



FIFTH ITEM ON THE AGENDA

**Progress evaluation of the
Global Social Trust pilot project****1. Introduction and background**

1. The 89th Session (2001) of the International Labour Conference (ILC) concluded a general discussion on social security with a renewed commitment of the ILO to the extension of social security coverage and the improvement of the governance, financing and administration of social security.¹ In line with the recommendations of the 89th Session of the ILC and the mandate given to the Social Protection Sector in the programme and budget for the biennium 2002–03² “to explore (...) the concept of a Global Social Solidarity Trust fund” (GST), the Office analysed the possibility of supporting the development of national social security systems through international financing. In September 2001, it launched a study on the feasibility of a Global Social Trust.³ The Governing Body was informed about this activity in March 2002,⁴ when it requested to be kept informed about the progress of the work with a view to making recommendations on further action.⁵ In order to facilitate the review by the Committee on Employment and Social Policy (ESP), the draft final report on the feasibility study was reviewed by an Interregional Meeting of Experts in May 2002 in Geneva. The Social Protection Sector reported on the outcome of the feasibility study to the ESP in November 2002.⁶

¹ ILO: *Social security: A new consensus*, pp. 1 ff., “Resolution and conclusions concerning social security”, International Labour Conference, 89th Session, Geneva, 2001, paras 17–19.

² ILO: *Programme and budget for the biennium 2002–03*, Geneva 2001, p. 29, para. 113.

³ ILO (2003a).

⁴ GB.283/ESP/5, para. 10.

⁵ GB.283/12, para. 87.

⁶ GB.285/ESP/4.

2. In November 2002, the Governing Body⁷ recommended that:

- (a) ... the Director-General be authorized to establish a Global Social Trust pilot project;
- (b) the funding of the pilot project should come from extra-budgetary resources;
- (c) that its implementation should be considered in the context of the priorities set by the outcome of the general discussion on social security at the 89th Session (2001) of the ILC;
- (d) in addition to annual reports on developments to the Governing Body, the progress of the pilot project should be the subject of a significant evaluation initiated by the Governing Body prior to the end of December 2005 and further decisions should be taken as to the continuation of the overall proposal in March 2006;
- (e) the project should have a small tripartite advisory board to be appointed by the Director-General of the ILO and the Officers of the Governing Body.

Due to other priorities of the ESP in the review and decision envisaged under the above point (d) was postponed twice till November 2007. However, in order to assure continuous information of members of the Governing Body with regard to the progress of the project the Tripartite Advisory Board assumed its operation in March 2006 even though the pilot project was not yet fully operational.⁸

2. The concept of the Global Social Trust initiative

3. The first and most prominent Millennium Development Goal (MDG) is to “Eradicate poverty and hunger”. One of the most powerful means to alleviate and prevent poverty is national social security systems providing social security through schemes ranging from basic poverty alleviation, to pensions and health-care schemes. However, according to ILO estimates, only about 20 per cent of the world’s population has access to some formal social security. New and innovative ideas are needed to promote the establishment of national social security systems. One such idea is the ILO’s GST initiative.

The basic idea, mission and objective of the GST

4. The basic idea – as set down in the report to the Governing Body in November 2002⁹ – was to request people in richer OECD countries to contribute on a voluntary basis a rather modest monthly amount (such as €5 per month) to a GST initiative, which will then:

⁷ *Record of Decisions*, GB.285/205, para. 55.

⁸ Since summer 2005, discussions have been held with the Employer and Worker spokespersons of the Governing Body as to the members of the Tripartite Advisory Board of the pilot project which was to meet for the first time once the project was publicly launched. The Employers’ group nominated Mr. Oechslin of the International Organisation of Employers (IOE) and the Workers’ group nominated Ms. Brighi of the Italian Confederazione Italiana Sindacati Lavoratori (CISL). Mr Kettleas of the South African Ministry of Labour serves as a Government representative. Representatives of the Confédération Syndicale Indépendante du Luxembourg (OGB-L), the Employers’ Federations of Luxembourg, the Ghana Trades Union Congress (TUC) and the Ghana Employers’ Association (GEA) have joined the Tripartite Advisory Board meetings at various occasions.

⁹ GB.285/ESP/4.

