Equipping Families in the Andes Region with Integrated Microfinance and Health Services
Technical Brief #1: Lessons Learned

Marcia Metcalfe and Bobbi Gray
October 2013

Introduction

Millions of microfinance institution (MFI) clients throughout Latin America are challenged by the dual circumstances of poverty and poor health, and lack access to health information, appropriate services and the financial tools that help them afford needed care. Like other families struggling to raise themselves out of poverty, they pay a disproportionately high amount of their meager income on health expenditures and health shocks and too many are driven back into poverty as a result of preventable health events.

The microfinance markets in Perú and Ecuador are extremely competitive, with a diversity of institutions offering services to the poor. Many MFIs are seeking further diversification of their product mix to increase client loyalty as well as reflect their commitment to meeting client needs. MFI leaders and staff report that illness is often a key factor in client problems with loan repayment and savings deposits, and that too often ill health causes clients to slip into poverty again. An integrated program of microfinance and health-protection services is a means to deliver practical, powerful and coordinated tools to create lasting improvement in the economic and social welfare of MFI clients and their families.

Between 2011 and 2013, Freedom from Hunger, in partnership with Oikocredit and five MFI partners in Ecuador (Cooprogreso and FACES) and Perú (ADRA, FINCA-Peru, Confianza/Caja Nuestra Gente), planned, developed and piloted health programs that link financial services with access to a range of health services. This technical brief will cover the experiences and lessons learned from replicating health services in the Andes, such as those originally designed and tested under Freedom from Hunger's *Microfinance and Health Protection* (*MAHP*) initiative originally funded by the Bill & Melinda Gates Foundation.

Health Services

One of the goals of this project was to assess the viability of providing a "light touch" technical assistance package concurrently to several MFIs in one region or country to help them design and implement a health benefits package for their clients. The purpose of this approach was to try to find a balance between efficiency and effectiveness.

Freedom from Hunger provided group-based trainings and technical assistance meetings to which all partners were invited and encouraged to attend. After the market research and product design workshops, all but one of the MFIs listed above implemented packages of health services that include one or more of the following: health education modules ranging from relevant health topics

(such as "Healthy Habits," "Plan for a Better Health" and Women's Health); health savings combined with a prepaid out-patient program; linkages with local health providers for periodic health days during which low-cost diagnostic and treatment services are provided in local communities; health loans; and an expanded health insurance program to include family members.

At the end of two years, the four MFI partners that launched programs were collectively reaching 22,693 MFI clients and their families. Three of the MFIs are preparing to scale their health programs (ADRA, FINCA Perú and Cooprogreso). One (FACES) has only partially launched a pilot and is reassessing its capacity and scope of the program in light of changes in government health services. One partner (Confianza/Caja Nuestra Gente) was not able to launch a planned health savings and loan product as a result of a corporate merger and reorganization. Table 1 below shows total outreach of the pilot programs at the end of the project period. A full description of each partner's health benefits package is provided in Table 2.

Table 1. MFI Partner Loan Clients and Outreach of Pilot Health Programs—June 2013

		Numbers of Clients for Different Types of Products					Total	
MFI Partners	Total MFI Loan Clients	Health Education	Health Days/ Brigades	Health Savings/ Prepaid Program	Health Loans*	Health Insurance	Clients Using Health Program	Percentage
Cooprogreso (Ecuador)	17,130	1,590	5,199		17,130	17,130	17,130	100%
FACES (Ecuador)	9,193	780					780	8.5
ADRA (Perú)	16,654	1,520		599			1,520	9
Confianza/Caja Nuestra Gente (Perú)	95,852	0	0	0	0	0	0	0
FINCA Perú	16,134	3,263	804				3,263	20
TOTAL	154,963	7,153	6003	599	17,130	17,130	22,693	14.5%

* Access to health loans. No use of loans reported as of May 2013.

Lessons Learned

The objective of this project was to apply a relatively "light" touch to support the replication of health programs by grouping partners for primary technical assistance workshops and training; the project has generated a range of important lessons that should also be of interest to other practitioners, investors, donors and policymakers who share Freedom from Hunger's interest in fostering the growth and impact of programs that link health and financial services for the poor.

