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Health and Microfinance

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Abstract

Poverty is typically analysed as an economic issue with level of income a common measure to determine individual's wellbeing. The conception of poverty has evolved to also include other deprivations, such as lack of food, housing, clothing, education and healthcare. In the recent report released by United Nations Development Programme in 2015, India ranks at a low 130 among 188 countries on its human development index (HDI) — a composite measure of life expectancy, access to education and income levels. Poor people world-wide lack adequate health care, education and civic participation. Better health can also be a complementary strategy in poverty alleviation. Microfinance clients want and can benefit from health financing products such as health savings, health loans and health micro insurance. Loan default and customer attrition are major barriers confronting MFIs directly impacting their operations and even survival. In this scenario, the author through the paper explores on the need to integrate health to microfinance, so that microfinance as a poverty alleviation tool can be more successful.

Keywords: *Health, Microfinance, MFIs*

Introduction

Poverty is typically analysed as an economic issue with level of income a common measure to determine individual's wellbeing. The conception of poverty has evolved to also include other deprivations, such as lack of food, housing, clothing, education and healthcare. In the recent report released by United Nations Development Programme (UNDP) for the year 2015, India ranks at a low 130 among 188 countries on its human development index (HDI) — a composite measure of life expectancy, access to education and income levels. The global competitiveness index takes in to account four pillars viz Institutions, Infrastructure, Macroeconomic environment and health &Primary education under Basic requirements category to know the competitiveness of around 140 member nations. In the latest report of World Economic Forum for 2015-16, India was placed in 55th position with an overall score of 4.3 in general and India occupies 84th position with a score of 5.5 in health and primary education segment in particular.

Poverty is a multidimensional problem with lack of income a significant, but not only, part of the problem. Poor people world-wide lack adequate health care, education and civic participation. Better health can also be a complementary strategy in poverty alleviation. WHO's commission on Macroeconomics and Health (CMH) indicates health is also, "a means to achieving other development goals relating to poverty reduction."

Better health increases people's productivity, there by adding significant value to income generation. The poor use a variety of mechanisms for financing direct health costs-most often borrowing, selling assets, and avoiding health care but often with untoward consequences. Studies made worldwide reveals that areas with positive outcomes from health education combined with microfinance include reproductive health, preventive and primary health care for children, child nutrition, breast feeding, child diarrhoea, HIV prevention, and domestic abuse/gender based violence, sexually transmitted diseases, malaria etc.

Microfinance clients want and can benefit from health financing products such as health savings, health loans and health micro insurance. Loan default and customer attrition are major barriers confronting MFIs directly impacting their operations and even survival. In this scenario, the author through the paper explores on the need to integrate health to microfinance, so that microfinance as a poverty alleviation tool can be more successful.

Objectives of the Study

- To study the positive outcomes from health education combined with microfinance
- To understand the negative impacts of poor client health on MFIs which hamper their sustainability and performance.
- To know about barriers of health protection and Examples of Interventions
- To know about how the Integration of microfinance and health benefits multiple stakeholders
- To know about the worldwide impact of integrated health services with microfinance
- To understand the efforts of some of microfinance organizations towards providing health services to poor.
- To understand the access and to health services offered to the borrowers by microfinance institutions.

Methodology of the study

The study is a descriptive one and the sources of data for carrying out the study were secondary sources like journal articles, magazines, websites and etc.

Positive outcomes from health education combined with microfinance

Some of the areas with positive outcomes from health education combined with microfinance:

- Reproductive health
- Preventive & primary health care for children.
- Child nutrition
- Breast feeding
- Child diarrhoea
- HIV prevention
- Domestic abuse/gender based violence
- Sexually transmitted disease.
- Malaria

MFIs sustainability and performance

Loan default and customer attrition are major barriers confronting MFIs directly impacting their operations and even survival. India's poor suffer a disproportionate burden of health care

expenditures. An estimated 35 million Indian's are growing more deeply improvised each year because of out-of-pocket medical expenses. They are often just one illness away from losing everything and for microfinance clients' sickness is often the main reason underlying failure to repay loans and the collapse of promising micro-businesses. By addressing client's health needs, MFIs reduce loan defaults and increase income.

The negative impacts of poor client health on MFIs include:

- Delayed loan repayment
- Inability to repay loans, resulting in default
- Poor attendance at MFI group meetings
- Decrease in client business performance, due to neglect and redirection of capital
- Undermining MFI client group solidarity

Barriers of Health Protection and Examples of Interventions

In order to have impact, there are three major barriers to health that must be addressed. All three of these barriers can be positively modified through health related programmes that can be offered by microfinance providers.

