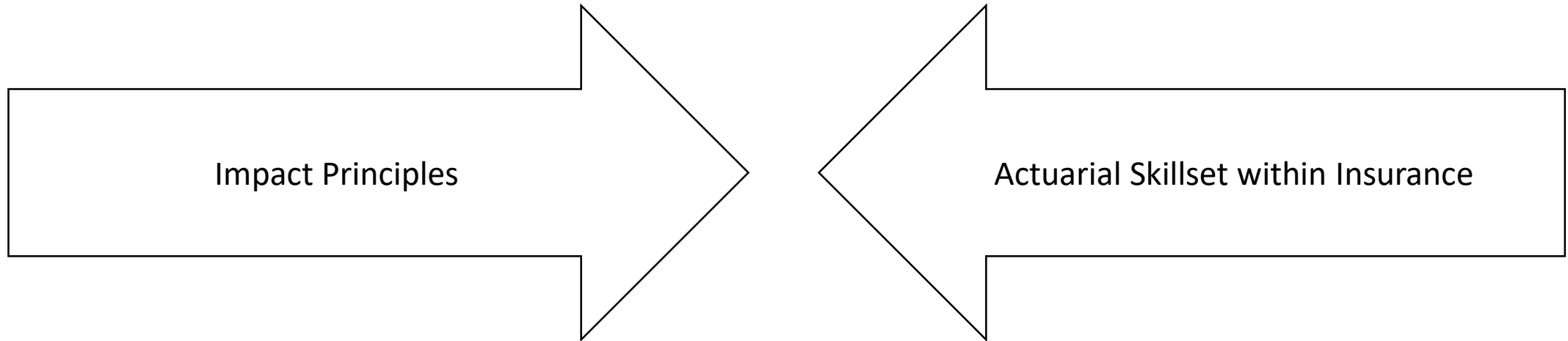
Main Investors (and Employers)

Fund Managers	Development Finance Institutions	Diversifies financial institutions/banks
Private Foundations	Pension Funds and Insurance Companies	Family Offices
Individual Investors	NGOs	Religious Institutions

Link of Impact Investments to SDGs



Impact Insurance



NHIS Mobile Renewal & Digital Authentication in Ghana

In Partnership With



Staff at NHIS West
Mamprusi District Office
coaching members on
the use of NHIS Mobile
Renewal Solution

Impact of Insurance on United Nations SDGs

[Link to UN Sustainability Development Goals \(SDGs\)](#)

