MICROCREDIT and GLOBAL HEALTH

Overview of remarks

- Global context
- Microfinance and Microcredit
- 3 Case studies; Integrating microcredit with health
- Summary & UNC opportunities

What are we achieving?

Mortality amenable to health care

Mortality from causes considered amenable to health care is deaths before age 75
International Variation, 1998

Deaths per 100,000 population*

* Countries' age-standardized death rates, ages 0-74; includes ischemic heart disease


SOURCE: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2004
Global Context; Fact

Biggest threat to global health is poverty

- > 2.0 billion live on $2 a day
- > 1.0 billion live on $1 a day

(World Bank website)

Global context; Fact

Worldwide Hunger

- 1.2 billion – do not reliably have enough to eat
- Hunger - greater risk to global health than AIDS, malaria, and tuberculosis combined.
- 16,000 children die daily of causes related to hunger
Global context; A global divide

“The bottom billion – who live on less than a dollar a day – coexist with the 21st century, but their reality is the 14th century: civil war, plague, ignorance.

We will need to go beyond aid if we are really to make a difference.”

So…… What can be done?

Microfinance and microcredit

- What is microcredit? Microfinance?
- Issues & controversies
- Evidence of impact
- Opportunity to improve global health
Unique Characteristics of Microfinance Clients…
and ways of responding to make financing available

**Problems**
- Small loans/savings and high transaction costs
- Lack of credit history and collateral
- Physical distance from financial institutions
- Represent too much risk for conventional bank
- Vulnerable to use of community “money lenders”

**Solutions**
- Small “test loans” that increase gradually
- Transfer underwriting to clients = joint liability loans
- Focus on women as clients (lower risk)

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The Microfinance “Industry”

- Provision of financial services to poor people
- 3,000+ institutions serving 113,000,000 people
- Microcredit;
  - 80% women
  - Self-Sustaining; loan interest supports operations
  - Loans $20 to $300
  - 98-99% repayment; a “renewable resource”

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Current Issues in Microfinance

- How do MFIs balance the social and financial bottom line?
  - Social mission /NGOs and for profit businesses

- What is the impact on the poor?
  - Bangladesh: 40 percent of the entire reduction of rural poverty over 14 years was directly attributable to 3 microfinance institutions

- Controversy: Are we reaching the poorest?
  - About 75% are “very poor” defined as either:
    - Bottom half of those below their country’s poverty line OR
    - Below US$1 a day
PERU: Sebastiana

Life situation;
widow
10 children
lives in Altiplanos
illiterate

First loan: $64
Business: Pigs

Beyond MicroCredit; Adding education

Freedom From Hunger

- Poverty & hunger focus for 60 years
- 3.5 million women/family members
- $400 million lent, 98% repaid

Benin     India
Bolivia   Mali
Burkina   Mexico
Ecuador   Peru
Ghana     Philippines
Guatemala Senegal
Haiti     Madagascar
Honduras  Togo
Early innovation; Microcredit with Education (Freedom From Hunger in 1990s)

- Every microcredit client receives education
  - Health prevention and management; generic and disease-specific
  - Business Practices
  - Household management; ex. Family budgeting
  - Self-esteem and empowerment; increased role in family decision-making

Impact Evaluation of health education (data from 2 RCTs)

- Education in child-feeding practices
  - More likely to breastfeed & delay intro. of other foods
  - Better rehydration of children w/ diarrhea
  - Significant increase in height-for-age and weight-for-age for children of participants (Nkholi and Dunford, 1998-99, Bolivia)

- AIDS education in Uganda
  - 32 percent of clients had tried at least one HIV/AIDS prevention practice, compared to 18 percent of control group (Barnes, Gaile and Kimbombo, 2001)

The group relationship-interaction

- Groups self-select (10-12)
- Meet weekly to monthly

Group Process
- Solidarity greeting
- ½ hr education
- Dialogue based
- Pictures/games
- Learning aides
- Banking transaction
- Indiv pay loans
- Discussion w/ agent

Evidence base; measurable improvements

- Household income
- Food security
- Child well-being
- Health status
- School attendance
- Knowledge
- Self-empowerment
- Social solidarity
- Status in community
**Microcredit is not enough**

Illness was the most commonly cited reason for “a downward slide into poverty... ahead of losing a job, which took second place.”

