



MICROFINANCE AND HEALTH PROTECTION

Many microfinance institutions—particularly those serving the very poor—have witnessed the significant impact that all-too-common health shocks can have on their clients' ability to repay, save and flourish in their microenterprise endeavors. These institutions seek **sustainable approaches that help safeguard their clients' health while also protecting the institutional bottom line.**

Freedom from Hunger, a recognized expert in integrated financial and nonfinancial services for the poor, launched the Microfinance and Health Protection (MAHP) initiative in January 2006 with funding from the Bill & Melinda Gates Foundation. The initiative aims to develop and test integrated microfinance and health protection products and services that positively impact clients' lives while being practical and sustainable for microfinance institutions (MFIs).

Health Protection Innovations Demonstrated by Freedom from Hunger and Partners

Freedom from Hunger collaborated with five MFIs in Africa, Asia and Latin America to conduct market research and to design and test an array of health protection products and services. Each MFI developed a "package" that combined several of the following elements to meet the specific needs of their clientele in a cohesive, efficient and effective manner.



Health education

- Interactive education sessions on topics such as prenatal health, malaria, dengue fever, common childhood illnesses and HIV/AIDS
- Training on coping with health-related financial shocks, planning ahead to face common health expenses and getting the most out of local healthcare services



Health financing and micro-insurance

- Health loans
- Health savings accounts
- Loans for health insurance premiums
- Health micro-insurance



Linkages to health providers

- Mobile doctors providing health education, preventive and diagnostic services in rural areas
- Referrals to private and public providers for secondary care
- Preferred-provider program with discounted primary care for rural clients



Access to health products

- Door-to-door visits by village entrepreneurs who reinforce health education, sell health products and medicines and provide referrals to local healthcare
- Sales of health products such as insecticide-treated nets, family planning products and oral rehydration solution
- Microfranchise distribution of affordable essential drugs

Impacts of Microfinance and Health Protection

Scale. As of June 2011, MAHP products and services were reaching more than 1.3 million clients (and 6.5 million people, including family members) across eight countries.

Client-level outcomes. Careful research detected statistically significant changes in knowledge and behavior change, as well as considerable client and staff satisfaction. For example:

- In Bolivia, 24% of CRECER clients interviewed said that they had never seen a doctor before participating in the program.
- In India, the life-saving use of oral rehydration solution to treat children with diarrhea—a leading cause of death in local children—went from 60% to 88% in Bandhan’s program area.
- In Burkina Faso, the percentage of RCPB clients seeking preventive health care increased from 9% to 24% in the MAHP area.
- In Bénin, families in PADME’s *Credit with Education* program area were 23% more likely to own an anti-malarial net.
- In the Philippines, 100% of CARD clients interviewed would recommend the health micro-insurance product to others, and 88% said it had already helped them significantly.



MFI-level outcomes. Freedom from Hunger sought to learn whether the expense and trouble of offering health-related products would impact the MFI’s overall financial performance, because healthier clients would have more profitable businesses, take out larger loans, be less likely to use their microenterprise loans for health needs, deposit more savings, and be more loyal customers for the MFI. Findings included:

- Costing analyses revealed that these various services result in a net cost to the MFIs of US\$1.59 per client per year, on average.
- Some health protection products, such as health loans, can be profitable for the MFI. Other products (such as CRECER’s mobile health providers) may never generate direct revenue for the MFI but can contribute significantly to the social mission at very low cost.
- Evidence suggests that increases in client growth and retention occurred in MAHP areas (compared to areas where the MFIs were not yet offering the products). If these products resulted in 5% more new or retained clients, then they would effectively result in a net profit for the MFIs—meaning that the health protection products were cost-neutral or better.

MAHP Resources and Tools Now Available



Freedom from Hunger is committed not only to sparking innovations that effectively help poor people lift themselves out of poverty, but also to sharing information that will inspire and equip the widespread replication and further innovation needed to bring successful approaches to the tens of millions of people around the world who can use them.

To that end, the following resources are now available:

Technical Guides

Providing numerous product-design considerations with experience-based information on the pros and cons of various approaches, these are practical tools for MFI leaders, practitioners and networks to use when implementing their own health-related products and services.

- **Market Research for Microfinance and Health Protection: A Technical Guide for MFIs**
- **Developing Linkages with Health Providers: A Technical Guide for MFIs**
- **Health Loans: A Technical Guide for MFIs**
- **Health Savings: A Technical Note**

Education Modules

Each education module, or series of “Technical Learning Conversations,” is comprised of seven 30-minute sessions designed to be offered to groups of clients at periodic meetings. Each topic includes: (1) a guide for trainers to use in training and coaching field agents on the topic (“Trainer’s Guide”), and (2) a guide for field agents to refer to as they deliver the sessions in the field (“Facilitator’s Guide”).

- **Plan for Better Health**
Guides participants to consider their health-related financial risks, share their coping strategies and evaluate how various financial products (such as health savings or loans offered by the MFI) can address these needs. Participants develop a plan to save for common health problems that frequently affect their families, and to prepare in advance for the possibility of catastrophic health expenses.
- **Using Health Services**
Empowers participants to improve their health-seeking behavior by increasing their knowledge and confidence about health care. The sessions clarify how and when to access local and regional healthcare services, describe internationally accepted healthcare standards that citizens can expect their providers to follow, and help participants practice negotiating for fair treatment.
- **Healthy Habits**
Focuses on preventing diseases that are caused in part by unhealthy diets and lack of exercise. Participants discuss chronic diseases (such as high blood pressure, diabetes and cancer) present in their communities, learn about behaviors that put their families at risk, and consider alternative practices that are both realistic and relevant to their context.

Analyses of Costs and Benefits

This series of papers details the cost centers, revenues and net profit or loss associated with some MFIs’ offer of health protection products. They provide a sense of what it costs to offer such products and the indirect benefits that may accrue to the MFI’s financial bottom line as a result.

Freedom from Hunger—A Leader in Integrated Services

Founded in 1946, Freedom from Hunger is known for its innovations in integrated services. The organization's *Credit with Education* innovation unifies microfinance and dialogue-based education for self-help groups of women. The *Credit with Education* model includes training on health, business and financial topics. Rigorous studies have documented the statistically significant impacts of *Credit with Education*, including improvements in economic status, women's empowerment and the health and nutritional status of children whose mothers participate in the service.

With the creation of the Microfinance and Health Protection (MAHP) initiative, Freedom from Hunger initiated a new era in microfinance, one that responds to the desires of MFIs to help their clients stay healthy and flourish in their micro-enterprises and meets the most pressing health needs of families living in poverty.



Freedom from Hunger's Visionary Partner MFIs in MAHP

Bandhan – India

CARD – Philippines

CRECER – Bolivia

PADME – Bénin

RCPB – Burkina Faso

To learn more about Microfinance and Health Protection, to share your organization's innovations, tools and lessons, and to download or request materials, visit

www.ffhtechnical.org/mahp.