- Inadequate health information
- Insufficient geographically accessible, affordable and effective health care services.
- Inadequate financing for health.

Barriers of health protection and Examples of Interventions include the following

Client need/Barrier	Examples of Interventions
Knowledge-Awareness and information	Health education
	Health promotion & screening
	Trained community and health volunteers
	Health fairs
Availability of effective products/services	Direct delivery of clinical patient care
	Contracts and linkages with providers
	Community pharmacies/drug dispensaries
	Referrals to health providers
	Loans to health providers for capital investment.
	Micro franchising of health related business.
Financial ability to pay	Loans for medical care
	Community and personal saving accounts
	Health micro insurance.

Integration of microfinance and health benefits multiple stakeholders:

- Benefits to Microfinance service providers
  - low cost or even marginal profits
  - Competitive advantage.
  - Healthier, financially more stable clients and hence more outreach can be achieved.
  - Social mission can be achieved.
- Benefits to clients, households and communities.
  - Improved health care knowledge and behaviours.
  - Integrating health and microfinance leads to more access to health providers and products
  - The households and clients can have greater financial protection and choice.
  - The ability to use MFI loans and to save can be enhanced.
  - The clients can indulge in income generating activities, which leads to improvement in their standard of living.

Evidence of impact of health- related services worldwide from earlier studies

Studies of microfinance institutions delivering health-related services across the globe show increasing evidence of positive impact. Multiple studies show that adding health education alone, usually delivered during the routinely scheduled microfinance group meetings, improve knowledge that leads to behavioural change. These behaviours are associated with positive health outcomes in diverse areas that are critically important for achieving maternal and child health, and infectious disease (Box 1).

- Reproductive health
- Preventive and primary health care for children
- Child nutrition
- Breastfeeding
- Child diarrhoea
- HIV prevention
- Domestic abuse/gender-based violence
- Sexually transmitted disease
- Malaria

MFIs provide health programmes that have positive impact on leading causes of death due to under nutrition, which constitutes about 53% of all childhood deaths, and diarrhoea, which is the most common cause of illness and the second leading cause of child deaths in the world. Dohn et al. found significant improvements in the treatment of diarrhoea disease in the Dominian Republic. A study was conducted in which a control group that received microcredit only showed no change in diarrhoea incidence but, in the group that received health education only the incidence of

diarrhea decreased by 29% and, in the group that received both microcredit and health education, the incidence of diarrhoea decreased by about 43%. In the Plurinational State of Bolivia and Ghana, the findings of the research shows that mothers' health and nutrition practices can be changed by an integrated programme of village banking and child-survival education, with resulting behaviour changes in breastfeeding and management of diarrhoea that lead to significant increased height-for-age and weight-for-age of children of participants.

In South Africa, Pronyk et al. found a positive impact of a comprehensive training and education programme on microfinance group members, for whom the risk of physical or sexual abuse by intimate partners was reduced by more than half as compared to a control group of microcredit-only members and to the general community.

In Ghana, de la Cruz et al. through their studies found that MFIs can effectively contribute to community and national malaria initiatives by increasing knowledge, leading to increased insecticide-treated bed net ownership and use by vulnerable members of the household (children under the age of five and pregnant women). In Uganda, the studies by Barnes et al. showed that about 32% of women receiving education about HIV/AIDS prevention through their microcredit groups tried at least one HIV/AIDS prevention practice, compared to 18% of non-clients. Beyond the potential contributions to disease and mortality reduction, microfinance can strengthen health systems. This capacity-building ranges from national initiatives to targeted local strategies. Perhaps the best illustration of how microfinance and health programmes strengthen national capacity is in Bangladesh. There, institutions such as BRAC (Bangladesh Rural Advancement Committee) have launched integrated programmes over the past three decades to combat poverty by combining health, education and credit services, including partnering with the national government for large-scale tuberculosis- and malaria-control initiatives. Demonstrating the possibilities for local capacity-building, two studies from Uganda examined a project in which a variety of private health providers were given micro-loans and business skills training with the tandem goals of increasing the capacity of small-scale private health-care practices and improving public health outcomes. These clinics showed increased patient attendance and a significant improvement in clients' perceptions of quality of care.

Access to health services offered to the borrowers by microfinance institutions.

MFI and SHPI leaders and field agents report that the delinquency or default in repayment of loans or failure to build and sustain successful income-generating activity is most often the result of poor health and sometimes from even a single, but devastating, health event. A number of MFIs and SHGs have responded to the need of poor clients by adding one or more health services to the financial services they provide to clients. An analysis of desk research shows that of 134 MFIs in India (2009), approximately 25percent had provided some type of health services to clients (Saha, 2011). Freedom from Hunger, the Indian Institute of Public Health at Ghandinagar, and the Microcredit Summit Campaign also collected information from 19 self-identified MFIs and SHPIs providing health services in

2011. Even though this survey does not give a comprehensive mapping and overview of the practice of health and microfinance in India and integration of health and microfinance, it provides a rich overview of the types of organizations that are engaged in linking microfinance and health, client needs, the types of services provided, and some approximations of costs. The table below lists these programs, their locations, total active borrowers and reach of the health program.