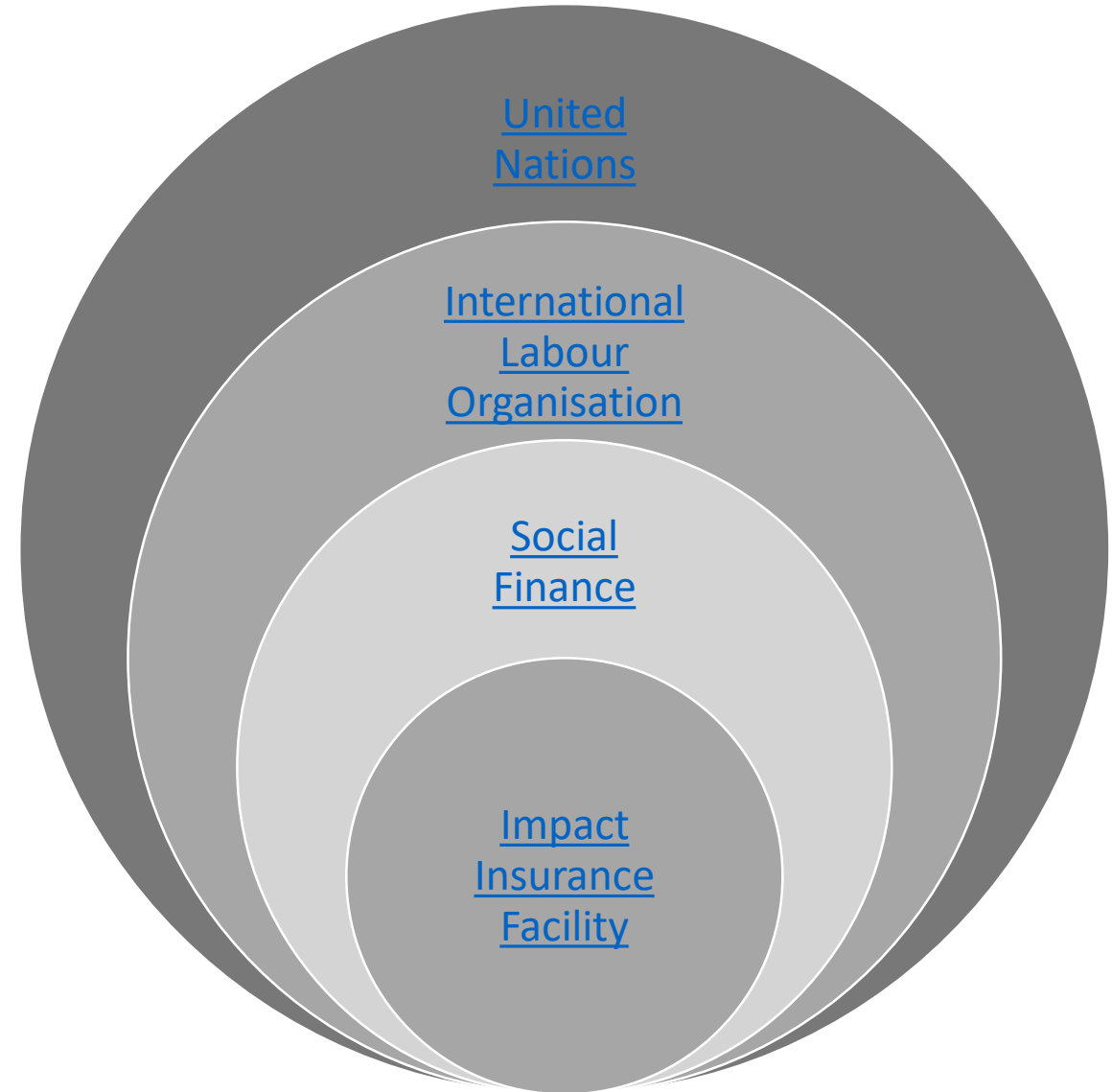
Insurance for social and economic development	Related SDGs: either responds to and/or reduces risk	Overarching SDGs	Insurance can have an indirect impact on related SDGs
A. Climate Change/ Food Security	 		 
B. Health/Social Protection			 
C. Decent Work/ Financial Inclusion			  

In Partnership With

Introduction to the ILO's Impact Insurance Facility

The [ILO's Impact Insurance Facility's](#) mission: to enable the private sector, governments, and their partners to realise the potential of risk pooling mechanisms (such as insurance or other coverage plans)

- Achieved through a strategy of *stimulating innovation* and *unlocking capacity*
- The Facility's work is guided by three principles:
 - 1) solutions are **people-centred**
 - 2) they are driven by both **evidence and experience-based learning**
 - 3) **collaboration** among various stakeholders is necessary to deliver results



The ILO's Fellowship Programme

The **Fellowship Programme** is part of the ILO's Impact Insurance Facility's Research and Innovation initiative.

The programme places qualified professionals with organizations to develop innovative solutions to help low-income households and emerging consumers better manage risk.

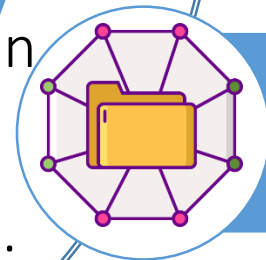
The Programme provides a unique opportunity for professionals to gain hands-on experience in the inclusive finance and impact insurance industries enabling them to adapt their expertise to the low-income and mass market.