1. **Costs for developing a health benefits package can vary; ongoing operational costs can be low.** Time to develop the health programs ranged from nine to 17 months. Marginal direct costs incurred by the MFIs during development ranged from US$2,269 to $4,807. These costs do not include allocations of overhead or for current staff who were not added to support the program. Operation costs at pilot level were available for detailed analysis from one partner, ADRA, over a period of eight months. In this case, total costs (direct and allocated) were $7.88 per client reached and marginal direct costs, incurred specifically as a result of the program, were $.68 per client. A simple modeling of the costs of this program scaled to all clients over a year estimates annual total per-client costs of between $1.96 (marginal direct) and $2.56, including allocated administrative costs. These findings are consistent with our analysis of start-up costs of other microfinance and health protection programs over a wide range of geographies, and would be expected to further decrease in subsequent years. Detailed cost and benefit studies conducted

in 2009 showed costs for MFIs from five different countries averaged about $1.59 per client per year.[1]

2. **Planning and budgeting must allow for realistic and adequate time and resources to enable successful pilots.** MFIs new to health programs and even those with some limited experience require sufficient time to understand client needs, the availability of community resources that can be mobilized, and to innovate, develop and test products before assessing and making corrections. Partners in this project spent from nine to more than 18 months introducing new products. FINCA Perú (nine months) was able to introduce new education and the health fairs more quickly because it had a head start, having previously received assistance from Freedom from Hunger to think about how to add health services. In cases where new financial and credit products are involved, development, approval, documentation and submission of this to regulators (in the case of regulated entities) can add months to the process of creating a final product.

   This is important for creating realistic projections of level of effort and costs for program planning, implementation, monitoring and evaluation and for communicating these requirements to all stakeholders (partners, donors, investors and technical assistance providers) to assure a realistic and shared set of expectations of resource requirements.

   The project time horizon (18 months) posed several challenges. First since time to develop and launch pilots ranged from seven to 17 months, there was insufficient time to see measureable results that might reliably indicate how the program will perform post pilot and when replicated and scaled. Furthermore, a short time horizon provides no leeway for managing the unexpected such as turnovers of key staff or other significant organizational changes. Two partners experienced turnovers of key staff, and another was involved in a merger, both significantly disrupting program planning and development, adding time, and likely compromising the capacity to develop a final complete product.

3. **It is important for implementing partners to fully understand and commit to resources needed to support program planning, development and piloting.** Partners understood the need for time from a project coordinator. Experiences with this project confirm earlier findings that it is important for the project coordinator to be a strong champion of the project and in a position to make decisions or have major influence to affect key decisions by other leaders. Partners may have been less clear about the need to also involve staff with expertise in areas such as IT, credit services, marketing, human resources and overall operations, and to plan ahead for these staff at key product development points.

4. **Opportunities for cross-learning and sharing are valued.** Partners appreciated the opportunities to be with each other to share and affirm their commitment to health-program delivery and to learn from each other's experiences. Several have expressed interest in ongoing opportunities to do so and have become actively involved in Perú and Ecuador Microfinance and Health Communities of Practice (CoP). It is important to continue to find vehicles for this cross-learning and to explore the extent to which technology can facilitate and reduce the costs of bringing partners and others together to more fully realize the potential for linking health and financial services.

[1] Reinsch, M., C. Dunford and M. Metcalfe. "Costs and benefits of MFIs offering health benefits to clients." *EDM*, Sept 2011, Vol.22, Number 3.

5. **Potential for provider linkages is still relatively under-developed and has very high potential for developing sustainable products and programs.** This project and the parallel work of building the country and regional communities of practice has helped to surface several important opportunities for greater partnering between MFIs and organizations that provide and/or finance healthcare services. ADRA developed a prepaid program with the Clinica Adventista for a defined set of outpatient and diagnostic services benefiting clients by providing a predictable and affordable price, and benefitting the Clinic with revenue and access to new patients. The link between the University San Francisco de Quito (USFQ) and Cooprogreso provides health insurance benefits for clients through a network of providers and their medical center. And the involvement of USFQ in the regional CoP work has sparked the interest of Peruvian MFIs to replicate a similar model for their clients. While creating effective linkages between MFIs and other organizations that provide financial services to the poor can be challenging to facilitate, they offer an opportunity to play a catalytic role in creating new, market-based solutions to help poor families access healthcare services that benefit multiple stakeholders.