- invest these resources to build up basic social protection schemes in developing countries; and
 - sponsor concrete benefits for a defined initial period until the basic social protection schemes become self-supporting.
5. The Global Social Trust initiative is designed to create a new source of technical cooperation funding that is exclusively earmarked for jumpstarting national social security systems in developing countries based on the principles of global social solidarity. It is thus one potential funding instrument for the ILO's Global Campaign on Social Security and Coverage for All. The GST aims to support national action towards extending the coverage of basic social security. The concrete set of benefits will be determined in line with national, regional or local priorities on a case-by-case basis. It is expected, however, that the main benefit systems supported through the GST will be essential health care, basic income security benefits and basic education. The basic operational principles and the envisaged organization of the GST in the form of a decentralized network, rather than a new global fund, are spelled out in the original submission to the ESP.¹⁰

3. Chronology of activities and events¹¹

6. Following the recommendation of the Governing Body, the Social Protection Sector sent a mission to Namibia to prepare a pilot project. The Government of the United Kingdom, which had funded the inter-regional meeting of experts in May 2002, agreed to support the project preparation phase by seconding an official to the ILO for more than two years, thus helping the Office undertake the project preparation without using regular budget funds. The Government of Germany indicated that it would be prepared to finance the scientific monitoring of the pilot project. In November 2003, a status report¹² on the development of a pilot project for the GST was presented to the ESP. At that time negotiations were ongoing between the ILO, the Government and social partners of Luxembourg and Namibia, to seek agreement to pilot a new benefit for survivors – benefiting largely families affected by HIV/AIDS.
7. In the spring of 2004, the Government of Namibia decided that it did not wish to proceed with the pilot project due to the expected long-term cost of the benefit in question which the project team had estimated to be in the order of 0.5 per cent of GDP.¹³ An ultimate take-over of the full cost of the new benefit was a condition of the project. The German project funds were lost. The Government of the United Kingdom maintained its commitment.
8. The social partners of Luxembourg, however, agreed to continue with the preparation of an alternative project, and work was therefore undertaken to develop a Netherlands-funded pre-pilot project in Ghana, that the ILO had been working on since 2002, into a full pilot

¹⁰ idem.

¹¹ The chronology of events between November 2002 and November 2007 is documented in various documents for the ESP and the Tripartite Advisory Board of the GST pilot project (see for example ILO (2006a).

¹² GB.288/ESP/4.

¹³ The Social Protection Sector received a letter to this end dated 28 May 2004. In the meantime the Namibian Government representative to the ILC has indicated that the Government might want to revive the project even without start-up funding through the GST.

project. However, in view of the experience with the Namibian project, the pilot project was to be signed only once the existing pre-pilot project was finalized in order to be able to base the full pilot on a better knowledge base.

9. The main purpose of the pre-pilot project in the Dangme West district of Ghana was to develop the methodologies to identify the poor and increase their access to health care through the subsidizing of their health insurance premiums. This project reached around 3,000 individuals by the beginning of 2006, and has granted them access to health care that they did not enjoy before. In line with the GST operating principle to support and build on national initiatives, the ILO project team also substantially contributed to the development of the new Ghanaian national health insurance. The quantitative work of the pre-pilot project also facilitated the agreement between the World Bank and the Government of Ghana for a major grant to be invested in the upgrading of the health insurance management. The technical assistance provided by the ILO in respect of this project has been fully documented in a report submitted to the Government.¹⁴
10. The report of the pre-pilot study recommended that the full pilot should be undertaken in Ghana. Consequently a Memorandum of Agreement on the implementation of a pilot project was signed by the NGO Solidarité Syndicale of the OGB-L (the Independent Trade Union Federation of Luxembourg) and the Ministry of Health in Ghana in July 2005. Solidarité Syndicale agreed to finance from voluntary contributions from its members the activities of the Ghanaian pilot project for a period of up to five years with a possibility of extension on mutual agreement of the partners.
11. In November 2005, following the unexpected sudden departure of the Executive Secretary of the National Health Insurance Council (NHIC) in Ghana, the principal counterpart to the project in the National Health Insurance System (NHIS), the donor decided to postpone the launch of the campaign to spring 2006. An ILO monitoring mission in November 2005 and a joint ILO/World Bank mission in February 2006 to Ghana assessed the situation of the NHIS in Ghana. The missions found that the implementation of the NHIS was under way and that due to the prudent pace of the extension of the coverage of the population, the scheme had built up a substantial reserve because contributions and tax collection started early, while benefit delivery and the take-up of insurance coverage were slow. The ILO mission team recommended at the same time that the launch of the GST contribution collection campaign in Luxembourg be delayed for a year until the longer term financial prospects of the NHIS became clearer. During the following months, ILO financial analyses showed that the financial situation of the NHIS in Ghana would not justify the collection of donations in Luxembourg to support the health insurance premiums of the poor as the scheme was collecting sufficient resources to provide such subsidies in accordance with the law of August 2003. The project document needed to be adjusted accordingly. The Officers of the ESP were briefed on the situation of the GST initiative in March 2006 and provided with a detailed chronology of events.
12. In the meantime, the ILO supported, through a Swedish-financed project, the updating and regionalization of the national health budget in Ghana (that was developed under the pre-pilot project) and that should permit a projection of the financial situation of the scheme for at least five years. The project also undertook a survey to assess the quality and access to health care in the Dangme West district. The first results of the ILO survey show that the intervention by the ILO and exemptions by the Government have made it possible for 58 per cent of respondents who otherwise would not have been able to have access to

