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# Frontier Health Markets (FHM) Engage – Tanzania

## ACCESS TO FINANCE REPORT

Report on Identifying Commodity and Equipment  
Financing Mechanisms for Primary Level Providers  
and Community Pharmacies and Loans/Investments  
Made to the Health Sector Recipients

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1275 New Jersey Ave. SE, Ste 200,  
Washington, DC 20003

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# Acronyms

ADDO	Accredited Drug Dispensing Outlet
CSSC	Christian Social Services Commission
DFC	United States International Development Finance Corporation
FHM	Frontier Health Markets
MFI	Micro-Finance Institutions
MOU	Memorandum of Understanding
MSME	Micro, Small, and Medium-Sized Enterprises
NGO	Non-Governmental Organization
PRINMAT	Private Nurse Midwives Association of Tanzania
PWAMAO	Pwani Medication Awareness Organization
SHOPS	Sustaining Health Outcomes through the Private Sector
USAID	United States Agency for International Development

# Background on the Activity and FHM Engage

Frontier Health Markets (FHM) Engage is a global cooperative agreement providing technical assistance supporting strategic engagement of the private sector to advance health outcomes, in areas such as family planning and maternal and child health, alongside other priority areas. Building on over 30 years of United States Agency for International Development (USAID) investment, FHM Engage focuses on strengthening local health markets by addressing the root causes of market underperformance in the core market functions<sup>1</sup> to create changes that catalyze supply and demand and support sustainable change. In line with this approach, FHM Engage seeks achievement towards two main results:

- Result 1: Improved market environment for greater private sector participation in the delivery of health products and services.
- Result 2: Improved equal access to and uptake of high-quality consumer driven health products, services, and information.

This brief relates to Activity 3 – Mobilize Domestic Resources for Private Sector Providers from the Tanzania workplan. In relation to improving access to services, Tanzania continues to face service delivery gaps; although, the private sector has expressed interest in alleviating these gaps in exchange for access to capital to grow the scope of their business. FHM Engage has been supporting multiple financial institutions' management officials to discuss the opportunities and constraints to improving financing in the private sector. As a result, FHM Engage has developed several recommendations for technical assistance. This report is a compilation of the efforts done so far.

## Introduction

Financing is among one of the key market functions identified within the market development approach. In Tanzania, FHM Engage is building on the work done by SHOPS Plus to strengthen access to finance for private providers and promote principles of business strengthening to facilitate sustainable product and service delivery by the private providers from different levels and cadres.

In the first year of project implementation, FHM Engage worked with different market actors including Maisha Meds, Amana Bank, Pwani Medication Awareness Organization (PWAMAO), the Private Nurse Midwives Association of Tanzania (PRINMAT), Christian Social Services Commission (CSSC), and the Pharmaceutical Society of Tanzania to explore access to finance opportunities.

## Identification of Commodity and Equipment Financing Mechanisms for Primary Level Providers and Community Pharmacies

Under this deliverable, FHM Engage has facilitated the identification of financing partners in the market who will work with primary level providers, such as accredited drug dispensing outlets (ADDOs) and

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<sup>1</sup> Core market functions include: 1) Rules and Regulations; 2) Stewardship; 3) Financing; 4) Market intelligence

community pharmacies in the areas of access to finance. In principle, primary level providers have experienced large financing demand in order to address working capital and investment needs.

## Amana Bank Tanzania

Amana Bank is Tanzania's first and fully fledged Islamic bank in the market and was established in October 2009. The bank stands for ethical world class banking, economic empowerment of its customers, partnerships, and social responsibility. FHM Engage identified Amana Bank as one of the potential banks in the market, which should be approached to provide loans to ADDOs.

Amana Bank has a keen interest in providing loans, especially to women and youth. Due to the fact women own and manage ADDOs, and many of the dispensers are young women, the support towards ADDOs aligns with their interests as a financial institution. FHM Engage has catalyzed a partnership between Maisha Meds, PWAMAO, and Amana Bank for a loan product that will allow the ADDOs part of the association to purchase tablets that will enable them to use the Maisha Meds system for their inventory management. Graduation from the payment of this loan will further allow the ADDOs to access more financing to be used as working capital.

In the process of engaging Amana Bank for ADDOs financing requirements, FHM Engage managed to have several meetings with the bank's officials and facilitated in connecting the bank with Maisha Meds and PWAMAO to discuss a potential lending partnership.

Under FHM Engage's technical guidance, representatives of the three entities met and agreed to work together in ADDOs financing. The bank will provide affordable loans to ADDOs through their association and Maisha Meds will supply tablets and help in onboarding and training the loan beneficiaries. According to Maisha Meds, the software will be provided free of charge. The purpose of the loan will extend to working capital needs for those who either do not need to borrow for tablet purchase or for those who at first borrowed tablet loans and successfully serviced their loans in full.

