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HARNESSING THE CO-OPERATIVE ADVANTAGE TO BUILD A
BETTER WORLD

***A GLOBAL FORUM ON CO-OPERATIVES,
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ENABLING SOCIAL PROTECTION: *THE ROLE OF CO-OPERATIVES*

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KENYA

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Definition of social protection

- **Social protection**, as defined by the United Nations Research Institute for Social Development, is concerned with preventing, managing, and overcoming situations that adversely affect people's well being. Social protection consists of policies and programs designed to reduce poverty and vulnerability by promoting efficient labor markets, diminishing people's exposure to risks, and enhancing their capacity to manage economic and social risks, such as unemployment, exclusion, sickness, disability and old age.



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Suitability of co-operative model in social protection

- Community/Members interest- With member ownership and control, and profits distributed to those who use the co-operative,
- Rural development- Locally owned co-operatives have better potential to play a role in rural economic development.
- Flexible Profit objectives- Co-operatives are not concerned in maximizing profits.
- Financial Advantages- Co-operatives are eligible to apply for loans and grants from a number of state and donor agencies.
- Growth with Equity- Co-operatives have the advantage of growing & ensure better distribution of income.
- Better Survival rates than commercial enterprises.



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How co-operatives provide social protection

- The co-operatives are people owned economic organizations as well as a social enterprise aimed at fulfillment of social goals.
- The co-operative organizations historically was formed by poor people, who wanted to co-operate out of poverty
- Co-operatives and the values and principles on which they are founded will stand the test of all major social and economic changes as long as the world continues to be divided between the rich and the poor.
- Co-operatives are founded on the basic values of: self-help, self-responsibility, democracy, equality, equity, solidarity and the ethical values of honesty, openness, social responsibility and caring for others.

Reasons for establishing Co-operatives

- To protect members from exploitation.
- To counteract monopoly or near monopoly powers.
- To gain access to markets with fair return.
- To provide services to consumers which would otherwise not be available.
- To create or maintain employment in a community.
- Housing co-operatives to provide low cost homes.
- Co-operative insurance protects individuals and small businesses from risk.

Level of co-operative intervention in social protection

- Co-operatives facilitates fairer distribution of income in favour of the poor
- Co-operatives are accessed by all cadres thus promoting reduction of the gap between the poor and rich.
- Co-operatives have demonstrated the ability to reduce poverty through creating economic opportunities, providing basic protection and security, and empowering people at all levels
- In Africa, Agricultural co-operatives have played a crucial role in the development of small scale agriculture
- In Kenya, Saccos have mobilised and advanced billion of savings and loans to their members for economic activities thus protecting their members from exploitation by shylocks

Complementary role of co-operatives to other stakeholders in national social protection schemes

- National Social Health & private medical Schemes for medical services poverty r and ill-health are closely intertwined as indicated by the require collective efforts and strategic partnerships from co-operatives to provide viable and sustainable medical solutions for the poor
- Financial co-operatives provide access to financial services (savings , credit & insurance) to large population excluded from the mainstream the financial sectors
- Informal sector: Co-operative and mutual insurance protects individuals and small businesses from various types of risk

Role of CIC Kenya in social Protection through microinsurance

The co-operative principles and micro insurance philosophy are highly compatible thus making the co-operative model to be more successful in delivering insurance services to the low income population. Using this model , CIC Kenya has pioneered and lead in micro insurance in Africa by initiating many projects on low ticket insurance packages for the low income households in Kenya. In delivering insurance services to the low income households CIC has been using the following factors;

- Identifying the needs of the poor
- Trust
- Reduction of moral hazard, adverse selection and fraud
- Member education
- Empowerment

QUESTIONS OR COMMENTS



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