Some of the micro finance institutions that are providing health services in india are as follows:

Micro Finance Organization	Health Services
Bandhan	Health education, referrals to healthcare facilities, microenterprise in health products, health loans, access to affordable medicines, ultra poor program.
BISWA	Contracts with health providers, health promotion events, access to affordable medicines
Cashpor	Health Education
Gram-Utthan	Health Education, trained community health workers, community pharmacies, access to affordable medicines
Hand in Hand	Health education, direct delivery of health services
KAS Foundation	Health education, health savings
MIDS	Health education
Pioneer Trad	Health education
PMD	Health Education
READ	Health Education, Individual Health Counseling, micro-insurance
Sarala Women Welfare	Health education, Direct delivery of health services, micro-insurance, community pharmacies, access to affordable medicines.
SEWA	Health Education, referrals to health care facilities, micro-insurance
SKS India	Direct delivery of health services, health promotion events, ultra poor program.
SMSS	Health Education
Swarnambal	Health Education

Trust(Tamil Nadu)	
Trickle Up India	Health Education, referrals to health care facilities, ultra poor program, support for community water and sanitation
Ujjivan	Health education, contracts with health providers, referrals to health care facilities, health loans, micro-insurance, community pharmacies
Uplift(Opportunity)	Health Education, micro-insurance
VWS	Health Education, direct delivery of health services, referrals to healthcare facilities, health promotion events, access to affordable medicines

MFI

MFI	Registered office	MFI Established	Active borrowers	Health programme established	Access to health programme
Bandhan	West Bengal	2002	3227864	2007	34750
BWDA	Tamil Nadu	2003	159684	2003	400000
Cashpor	Uttar Pradesh	1997	377987	2010	45000
Community Development Society	Maharashtra	1988	5720	1996	12000
ESAF	Kerala	1995	295270	1995	200000
Equitas	Tamil Nadu	2007	1300000	2007	700000
Gram Utthan	Odisha	1990	53142	2004	25000
Gram Vidiyal	Tamil Nadu	2003	1046497	2008	68933
Kajila Janakalyan Samiti	WestBengal	2000	825	2007	5000
Kotalipara Development Society	WestBengal	1992	60648	1992	NA

Mahasemam Trust	Tamil Nadu	1999	1023345	2002	200000
NEED	UttarPradesh	1995	30751	1997	20000
Nidan	Bihar	2009	4614	1997	25000
OAZOANE	Tamil Nadu	1998	6398	1997	3000
PioneerTrad	Tamil Nadu	1993	22000	2006	NA
PMD	Tamil Nadu	1975	NA	2009	5300
SERP	Andhra Pradesh	2000	8000000	2005	100000
SKDRDP	Karnataka	1995	1400000	2004	1690000
Star Youth Association	Andhra Pradesh	1997	25499	2007	6430
Totals			16,126,674		3851413

NA: Data Not Available

*Reporting reaching community members with health programs beyond their clients

Conclusion

Microfinance is now established as an important poverty alleviation tool, although most MFIs exclusively focus on income generation for poor people. This is only a partial solution. MFIs need to target other 'basic needs' of the poor, including health and education. Though this adds challenges for MFIs, particularly for financial sustainability, MFIs cannot ignore clients' health concerns. There are multiple strategies to connect health interventions to financial services. Institutions must choose options based upon their specific characteristics like size, population served, and socio-economic and political context. There are increasing examples of successful credit and health programs. Microfinance client economic and physical well-being is vital towards a better tomorrow not only for themselves but also for MFIs. Poverty alleviation is successful only when all basic needs of poor people are fulfilled. Microfinance and health mixed together provide a stronger option than either separately.

In the present scenario, MFIs, for their sustainability need to focus more on increasing their outreach which can only be achieved by concentrating more on clients' health.

By addressing client's health needs, MFIs reduce loan defaults(delinquency) and increase income and thereby increase their sustainability. MFIs should be able to provide not only branch locations in poor areas, close client relationships and home site visits, but also effective health service channels. Policy makers and providers in the health sector fully understand that poverty is a root cause of

ill health and that predictably improving health status globally can only be done in conjunction with poverty alleviation efforts. Ultimately these efforts will lead to overall efficiency of MFIs.

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