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INTERNATIONAL SOCIAL SECURITY ASSOCIATION
ASSOCIATION INTERNATIONALE DE LA SÉCURITÉ SOCIALE
ASOCIACIÓN INTERNACIONAL DE LA SEGURIDAD SOCIAL
INTERNATIONALE VEREINIGUNG FÜR SOZIALE SICHERHEIT

Good Practices in Social Security

Good practice in operation since: 2008

Setting the rates right

A case of the National Social Insurance Fund

National Social Insurance Fund
Cameroon

Summary

Our institution's choice of the SETTING THE RATES RIGHT model of good governance is indicative of an unusual approach which breaks radically away from the application of established rules based on government structures such as the "mercuriale des prix" (official price index).

We believe that the price reference system is no longer fulfilling its regulatory role. The elasticity of the rice ranges proposed was such that its application did not enable the Fund to fulfil its institutional mission.

The SETTING THE RATES RIGHT experiment is a managerial decision taken by the top management of the National Social Insurance Fund, Cameroon (Caisse nationale de prévoyance sociale (CNPS)) in June 2008 to ensure serene management of the Fund's resources on behalf of social beneficiaries.

The economies which we expect to realise in the six-month period following introduction of the SETTING THE RATES RIGHT project should, with the planned payment of all unpaid benefits on record and in line with actuarial projections, help to make noble ideals such as a higher standard of living for old people, a reality.

CRITERIA 1:

What was the issue/problem/challenge addressed by your good practice?

Objective analysis of the situation has led us to believe that the use of the "mercuriale des prix" price index, the government reference in public markets which was initially introduced in order to avoid pricing abuse, no longer plays its regulatory role. Within our organism, over-reliance on it was a contributing factor in the over-pricing of services provided. This led to serious financial losses and anxiety for the future of the social security institution. Total expenditure as a percentage of operational costs was far beyond the acceptable level of not more than 15 per cent less than the management ratios authorized by the Inter-African Social Insurance Conference (Conférence interafricaine de prévoyance sociale (CIPRES)). Something had to be done.

The *SETTING THE RATES RIGHT* concept dates from the arrival of the new Director General, i.e. May 2008; it came into effect at the beginning of June 2008.

CRITERIA 2:

What were the main objectives and the expected outcomes?

To use the fair price approach, i.e. prices on the open market, to guide the institution towards the rational use of financial resources, and to reduce the ratio of operating costs to technical expenditure significantly, in line with CIPRES norms.

CRITERIA 3:

What is the innovative approach/strategy followed to achieve the objectives?

A pedagogical approach based on consultation between service providers and increased awareness on the part of staff involved in the bidding process. We had to win them over to the idea that the social security institution is responsible for the safekeeping of the savings contributed by the socially insured; its role is therefore to protect all such savings in their best interests.

CRITERIA 4:

Have the resources and inputs been used in an optimal way to implement the practice?

We believe that this is an original and courageous managerial vision on the part of the organisation's top management which has majority support. However, change is always controversial, and the top management is also using dissuasive means including repression to discourage possible backsliders. Internal audits will round off the step-by-step introduction of the new procedures.

CRITERIA 5:

What impact/results have been achieved so far?

- Good governance is in the experimental stage. The changes which are already perceptible lead us to believe with some certainty that within six months we will be able to increase the technical and insurance reserve funds based on our savings.
- Observation of budgetary discipline.
- Results are based on reducing operating charges by implementing market rates and have been obtained very rapidly; in mid-September 08, only two months after the changes were introduced, they were sufficiently promising to enable the General Administration to pay off all outstanding benefits amounting to FCFA 8.5 million (approximately 1 million euros).

CRITERIA 6:

What lessons have been learned from the introduction of this good practice?

- A significant and progressive reduction in operating costs and an increase in the technical and insurance reserves.
- A good governance culture in the use of public resources.

CRITERIA 7:

To what extent would your good practice be appropriate for replication by other social security institutions?

One of the priorities for all social security institutions which want to survive must be to focus on the creation and security of technical reserves through the control of operating costs.