Innovation projects with 75+ partners in 40+ countries



55 Fellows through the programme since 2009



Projects on a wide area of topics including digital innovation, distribution, integrated risk management, social health insurance

Actuaries and Impact Insurance

Benefits to Actuaries

- Dealing with uncertainty
- Stakeholder management
- Resourcefulness – able to do more with less
- Exposure to wide variety of business functions
- ‘Reverse’ innovation
- Perspective

Benefits to Impact Insurance Projects

- Actuarial rigor and quality
- Systems thinking
- Versatility: capability to contribute in a wide range of functions
- Fill crucial skills gap in the sector more broadly
- Internal training and capacity building

In Partnership With

NHIS Mobile Renewal Project

In Partnership With



National Health Insurance Scheme (NHIS) Ghana

NHIS Statistics – 2018

NHIS Population Coverage



11%
2006



31%
2010



40%
2014 - 2017



165
District Offices



c.3,000
Branch Staff



10.8m
Active Members



c.4,000
Healthcare Providers

- NHIS was established in 2004, and has a goal of universal healthcare in Ghana
- NHIS offers comprehensive healthcare scheme to all citizens of Ghana and is subsidised by tax (National Health Insurance Levy)
- The scheme is distributed via a network of 165 branches
- Scheme penetration reached 40% in 2014 and plateaued

NHIS Comprehensive Healthcare Benefits

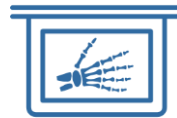
In-patient



Out-Patient



Medicines



Diagnostics

- In 2017 NHIS, with support from ILO Impact Insurance Facility, started a project to digitalise the NHIS renewal process aimed at accelerating population coverage

In Partnership With



The problem to solve: reduce those queues! Save time and money for everyone involved.



Problem Statements ==> Desired Solutions from Project



Members had to **TRAVEL FAR** to renew. Renewals took a **LONG TIME** at the NHIS office (often hours); Members **LOST INCOME** whilst they waited. NHIA **LOST PREMIUM REVENUE** due to these hurdles



An **EFFICIENT** renewal method was desired that could be accessed by members at their **CONVENIENCE** without them needing to travel far to NHIS district offices



NHIS district offices were **OVERWHELMED** with people queuing. Process bottlenecks and network issues led to **POOR MEMBER and STAFF EXPERIENCE**



REMOTE RENEWAL and ENROLMENT processes were required that reduced queues and **RELIEVED OPERATIONAL BURDEN** at NHIS district offices



Large proportion of healthcare providers had **NO DIGITAL METHOD for VALIDATING MEMBERSHIP** which required NHIS to physically print expiry dates on back of NHIS membership cards



DIGITAL MEMBERSHIP VALIDATION methods needed to be **IMPLEMENTED** at all healthcare facilities in order for remote enrolments to be possible

Solution in Three Parts



1. Renewal Reminder

Two SMS reminders sent to every member, 2 months and 2 weeks before membership expiry



2. Mobile Collection

NHIS Members can renew their policies by paying their requisite premium and processing fees from their mobile wallet



3. Digital Authentication and Member Feedback

NHIS membership status is verified digitally at **all** credentialed healthcare facilities in Ghana. Members respond to SMS to notify if they did not attend healthcare facility