*Dying for Change, World Bank (2002)*

*Health crises and poverty are unending cycle*

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**Global context; Facts**

*Health Spending among the world’s poor*

- Thailand; in 1/3 of households where a death from HIV/AIDS occurred; household income dropped 48%

- In Benin and Burkina Faso, microfinance clients spent an average of 1/3 of their annual income to combat malaria alone

*(FFH market study, W. Africa, 2006)*

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**Innovation; accelerating public health through microcredit w/ health interventions**

- > 3000 MFIs; distribution platform for health improvement
- MFIs reaching poor worldwide; over 100 million clients
- MFIs willing to take on complicated services; self-interested
  - Better retention of current clients
  - Reduces risk of non-payment and may mean bigger loan size
  - Improves recruitment of new clients
- Case studies
  - Freedom from Hunger
  - Microcredit and Health Protection (MAHP)
  - Mamaantena model in Ghana with Ministry of Health
  - Pro Mujer
What is MAHP?
Microfinance and Health Protection Initiative

- $6 million Gates Foundation grant to Freedom from Hunger
- 4 years: Jan 2006 through Dec 2009
- Scope:
  - India, Philippines, Benin, Burkina Faso, Bolivia
  - 5000 clients per country (25,000 impacted)
  - Competitive bid partners of FFH

MAHP; Improving predictable access to health-related services and products

Access Barrier; Good Information

Access Barrier; Financing

Access Barrier; Appropriate health services and products

4 ways; health w/ microcredit

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<td>1. Major health risk-specific to locale malaria, diarrhea, respiratory, AIDS</td>
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<td>6. Consumer of health products/services</td>
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| Access to Health services | 1. Linkages to public & private providers incl; Preferred provider networks negotiation for discounted fees influence quality of care  
| | 2. Facilitating Health referrals |
| Access to Health Products | Community based sales of safe, “real” products including; IT bed nets pharmaceuticals oral rehydration condoms water treatments |

**MAHP Program; West Bengal, India**

- Partner; BANDHAN; MFI w/ 400,000 clients
- Market research based Intervention package;
  - Health Education
  - Health Micro Loans
  - Health Product distribution by trained women
  - Linkages with health care providers
- RCT for Impact Evaluation @ village level
Health Micro Loan

- Loans $25-$125 paid over 1 year term (10% interest)
- Early data; Loans portfolio of approx $6000
  - Acute and chronic care (80%)
  - surgery (20%),
  - accidents (10%)
- 100% repayment

Health education and product distribution

- Health Community Organizers
  - Trained volunteers
  - One-hour education monthly for entire village (incl non-clients)
  - First 2 courses based on market research;
    - diarrhea and sanitation
    - better self-care and use of health services
- Health product distributors
  - Trained women microentrepreneurs
  - Household visits to reinforce health messages, sell products
  - 250-300 households assigned
  - Supervision by HCO bi-weekly and random house visits to audit
- Program designed/supervised by physician

Philippines

- Health education (dengue, health consumer)
- Urban
  - Health loans for PhilHealth Government Insurance
- Rural;
  - Preferred provider network (discounts)
  - Community drug dispensaries
Key Research Questions
Do the MAHP interventions contribute to:

1. Institutional performance of the MFI? (Gates)
2. Improve the well-being of the household?
   - Food security
   - Household income
   - Productivity (work capacity)
   - Health of household
3. Client satisfaction
4. Impact on quality of health care services

Ghana; Microentrepreneurs in health

- FFH has worked in Ghana since 1980s
- Focus of Credit w/ Education Program; malaria
  - Scale of problem; West Africa; child dies every 30 seconds of malaria
  - Credit with Education program not producing enough results
- Two year Impact Evaluation of Credit & education
  - Measurable impact on proper use of bednets
  - Many women willing to buy/use nets; no availability of affordable nets

Microentrepreneurs in Health Project

Scaling up; Microentrepreneurs in Health

Collaboration; FFH w/ Ministry of Health

- Women in rural areas trained on health issues and products
  - how to properly use an insecticide-treated net
  - how to use water treatments to make safe for drinking
  - how to use contraceptives
  - how to recognize a child is dehydrated and use Oral Rehydration Solution
- Mamasantes facilitate referrals to nearest clinic w/ appt cards
- MBH Program: national phased approach to reach 80 percent of the rural communities within ten years.
Pro Mujer; Latin America
Integrated microcredit w/ direct health provision

- Five countries; Bolivia, Peru, Mexico, Guatemala, and Argentina

Integrated health services
- Bolivia: “focal centers”
  - 80,000 clients pay 50 cents monthly for primary care from nurse w/ dr oversight
- Argentina
  - Each client pays 18 monthly for care by a contracted private health care network
  - Mobile services in remote; Pap smears by motorcyclist

Making the case; integrating microcredit with health

Innovation for accelerating public health solutions;

- Global health challenges
  - Poverty
  - Lack of knowledge/information
  - Lack of access to effective health services and products
- Evidence = integrated strategy can address all 3
- Intuitive and broad appeal: a “buzz”
  - Meets critical criteria of scalability and self-sufficiency
  - Integration of services is what clients want and need
  - Emerging as a national and international policy priority
  - MFI industry interested and motivated
  - Funders interested; government, foundations, industry
What can be done to accelerate this “solution”?

- Supporting the “on the ground” needs of organizations;
  - Educational and training methods
  - Financial and business acumen for the MFIs
  - Expertise about public health and health care
- Developing an accessible evidence base
- Designing and testing replicable models
- Dissemination / Policy influencing
  - Convene Global Summit on Microcredit w/ Health Strategy
- Ongoing Research and evaluation; need for academic partners

“As we transform our thinking about public health we can transform lives. In so doing, we can transform the future” Barbara Rimer, DrPh