

## The case of Jackie the midwife

### Jackie, the midwife

Jackie Kabemba graduated from nurse/midwifery school seven years ago. After working in a rural health unit for three years, she began offering private home delivery services on the side. She learned from her midwife association about the opportunities for midwives to open their own clinics. Eventually her aunt lent her some money to refurbish a rented space and open a small clinic in her village. After a slow first year, Jackie began to earn enough to repay her aunt. On average, she delivers ten babies a month, and has five to eight women come to see her a day for prenatal care, vitamins, family planning counseling and products, vaccines for infants, and other well baby care. When she is too busy to attend to a delivery, she calls another midwife who she pays on a commission basis.



Jackie's clinic has established a good reputation in the community. The facility is clean, well-equipped, and Jackie strives to provide individual attention to each client.

As part of prenatal care, Jackie recommends that her clients go to the city hospital for sonogram screening. However, many women do not go because the hospital is far away, it is expensive to travel and there is a lengthy waiting time. Jackie would like to purchase a second-hand sonogram machine for her clinic, and believes that a lot of people would use it, but knows it would take her years to save enough. She often runs out of children's medicines and occasionally runs out of oral contraceptives.

Jackie feels that her clinic is successful. She has a steady stream of clients, and she has more money now to contribute to her household needs. However, she doesn't keep records of her finances and isn't quite sure where the money has gone at the end of each month. She has \$500 in savings for emergencies.

Jackie would need about \$8,000 for the used sonogram machine. Also, if she could prepay for her medicine and oral contraceptive supplies, about \$200 for an order, she could get a discounted price and have an easier time keeping her stock supplies steady.

Although she has never taken a loan, and is afraid of how the banker might treat her application, she decides (with her aunt's encouragement) to apply for a loan for her clinic.

### John, the banker

John Mtethwa has worked for United Bank for eight years as a loan officer. Most of the business owners he works with own small businesses such as retail shops, transportation companies, small scale manufacturing, and he has a few small farmer borrowers. According to the credit policies of his bank, John recommends loan applications for approval only when they meet the banks' criteria for successful applications:



1. The business owner must pledge **collateral**.  
John's bank requires collateral that is worth 120% of the value of the loan in the form of property or cars. By pledging the collateral, the borrower commits to give it to the bank in the case that the borrower can't make loan payments on time.
2. The business owner must have evidence of having good **character**.  
John's bank only lends to borrowers who are account holders. That way past history of receipts can be tracked. Repeat borrowers are preferred.
3. There must be **proof of ability to repay the loan**.
  - a. Financial statements and projections of future earnings are helpful.
  - b. John feels that certain industries are more profitable and safer (in terms of risk of failure/non-repayment) than others. For instance, the price of copper is increasing, so businesses that serve that industry are growing in the local economy.

John has only made one loan to a health care business – a pharmacist opening a second shop. John believes health care is important, and takes his young son to a private clinic when he is ill, and appreciates the quick service and quality care. He believes that health workers provide a valuable service to the community but doesn't think of them as businesses, per se.

One Monday morning, Jackie Kabemba comes to John's bank and asks to see a loan officer. When John and Jackie meet, Jackie tells John about her clinic and how she would like to borrow \$8,200 for a sonogram machine and supplies. John asks to look at the financial statements from Jackie's clinic. After a moment of awkward silence, Jackie explains that she doesn't create them, but that she has a good reputation and steady income from the clinic. John asks her to go back after their meeting and try to collect the required information.

When John asks Jackie about collateral, she is surprised, then offers the sonogram machine. John, wondering whether Jackie's clients pay her in chickens or in cash, has a vision of her being unable to pay her loan, then of him having to go to her village to repossess the sonogram machine for the bank. He shudders at the thought.

**Jane, the USAID health officer**

Jane Smith has worked for USAID for five years and is newly posted in a country in Sub Saharan Africa. The strategic objectives of the mission include an emphasis on improved health outcomes in the areas of reproductive health, family planning, maternal and child health care and HIV/AIDS.

There is a small but growing private sector in the country, and it is growing increasingly clear that in underserved areas the private sector is becoming a key player in the provision of FP/RH. USAID funds a social marketing project that works with the private sector and another project that provides clinical training and support for providers in FP/RH and MCH. Jane believes that there is more potential in the private sector that USAID has yet to leverage.

A recent SHOPS assessment has found that access to finance is a major constraint to the growth of the private sector as is a lack of human resources, which constrains both the public and private health sectors. Another finding is that nursing students and other professionals often leave the country for what they perceive as better economic opportunities elsewhere. Jane believes that if health workers could find opportunities closer to home, that they would be more inclined to stay in their own country to offer much needed services. As for access to finance, Jane is wondering how she can program to increase access to finance for private providers so that they can expand and improve their services.

**Questions for discussion:**

1. How would access to finance improve or expand health services offered by Jackie's clinic?
2. What are the challenges facing Jackie as she applies for a loan?
3. What are John's constraints?
4. How could increased access to finance meet Jane's mission's health goals?
5. What can Jane do?