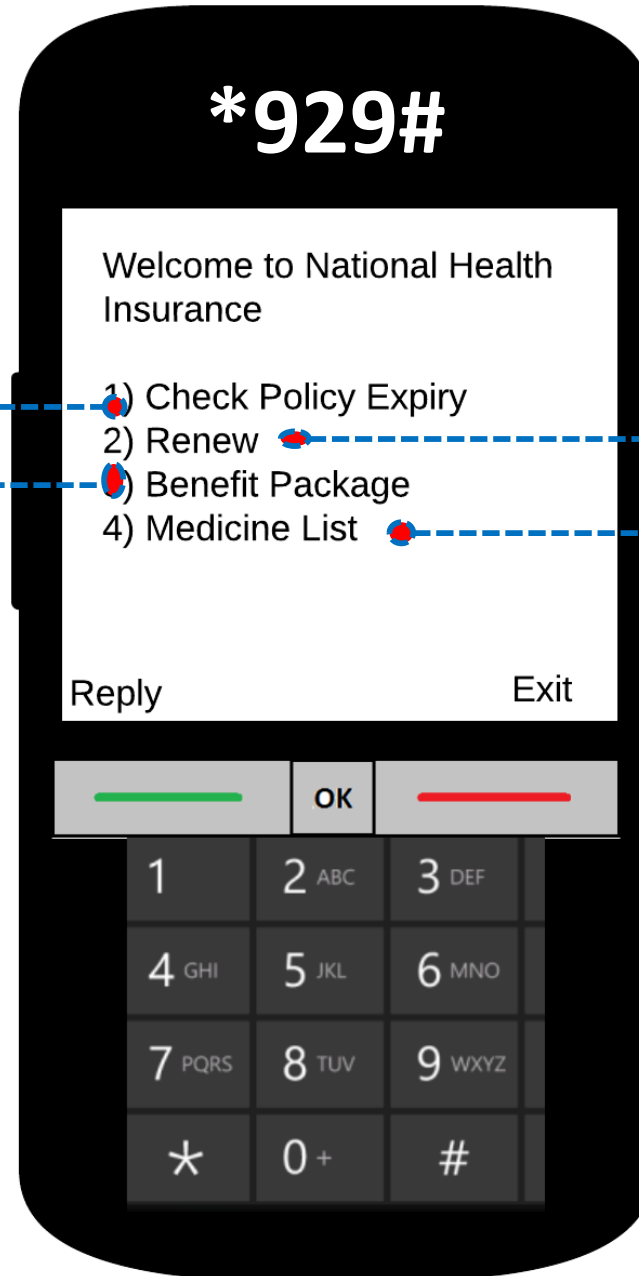
NHIS Mobile Renewal Solution

CHECK EXPIRY: Using this option, members are able to check when their policy is due to expire

BENEFIT PACKAGE: This option gives a brief overview of benefit package with call center number to find out more

RENEW: This option requires NHIS (or GHANA CARD) number, prompts requisite premium amount and completes payment from mobile money wallet

MEDICINE LIST: This option lists top 10 medicines and prompts members to call Call Centre to know about comprehensive medicine list and package