## Way Forward

The bank is working to draft a Memorandum of Understanding (MOU) that the partners will review and provide input to before signing and commencing the proposed lending. The role of FHM Engage will be to advise and oversee the lending proposition, which will include the loan's proposed terms and conditions to be offered by the bank. FHM Engage will also monitor the partnership execution and continue to provide technical advisory services. Furthermore, FHM Engage will identify and link the bank with a local medical and pharmaceutical supplier who will be contracted to supply ADDOs with medical equipment and pharmaceuticals, as necessary.

FHM Engage has also rekindled conversations with Finca Microfinance to build on the work done by SHOPS Plus and is pursuing other financial institutions to promote interest in increased lending for the health sector. The project's experience in working with financial institutions like Finca and Amana Bank will allow for better performance of this task in Year 2 and beyond.

# Status on Loans/Investments Made to Health Sector Recipients

## FHM Engage and CRDB Bank PLC's Access to Finance Activities

In Year 1, FHM Engage has held meetings with CRDB Bank officials to discuss implementation and support of the loan portfolio guarantee. USAID and the United States International Development Finance Corporation (DFC) have collaborated with CRDB Bank to increase financing opportunities for micro, small, and medium-sized enterprises (MSMEs) that would not otherwise be able to obtain financing. The bank is a beneficiary of the [redacted] DFC loan guarantee from USAID. CRDB Bank and FHM Engage have agreed to collaborate on pipeline generation, training, and other related activities such as business development for the bank by linking them with private providers and their networks.

### Pipeline Generation Support

FHM Engage will help the bank to generate loan pipeline through:

1. Providing referrals
2. Joint visits
3. Reviewing health enterprise applications
4. Tracking loan pipelines and DFC utilization (monthly loans processed, approved, rejected etc.)
5. Identifying equipment suppliers and recommending buy-back agreements with the bank
6. Providing monthly reports

### Training for CRDB Bank and the Health Enterprises

FHM Engage will work on the following:

1. Develop training materials to provide bank employees with a general understanding of the Tanzania health sector structure and supply chains, including the role of key service delivery actors. The purpose of this will be to gain some familiarity with the professional councils, associations, and other key stakeholders (such as regulatory agencies), as well as to understand the economic profile of health sector businesses, how to make loan appraisals, understand cash flows, equipment financing, and buy-back arrangements.
2. Conduct a training for CRDB Risk Management and Lending Departments (Business Heads and Development Managers, etc.). FHM Engage will work through trainers created within the bank and champions who can take the training further, beyond the project's support to ensure sustainability.
3. Conduct a training to health enterprises in collaboration with the bank, as and when required and identified.

### Business Development

FHM Engage will work with CRDB Bank to:

1. Provide a linkage between the bank and health sector actors (institutions, health sector forums, professional association such as the Pharmaceutical Society of Tanzania, etc.)
2. Assist in the development of health loan products and buy-back agreements

3. Hold joint health sector programs, loan awareness campaigns, and access to finance presentations, as and when required in the market.

The qualifying loan borrowers from the DFC guarantee - whose implementation is supported by FHM Engage - include Tanzanian Private Enterprises; MSMEs, micro-finance institutions (MFIs); financial providers; faith-based enterprises, organizations, and non-governmental organizations (NGOs) (established under Tanzanian laws operating in the health sector – for profit and faith-based health facilities); clinics and hospitals; and nursing and midwifery facilities and/or entities.

## Next Steps

- In Year 2, FHM Engage will continue to monitor the CRDB DFC utilization and provide the necessary support.
- In Year 2, FHM Engage will also develop a mechanism to regularly receive data from CRDB Bank on loan utilization.
- Through the Activity Monitoring, Evaluation, and Learning Plan, FHM Engage will also work towards linking specific health outcomes to access to finance opportunities.



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## About FHM Engage

Frontier Health Markets (FHM) Engage is a five-year cooperative agreement (7200AA21CA00027) funded by the United States Agency for International Development. We work to improve the market environment for greater private sector participation in the delivery of health products and services and to improve equal access to and uptake of high-quality consumer driven health products, services, and information. Chemonics International implements FHM Engage in collaboration with Core Partners: Results for Development (co-technical lead), Pathfinder, and Zenysis. FHM Engage Network Implementation Partners include ACCESS Health India, Africa Christian Health Association Platform, Africa Healthcare Federation, Amref Health Africa, Ariadne Labs, CERRHUD, Insight Health Advisors, Makerere University School of Public Health, Metrics for Management, Solina Group, Strategic Purchasing Africa Resource Center, Scope Impact, Stage Six, Strathmore University, Total Family Health Organization, and Ubora Institute.

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Washington, DC 20003