6. **Grouping of partners is not always an appropriate substitute for one-on-one technical assistance.** Advantages of grouping partners included important opportunities for shared learning and multiplicity of perspectives and experiences, which can be of particular value in both the initial stages of learning and training, and then again following pilots for sharing lessons, successes and challenges. However, during product development and early implementation, partners needed more specific and tailored technical assistance that is best delivered through direct on-site follow-up and support from experienced technical assistance providers who understand the requirements for integrating nonfinancial services.

7. **Health and microfinance is still an innovation.** While there is a growing body of very strong evidence that points to positive benefits for clients, MFIs, health providers and communities from linking health and microfinance, it is still new and for many an innovative, "outside of the box" idea. As with other initiatives designed to link and integrate interventions from different sectors, it requires dedicated learning and on-going efforts to build understanding of the value for MFIs, clients and health service providers.

Table 2: Health Benefits Packages

Ecuador	
Cooprogreso	Cooprogreso provides health education for micro-insurance and for preventing and managing acute respiratory illness that was developed in partnership with the University of San Francisco at Quito. Health loans (*Credi-Salud Ya*) were launched in February. Loans can be provided for up to ten times the amount of savings on **deposit (maximum of $3,000 and a 24-month term). Linkages** with health providers are provided through health brigades that bring providers to local communities to provide services. They are being conducted regularly and have reached **over 5,200** individuals as of the end of March 2013. Services provided include ultrasound**s of breast, kidney and bladder; de-worming; eye** and skin care; EKGs; and nutrition and weight control. The health insurance product design has been modified to enable clients to voluntarily include all family members at an additional cost.
FACES	Freedom from Hunger worked with FACES to adapt and train staff on "Healthy Habits" a module to prevent chronic disease. FACES developed flyers and key messages on fumigation.
Peru	
ADRA	ADRA clients received, *Mi Salud Primero*, a module that blends Freedom from Hunger's "Plan for Better Health" and "Healthy Habits" modules, and a financial education/savings component. ADRA piloted a mandatory prepaid health package with a selected set of client community banking groups in the Juliaca area. Each client was required to contribute 10 Soles each month during the loan cycle for a total of 50 Soles per client. During monthly meetings, clients received an education session about the importance of illness prevention and what diagnostic health services were available to them through an agreement between ADRA and the Clinica Americana, which is a private clinic and one of the top health-service providers in the area, working in the community for approximately 90 years. Services are diagnostic preventive services, mainly targeting chronic diseases. Most packages target the women; however there are two packages offered to men and one to children. There are 11 different service packages of a range of services that are discounted (41%–59%). Clients must access the services within a defined time period. Each package of services has a general theme and nine of the 11 packages cost 50 Soles. ADRA clients are also eligible for 40 percent discounts on other services/visits unrelated to the prepaid diagnostic service packages.
Confianza/ Caja Nuestra Gente	Confianza developed an ambitious product plan with a comprehensive health package to address client needs for improved health knowledge, access to services and financing. Confianza was unable to implement the following projects due to a merger with Caja Nuestra Gente. Their original plan included:1) Health education to plan ahead and save for health and to prevent chronic diseases; 2) Links with health providers, including negotiated discounts with private clinics and health camps; and 3) Voluntary health savings with a required minimum amount for savings in interest-bearing accounts.
FINCA	FINCA's health education targeted older women—*Salud Mujer Adulto*—and focused on chronic diseases. The education was complemented by radio programming that also promoted the health campaigns that FINCA offers. Health Campaigns are organized approximately every six months. During these campaigns, which typically last three to five days, clients and family members are attended by partner health providers, which include both public and private healthcare providers within FINCA Perú's office complex. Health campaign services include cervical and breast cancer screening, dental care, child-growth monitoring, general checkups and mental health services.