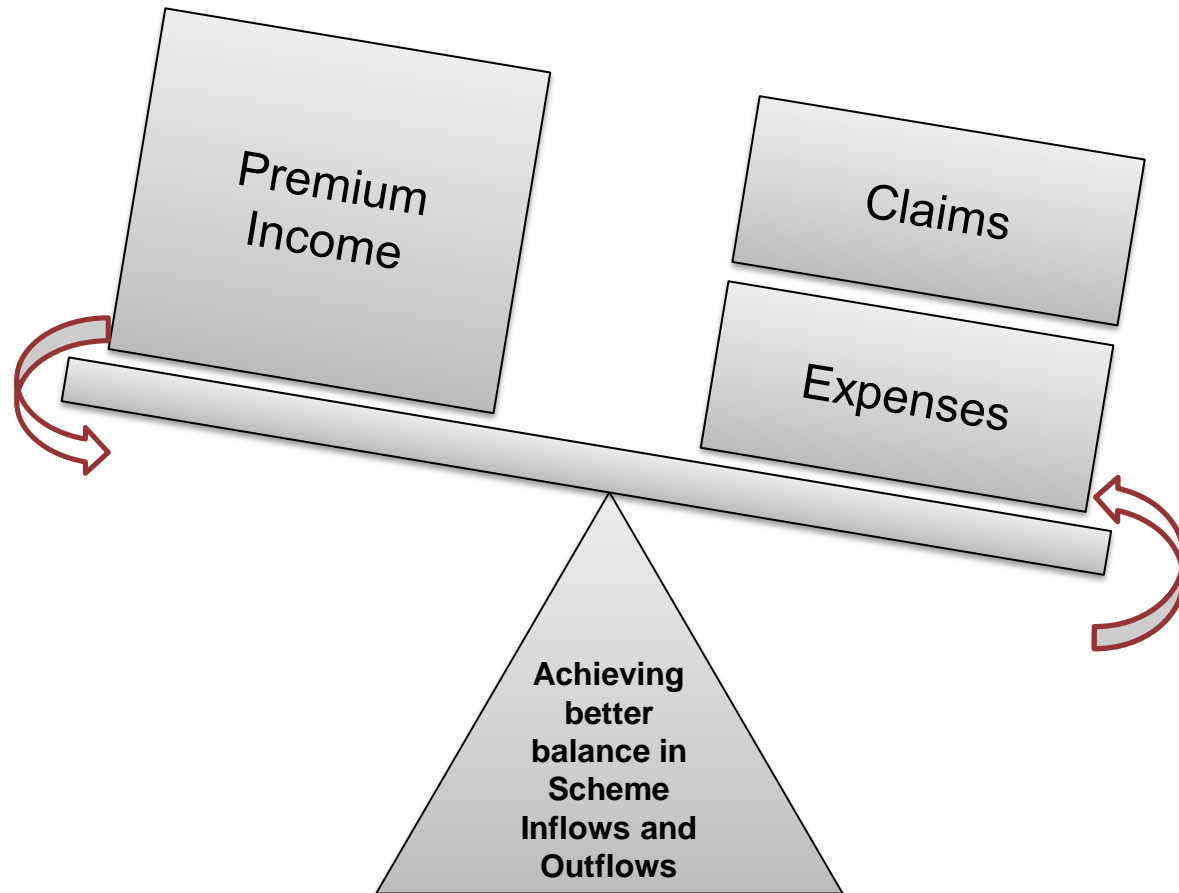


In Partnership With

Move towards financial sustainability by achieving better balance between inflows and outflows

Increase Income

- Simpler renewal process **encourages more people to renew** which leads to higher premium revenue
- Digital payments and electronic receipting **reduce pilferage** that is chronic in cash collection systems