¹⁴ ILO (2005a).

health care to enjoy it.¹⁵ The project has in the meantime been extended to support the definition of the cash benefit to be sponsored by the GST pilot project to address the problem of high maternal and child mortality in Ghana. The project is still ongoing.

13. The Social Security Department and staff of the OGB-L jointly developed a project modification that envisages the testing of a new cash benefit to pregnant women and young mothers. Details are described in the next section. The project modification was signed by the Minister of Health in Ghana, the ILO and Solidarité Syndicale in the autumn of 2006. The social partners from Ghana and Luxembourg took part in the discussions and the preparation of an addendum, which was signed by the Government of Ghana, Solidarité Syndicale and the ILO. The document foresees also that they will provide support in the monitoring and implementation of the pilot project to ensure awareness raising, advocacy and impact assessment at the district level.
14. Following the necessary modifications to the publicity strategy of the campaign in Luxembourg, the national press launch of the project finally took place on 17 April 2007. Representatives from the Ghana social partners also took part through the videoconference which was organized for the event. The first presentation to the general public was undertaken by the OGB-L during the 1 May celebrations. In the meantime, an enterprise-by-enterprise rollout of the publicity campaign got under way during the second half of 2007. The OGB-L is presently preparing an application for financial support from the Ministry of Technical Cooperation in Luxembourg that normally matches every euro collected by a development NGO on a one-to-one basis. It is still too early to judge the financial success of the campaign in Luxembourg.

4. The design and state of the Global Social Trust pilot project¹⁶

Background and project justification

15. Life expectancy in Ghana at birth in 2005 was 56 years for males and 58 years for females, and healthy life expectancy in 2002 was 49 and 50 years respectively.¹⁷ According to statistics for Ghana, there are significant links between poverty, infant mortality and child development. In 2003, the under-5 mortality rate was 95 per 1,000 births, but this rose to 138.8 in the poorest quintile. Immunization rates ranged from 79.3 per cent in the top quintile to 49.6 per cent in the lowest. Likewise, 9.1 per cent of children were under height in the top quintile and 20.3 per cent in the lowest.¹⁸ The latter data demonstrate the necessity to find ways and means to improve the access of pregnant women, mothers and young children to adequate health care through insurance coverage.
16. To improve the overall access to health care, the Government of Ghana passed legislation in summer 2003, the National Health Insurance Act 2003 (Act 650), which put into effect a national health insurance system. The Government of Ghana has made a commitment to “devise a mechanism for ensuring that the basic health-care needs of indigents are

¹⁵ See *Survey report on Dangme West district mutual health scheme*, in ILO: Performance indicators for district mutual health insurance schemes. Working paper (forthcoming 2007).

¹⁶ Summarized mainly from ILO, 2005b; ILO, 2006b; ILO, 2006c.

¹⁷ WHO: Core health indicators from the World Health Statistics 2007 database; ILO, 2007a, p. 47.

¹⁸ UNDP, data for 2003.

adequately provided for”.¹⁹ An initial mechanism has been put in place, but the number of potential beneficiaries of such provision and the need to cover the poor and among them particularly vulnerable groups like women and young children, present a significant challenge to the management of the new system.

Key elements of the project design²⁰

17. The GST project in Ghana seeks to pilot the provision of a cash benefit to Ghanaian indigent pregnant women and mothers with children under the age of 5 and supports the extension of health care in Ghana. The cash benefit will be paid subject to the meeting of certain conditions. Initially these will be:

- obtaining the prescribed prenatal care for mother and child;
- obtaining a level of post-natal care for the mother and child;²¹ and
- completing prescribed health check-ups²² for each child in the family up to 5 years of age.

Full details of the conditions of receipt of the benefit as well as the benefit level will be prepared in consultation with the National Health Insurance Council, the Ministry of Health and other stakeholders. The aim is also to provide an incentive for pregnant women to register in the NHIS and hence support the rapid extension of health insurance coverage in Ghana, and provide some cash income for the poorest families at a time when the children and women in the families are most vulnerable and thus have a direct positive impact on poverty and especially poverty-related maternal and child mortality and health problems.

