

Why Not Add Health to Microfinance?!

Insights based on Freedom from Hunger's experience with microfinance and health

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In addition to being keenly aware of their financial bottom line, many microfinance institutions (MFIs) strive to uphold a social mission. These need not be mutually exclusive.

[Adding health to microfinance](#) speaks to the social mission, but can also improve client loyalty and competitive advantage, *and* be simple and low-cost. Some MFIs shy away from integrating health, as it sounds daunting and complex; however, there is no need for it to be.

There are many ways to integrate health with microfinance, ranging from more basic to more complex approaches. Key components to any approach include effective partnerships, a deep understanding of the target population and context and a package of products that build upon and complement one another. [Freedom from Hunger](#) has worked with a number of partners in a variety of ways to combine health and microfinance. Here are some of the things we learned along the way:

Work with what you have.

- Leverage existing capacity. MFIs without public health experts or clinicians on staff can still add health to their services. There is no need to hire health experts when you can link to existing service providers in the community to create a win-win partnership.
- Know your context. In addition to staff capacity and knowledge, what other resources are available in the region or community? Stick to working with services and products that can be accessed locally.
- Use [Health Market Research tools](#) to understand what health information, services and products your clients need and want. Where and from whom are they currently accessing health care? What are the barriers? Where are the gaps?

Start simply.

- Begin with [health education](#). Education is the foundation upon which everything else can be built. It serves as an introduction, providing knowledge about health issues and creating relevancy and demand for appropriate health products and services. Health education can improve and change knowledge, attitudes and behaviors. It also serves as a way to promote other health-related products and services that your institution offers, or might offer, in the future.
- [Link with health providers](#). Build alliances with local, quality health providers; don't attempt to be an expert yourself when you can refer clients to one.

- Health-financing products, including [health loans](#) and [health savings](#), build upon MFI financial services capacity to provide ways for clients to save and manage the impact of health shocks. However, if the idea of offering [health micro-insurance](#) or designing health loans or savings products sounds intimidating, incorporate those later.
- When starting, keep your costs low and select products that limit risk to the MFI. Most MFIs find that health services can be provided at very low cost—less than \$1 per client per year—and that they pose little risk to the MFI.

Incubate and innovate, then replicate.

- Conduct a pilot test; start your intervention in a small, manageable area. Do not purposefully introduce challenging variables until your processes are smooth and you have an established system.
- Commit yourself to learning and innovating along the way. As you gain knowledge during the pilot test, tailor the products accordingly. Know your context and solicit client feedback. Listen and learn from staff, clients and health providers. Be open-minded; products can be combined and alliances sought that might seem unlikely at first.
- Once you have worked out the kinks, put the systems in place and establish strong, clearly defined processes. Then you can replicate and scale to other areas. You will likely confront a new set of challenges, but with a solid knowledge base and systematic approach, you will be able to more successfully adapt to variables, i.e., trying to reach clients in very remote areas with these products and services.



Track the change.

- Tracking utilization of the health products and services is a significant indicator of success. Client satisfaction is also important to follow. Clients may not often need a health loan, but the fact that they have access to this safety net may greatly increase their overall satisfaction with the institution. Continue to learn from your clients—how can you improve products and services to better fit their needs?
- Watch for [impact](#). Compare changes in knowledge, attitudes and behavior. Give the program time to allow for behavior change. Proven impact speaks loudly—share what you learn with staff, clients, partners, peers and donors.
- Track your costs. Inputs will be higher initially, but will level out over time. What is the cost per client? What are implementation costs for each product or service? What are the benefits to the MFI with respect to client retention or growth? Conduct a [cost-benefit analysis](#) and discuss the findings within your team; it is important that staff understand the benefits that health products and services bring to both clients and the MFI.

Microfinance practitioners enjoy the competitive advantage and client retention they find after integrating health with microfinance. Public health practitioners marvel at the cost-effectiveness of using microfinance as a vehicle for health interventions. Last, but certainly not least, clients benefit from a more complementary and holistic strategy to improve their quality of life. So, why not add health to microfinance?!