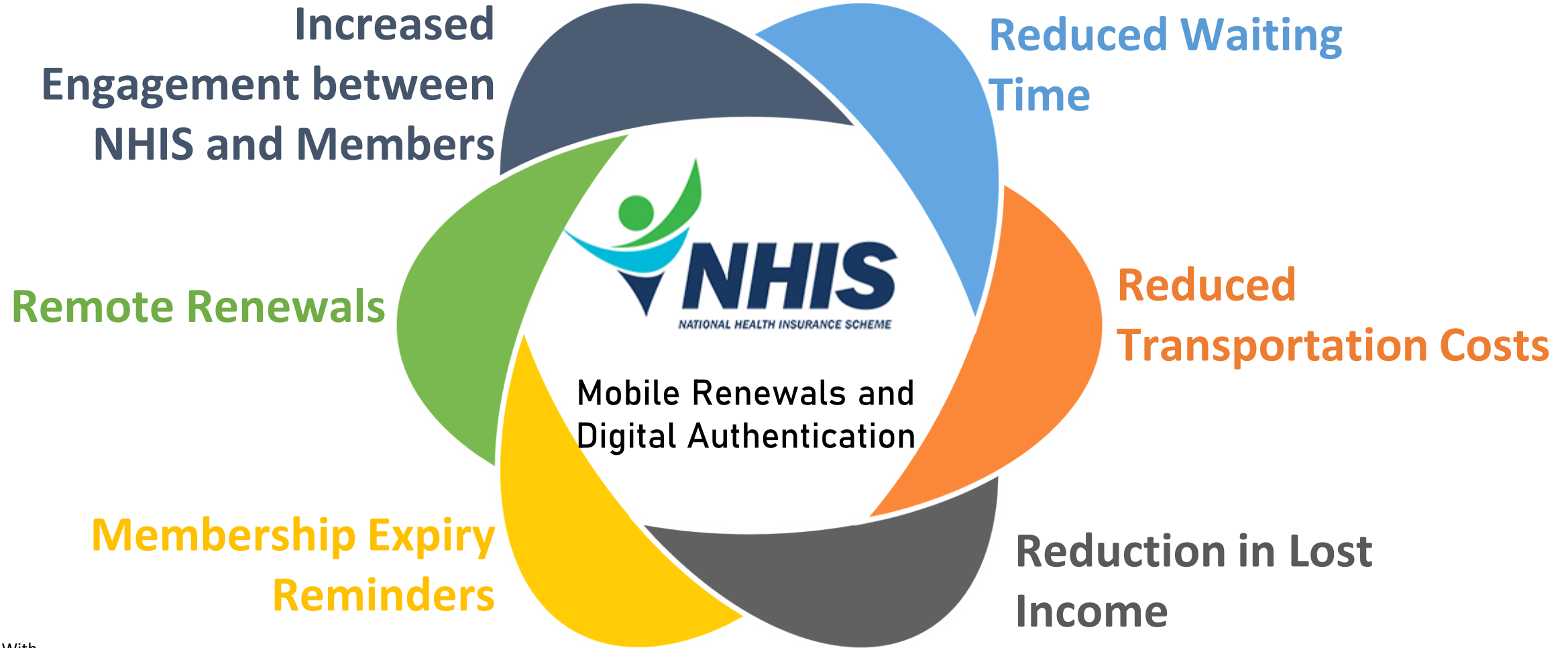
Reduce Claims

- Digital authentication (with feedback loop) helps align NHIA and provider interests leading to **reduction in negative provider behaviour**
- Simpler enrolment processes hold potential to **reduce adverse selection**

Reduce Expenses

- Channelling transactions via mobile channel **reduces ICT expenditure** at NHIS district offices

Benefits to NHIS members



In Partnership With

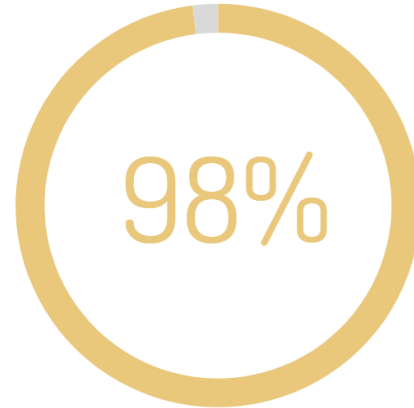
Expected Impact – Member Experience

Excerpts from a survey conducted amongst 300 members who used NHIS Mobile Renewal Service at Pilot District



Renewal Experience

100% of members surveyed said that they would recommend the mobile renewal service to their friends and family



Authentication Experience

98% of members surveyed (who had claimed since renewing via mobile) said that the authentication experience at provider site was 'Good' or 'Excellent'



Time saved per member

On average, members saved 11.3 hours when they renewed via mobile vs. at the NHIS district office. **In total this is 3 to 5 million working days saved for NHIS members every year***



Costs saved per member

On average, members saved 4.20 GHS in transportation costs when they renewed via mobile vs. at the NHIS district office. **This translates to savings of c.20m GHS for NHIS members every year***

In Partnership With



People hanging phones off trees to get mobile network connectivity for mobile money transactions