18. The project would make the granting of funding subject to a management support agreement with the participating scheme. This would envisage that national experts (the management partners) in health insurance, trained by the ILO or another competent body, are advising the participating district mutual health insurance schemes on administrative and managerial issues.

19. The Luxembourg partner is presently mounting a fund-raising campaign among persons covered by the Luxembourg social insurance. The aim would be to enrol as many long-term voluntary contributors as possible. The proposal is to ask employees in Luxembourg to contribute €5 per month on a voluntary basis. Contributions from members would constantly refuel the funds potentially available to the project to extend the support.

20. Based on an assumed number of 3,200 families in Ghana benefiting from the cash benefit, at the end of the period, and an estimated number of about 6,000 contributors in Luxembourg the project will have – over a total period of five and a half years (of which

¹⁹ National Health Insurance Act 2003 (Act 650), S2(2)(j), Ghana.

²⁰ More details about the project design are laid down in the project document and its addendum (ILO, 2005b and ILO, 2006b).

²¹ According to the World Health Report 2005: Make every mother and child count (Geneva, 2005), “... three-quarters of all neonatal deaths could be prevented if women were adequately nourished and received appropriate care during pregnancy, childbirth and the postnatal period ...” .

²² According to the schedule of essential vaccinations but at least once a year.

the first six months are largely devoted to preparatory work) – a total volume of about €2.2 million. However, the actual number will depend on the volume of voluntary contributions which can be collected in Luxembourg and the number of beneficiaries who register and qualify for the benefit.

5. Assessment of the pilot project experience and lessons learned

21. Social security systems are by now widely accepted in development policy circles as being one of the most powerful instruments in the fight against poverty and their potential to contribute to the achievement of the MDGs²³ is fully recognized. The objective of the GST initiative to create a new and exclusive funding instrument to support the setting up of national social security systems is thus fully justified. The idea of the GST is, in the meantime, also being explored by the Federation of the French Mutualities (Fédération Nationale de la Mutualité Française – FNMF).²⁴
22. The experience of recent years shows that the careful procedure starting with a feasibility study and a consequential pilot project was also fully justified. During the last five years, the preparatory work delivered two fully developed project proposals and one major project revision. A pre-pilot project in Ghana was completed and a further support project was started and is still ongoing. A partnership with the Government of Ghana and the health insurance scheme in Ghana was established and a pilot project signed. The contribution collection campaign in Luxembourg was launched and is ongoing.
23. The preparatory work so far has resulted in the following important outcomes:
 - (1) Substantial support was delivered to the implementation of the national health insurance system in Ghana. The ILO pre-pilot project helped also to broker support from the World Bank and a number of other international donors for the NHIS. The pre-pilot project developed a national health budgeting tool, a method to allocate central subsidies to the regional Mutual Insurance Schemes as well as a management structure for the national health insurance secretariat.
 - (2) The pre-pilot project has shown that the identification of the poor and the consequential targeted delivery of benefits to particularly vulnerable groups are feasible if the communities are involved. Access to health-care benefits, for example, can effectively be improved. It is possible to use social security benefits to combat poverty directly.
 - (3) The positive involvement and support of the social partners both in Luxembourg and in Ghana have been essential in the development of the pilot project.
 - (4) It is possible to mobilize OECD-based workers' organizations to support the build-up of national social security systems in developing countries. It is possible to bring government, workers' and employers' organizations in a developing country together to support a project to improve social security.

²³ For example, at the G8 Labour Ministers' Conference (Dresden 6–8 May 2007), the Ministers concluded "We thus consider the strengthening and broadening of social protection one of the most important tasks in the context of globalization processes." (point 15 of the Chairperson's conclusions).

²⁴ A letter requesting support from the ILO for the development of a similar idea was received in October 2006.

