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Microcredit Summit Campaign and Freedom from Hunger Form Alliance to Benefit 3.7 Million of the World's Poor Through Combining Microfinance and Health

WASHINGTON, DC (January 23) — The Microcredit Summit Campaign and Freedom from Hunger today announced that they have entered into a strategic alliance to reach more than 700,000 microfinance clients with health education and services over the next five years. The goal of the alliance is to work globally on several levels to create a more enabling environment for integrating microfinance and health.

Clients participating in this integrated approach will bring the benefits of microfinance and health protection home affecting an estimated 3.7 million family members in all. Integration of health with microfinance is also cost effective. Studies funded by The Bill & Melinda Gates Foundation show that, on average, it cost microfinance institutions \$1.59 per client per year to provide health protection products. A significant proportion of the resources to support the work and expansion of the alliance are being provided through a grant from Johnson & Johnson, which has been a long time champion of integrated microfinance and health education and services.

The alliance will use India as a demonstration and model of what can be achieved on a global scale. Deaths of Indian children currently account for 20 percent of all worldwide childhood mortality. Microfinance institutions (MFIs), which currently serve 71 million rural poor, could help reduce these deaths by serving as a critical intermediary for the provision of much needed health education and services. According to Indian microfinance pioneer Ela Bhatt, "It's no longer a question of whether MFIs should add health services, but how."

MFIs and their staff know firsthand the impact that poor health and health shocks have on the lives of hard-working clients who are trying to create a more secure future for their families. Market research from Freedom from Hunger and others indicates that illness sometimes forces MFI clients to repurpose business loans for health and to borrow from more expensive sources to access cash for healthcare needs. For example, in India, where 80 percent of healthcare spending is out of pocket, the financial impact of illness falls hardest on those least able to pay. At a recent conference on health micro-insurance, Anil Swarup, head of India's RSBY social health insurance scheme, reported that 64 percent of the poorest population in India becomes indebted every year due to in-patient-related expenditures and 21 percent to the costs of out-patient services. The Campaign and Freedom from Hunger hope to be able to address the needs of these poorest clients and others through the work of the alliance.

“For nearly a decade, the Microcredit Summit Campaign has addressed the link between ill health and poverty through its commissioned papers and Global Summit workshops and courses. This alliance with Freedom from Hunger is another step towards facing this problem head-on by championing the delivery of integrated health protection services. Providing low cost ways for people living in poverty to maintain their own health and to care for the health needs of other family members is an essential part of achieving our goal of seeing 100 million families move out of severe poverty,” said Campaign director Larry Reed.

Commenting further on the announcement, Freedom from Hunger president Steve Hollingworth said, “Our long-term vision is to cultivate communities of practice for the global expansion of the integration of microfinance and health and to create a true change in the way that the global community of practitioners, thought leaders, policymakers, and funders approach health protection and poverty alleviation for the world’s hungry.”

Johnson & Johnson corporate contributions director Joy Marini added, “It seems so simple—teach mothers and fathers basic health information to build healthier families. However, reaching the most marginalized families is difficult. I commend the Microcredit Summit Campaign and Freedom from Hunger for their innovative thinking. Their model of collaborating with local microfinance institutions to reach small communities in India is already showing positive results.”

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Microcredit Summit Campaign:

The Microcredit Summit Campaign is a project of RESULTS Educational Fund, a U.S.-based advocacy organization committed to creating the will to eliminate poverty. The Campaign was launched in 1997 and in 2007 surpassed its original goal of reaching 100 million poorest families with credit for self-employment and other financial and business services. www.microcreditsummit.org

Freedom from Hunger:

Freedom from Hunger is an international development organization dedicated to bringing innovative and sustainable ways to support the self-help efforts of very poor families around the world. As of 2011, Freedom from Hunger had trained and supported 150 partner organizations in 19 countries that are currently reaching over 3.9 million people (almost all women in poor, rural communities), benefiting a total of over 21.8 million when their family members are included. www.freedomfromhunger.org

Johnson & Johnson:

Johnson & Johnson is a global company that embraces research and science—bringing innovative ideas, products and services to advance the health and well-being of people. Employees of the Johnson & Johnson Family of Companies work with partners in health care to touch the lives of over a billion people every day, throughout the world. The company has committed to meet the UN’s call to action to achieve the Millennium Development Goals (MDGs)—particularly MDGs 4, 5, and 6, which address maternal and child health. The commitment includes, among other things, a concerted effort to provide access to skilled health workers so that women and children in hard-to-reach places can receive the care they need. www.jnj.com