Project Field Visit, Tanatala, Northern Region

Link to video:
<https://www.youtube.com/watch?v=OjKjMjqNzR4>



Project team configuring mobile phones for healthcare providers

Project Pilot, West Mamprusi



Community Sensitisation

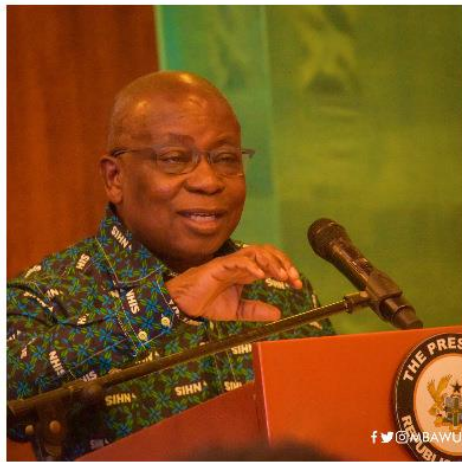
Project Pilot, Yigba-Kibori, Northern Region



Solution Testing For Member Feedback

Project Pilot, West Mamprusi





LINK TO COMMENDATION OF NHIS
MOBILE RENEWAL IN 2019 STATE OF THE
NATION ADDRESS, BY HIS EXCELLENCY
MR. NANA ADDO DANKWA AKUFO-
ADDO, PRESIDENT OF THE REPUBLIC OF
GHANA:

[HTTPS://WWW.YOUTUBE.COM/WATCH?V
=JHHIW9COAYS](https://www.youtube.com/watch?v=JHHIW9COAYS)

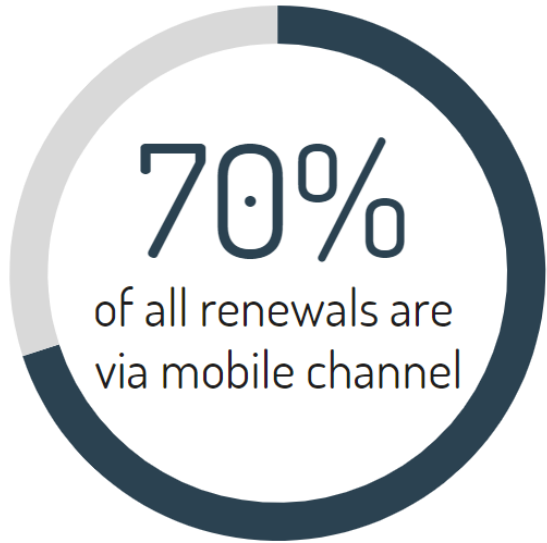


LINK TO LAUNCH SPEECH AT JUBILEE
HOUSE, BY HIS EXCELLENCY DR.
MAHAMUDU BAWUMIA, VICE PRESIDENT
OF THE REPUBLIC OF GHANA:

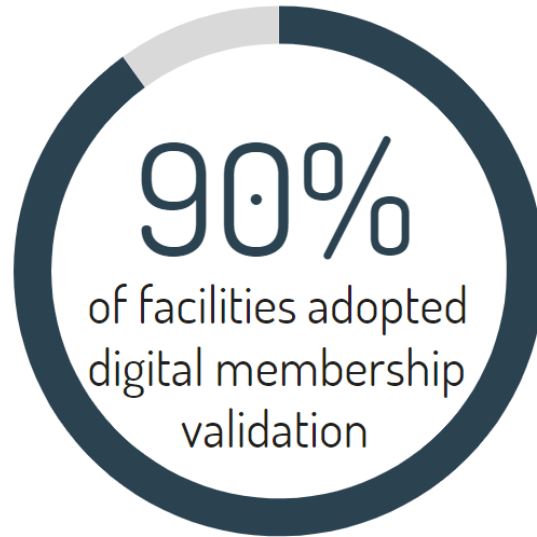
[HTTPS://WWW.YOUTUBE.COM/WATCH?V
=C6H2GSL0CL8](https://www.youtube.com/watch?v=C6H2GSL0CL8)