- (5) The direct involvement of representatives of the Governing Body in the monitoring of the project design process had a positive impact on the project design and the acceptance of the project in the donor and recipient country.
24. However, compared to the initial timetable anticipated by the ILO, the project is about two years delayed. Thus, it is too early to judge whether substantial amounts of resources can be collected from individuals in donor countries for solidarity-based build-up of national social security systems. These delays are largely due to the fact that the time needed to arrive at government decisions in recipient countries on the long-term financing of new social security benefits tested and promoted by the GST, and the time needed to adapt the project location and design to changing policy and new administrative developments in recipient countries, were underestimated. Delays can also be attributed to the fact that there were no funds for a full-time presence in the recipient country during the project preparatory phase.
25. The project preparation work also yielded the following important insights:
- (1) Credible projects can only be designed and accepted by potential donors and collaborating institutions in recipient countries if extensive project identification and preparation work is undertaken that demonstrates that a GST project that will in the long term lead to concrete national fiscal and financial commitments, is well adapted to national social and poverty alleviation policies and priorities. These preparatory activities require substantial time and seed financing that the GST pilot had to mobilize through small project activities with the Netherlands, United Kingdom and Swedish Governments, since no regular budget resources could be used to prepare the pilot. A project preparation and negotiation time of about two years appears realistic.
 - (2) Resources and time required to organize national contribution collection campaigns in donor countries was underestimated. Since no investment in the campaign could be made from regular budget resources, the pilot project had to exclusively rely on voluntary work of officers from the OGB-L whose pioneering engagement and extraordinary commitment needs to be explicitly acknowledged here.
 - (3) Investments in national capacity building in recipient countries requires a much greater share of project resources than originally envisaged. Based on the experience of the pre-pilot, project durations should not be shorter than five years.
26. On the whole, the project has generated a substantial body of experience with respect to the project identification, preparation, design and the creating of partnerships between donor and recipient organizations. It has also shown that social security benefits can be delivered to the poor in developing countries. It is too early to judge how much resources can be collected from individuals in OECD countries by contribution campaigns that only have a modest budget.
27. The project experience has also shown that in view of the complex decision-making processes in donor and recipient countries that are beyond the control of the ILO, the original organizational design of the GST network should be simplified with a view to relying on bilaterally negotiated twinning arrangements between organizations in donor and recipient countries rather than on a complex network managed by the ILO.²⁵ The ILO should provide – if requested – technical assistance to such twinning arrangements

²⁵ Originally it was foreseen that “... National organizations would be supported by a technical secretariat at the global level that would identify, prepare and implement country programmes ...”. GB.285/ESP/4, Appendix I, p. 8.

building on its decades of experience with the delivery of technical cooperation, inter alia, in the framework of the STEP project.

6. Suggested further course of action

28. *In light of the above review, the Committee may wish to recommend to the Governing Body that it request the Office to continue work on the Global Social Trust initiative along the following lines:*

- (i) complete the pilot project and document/compile the relevant experience and impact and share it with all institutions that show interest in entering into twinning partnerships between industrialized and developing countries;***
- (ii) promote further bilateral twinning projects on the basis of the GST initiative – possibly in collaboration with other national or international organizations – provided that the experience with the Luxembourg fund-raising campaign is positive; and***
- (iii) provide policy and technical advice to such twinning projects, once established by bilateral initiative, in the framework of the Global Campaign on Social Security and Coverage for All and its regular technical advisory services in social security if such support is requested and financed by these partnerships.***

Geneva, 24 September 2007.

Point for decision: Paragraph 28.

Appendix I

Relevant documents

- ILO (GB.285/ESP/4): *Exploring the feasibility of a Global Social Trust*, report on the results of a feasibility study and the recommendations of an inter-regional meeting of experts (Geneva, 14–16 May 2002).
- ILO (2002b): *Record of Decisions*, GB.285/205, para. 55, Geneva, Nov. 2002.
- ILO (2003a): *A Global Social Trust Network: Investing in the world's social future – Report and documentation of a feasibility study*, Geneva, 2003.
- ILO (GB.288/ESP/4): *The Global Social Trust pilot project: A status review*, Geneva, Nov. 2003.
- ILO (GB.289/ESP/5 para. 10), *Global Campaign on Social Security and Coverage for All: A progress report*, Geneva, Mar. 2004.
- ILO (2005a): *Ghana Social Trust – Pre-pilot project. Final report, Improving social protection for the poor: Health insurance in Ghana*, Geneva.
- ILO (2005b). *A Global Social Trust pilot project between Luxembourg and Ghana. A programme for the extension of social security*. Project outline, ILO, Geneva.
- ILO, Social Security Department (2006a): *The Global Social Trust initiative: Chronology of events*, mimeo., 21 Mar. 2006.
- ILO (2006b): *A Global Social Trust pilot project between Luxembourg and Ghana. Addendum to the Memorandum of Agreement between the ILO and NGO Solidarité Syndicale of Luxembourg and the Government of Ghana*, 2006.
- ILO (2006c): *The ILO Development Programme on National Health Insurance in Ghana*, Geneva, 2006.
- ILO: Summary of meetings of the GST Advisory Board from: March 2006, June 2006, November 2006, March 2007, June 2007.
- ILO: Points for discussion at GST Advisory Board meeting: November 2006, March 2007.
- ILO (2007a): *Social health protection: An ILO strategy towards universal access to health care*. Draft for consultation, Geneva.
- ILO (2007b): *Global Social Trust: A project of international solidarity between Luxembourg and Ghana*, Information paper, Geneva.