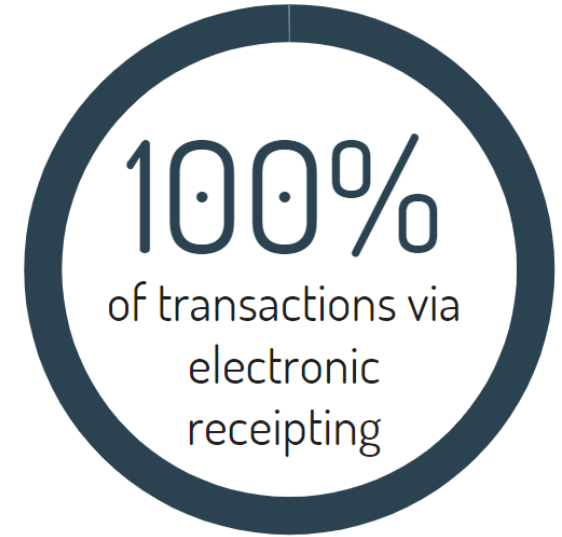
NHIS: Move towards Digitalisation



60% - 70% of renewals are
via mobile



c.90% of healthcare facilities that
actively serve NHIS members
have adopted digital validation of
membership



Both cash and mobile premium
collections are accounted via
electronic receipting system. This
has increased accounting
transparency

In Partnership With

Resource Links on NHIA Project and other Impact Insurance Projects

- [Webinar on application of design thinking in public sector health insurance](#)
- [Webinar on NHIA mobile renewal project impact](#)
- [Other impact insurance resource links](#)

Several fellowship opportunities expected in the coming weeks and months!

A wide variety of work experience!

Over a period of 19 months:

- Led my core operations project with the National Health Insurance Authority (NHIA) in Ghana
- Priced a telemedicine product in Ethiopia
- Contributed to a health actuarial study commissioned by the state insurer in Pakistan
- Learnt from the large 'community of practice' set up for knowledge sharing amongst fellows and partners on the ground

In Partnership With



The IFoA and impact investing

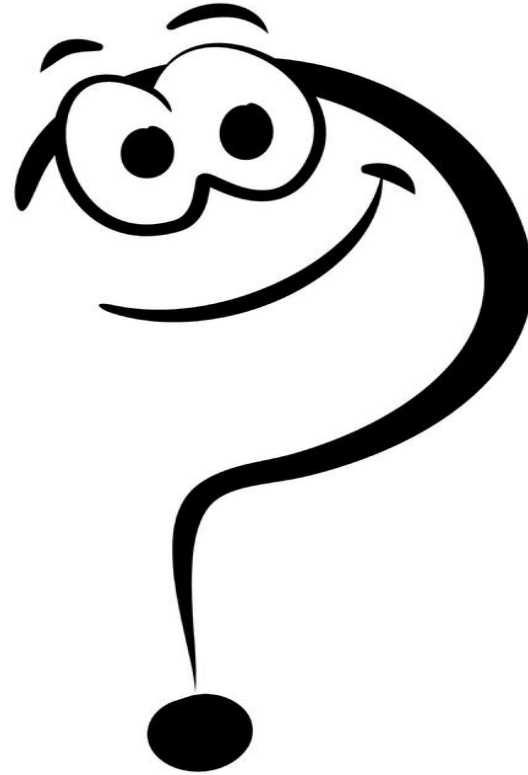
- The Policy team has had discussions with several external groups, including Principles for Responsible Investment and the UK Government's Impact Investment Taskforce
- As a result, one area noted for potential actuarial contributions is the methodology for analysing historic returns for social impact investments such as social housing, charity bonds, infrastructure and green bonds
- We also had discussions with the Chartered Financial Analyst (CFA) Society about their competency framework for social impact investing. The IFoA plans to develop its own impact investment material for student actuaries

In Partnership With



Institute
and Faculty
of Actuaries

Thank you!



Institute
and Faculty
of Actuaries