



The Banking on Health Project





THE BANKING ON HEALTH PROJECT

is a USAID-funded project that improves the ability of private health sector businesses to access credit, thereby expanding their capacity to deliver high-quality reproductive health and family planning services.

The Role of the Banking on Health Project

Credit is an engine of growth that drives private sector development. Financing is an essential input that assists the private sector to expand the range and types of services, enter new markets and improve services. In many countries in the developing world, the private health sector is not able to access financing from local financial institutions. Many banks are inexperienced with the private health sector and believe that it poses unacceptable risk. For their part, many private health care businesses do not command the business skills needed to develop a bankable business plan.

How We Work

The Banking on Health Project takes a two-pronged approach to increasing access to financing by:

- Working with local financial institutions to promote health sector lending
- Improving credit-readiness among private health care businesses

EXPANDING PRIVATE MIDWIFE PRACTICES IN THE PHILIPPINES

Private midwives in the Philippines are poised to play an important role in the private sector delivery of reproductive health, family planning, and other health services. Banking on Health identified large variations in the development of private midwifery in the Philippines and noted that access to finance is an important constraint to the further growth of this sector. To overcome finance constraints, Banking on Health designed a technical assistance package tailored to financial institutions and private midwives. For example, the project developed a course entitled “Financing the Health Care Business: The Case of the Private Midwife Clinic” and delivered it to bankers from eight financial institutions in order to promote lending. Banking on Health is also working with a microfinance bank to support the use of a DCA guarantee for loans to private midwives. In addition, Banking on Health has designed and delivered training to private midwives in financial record keeping, financial management, and accessing financing. The training provides important loan and contact information for local financing sources and guides midwives in establishing goals related to the achievement of the Philippines Department of Health’s “Birthing Home” requirements.



STRENGTHENING CONTRACTING OUT IN THE PRIVATE SECTOR IN NICARAGUA

In Nicaragua, the Banking on Health Project is supporting the National Social Security Institute's (INSS) efforts to contract out a basic package of primary health care services in the private sector. Contracting out is an important mechanism that can increase access to high-quality reproductive health and other services. The Banking on Health Project is supporting Nicaragua's effort with a four-pronged package of technical assistance:

- Training delivered to two banks with a health sector DCA to develop an understanding of Nicaragua's health care market and the process of health sector lending
- Training delivered to private providers contracting with the INSS to identify bankable projects, help them gain access to financing, and improve financial management
- Training delivered to private providers to develop an understanding of the financial benefits of promoting reproductive health/family planning within the capitated system
- Working with the INSS to support the provision of family planning/reproductive health services within the capitated system and to improve the institute's ability to evaluate and certify commercial providers



Promoting Health Sector Lending

The Banking on Health Project works with a variety of financial institutions to promote health sector lending, including commercial banks, microfinance institutions, leasing companies, credit unions and cooperatives, and investment funds. We train the management and loan officers of financial institutions in health sector lending and in analyzing the health care market. We work with bank staff to develop loan products that meet the financing needs of the health sector. We can assist a financial institution in entering this new market by providing market research and borrower referrals. We also work closely with USAID's Development Credit Authority (DCA) guarantee program. If needed, we can structure a loan or portfolio guarantee to lower a financial institution's risk in entering the private health market.



Improving Credit-Readiness of Private Health Sector Businesses

The Banking on Health Project provides training and technical assistance to the private health sector to increase access to financing. The project works with health service providers, product manufacturers and distributors, insurance plans, and nongovernmental organizations. We work with all sizes of private health care businesses from small-scale, micro providers, such as midwives and drug shops, to large health networks and hospital groups. We support business development services to improve the private health sector's ability to access financing by, for example, offering training in business skills, business planning, loan packaging, and post-loan care. In exchange for our assistance, private providers agree to promote the delivery of family planning and other reproductive health services in a financially sustainable manner.

Health Outcomes

The ultimate objective of Banking on Health is to achieve positive health impacts. By improving access to financing, the project:

- Improves the financial viability of private health care businesses
- Expands the range of services and products offered by private health care businesses to include reproductive health and family planning services
- Extends private services to underserved and hard-to-reach communities
- Improves quality of care by upgrading facilities, capacity, or commodity supplies



BACKGROUND

Banking on Health is a five-year global project funded by the United States Agency for International Development (USAID) Office of Population and Reproductive Health (PRH), Service Delivery Improvement Division (SDI). It is Task Order 2 under USAID's Private Sector Program (PSP) Indefinite Quantity Contract (IQC). Banking on Health began operations in 2004 with the objective of improving the ability of private health sector businesses to access credit, thereby expanding their capacity to deliver high-quality reproductive health and family planning services. In addition to designing and implementing interventions, the Banking on Health Project works with USAID missions and other health sector projects to identify how access to financing in the private sector can complement broader reproductive health strategies. Banking on Health also undertakes research and disseminates findings on how access to financing improves reproductive health outcomes.

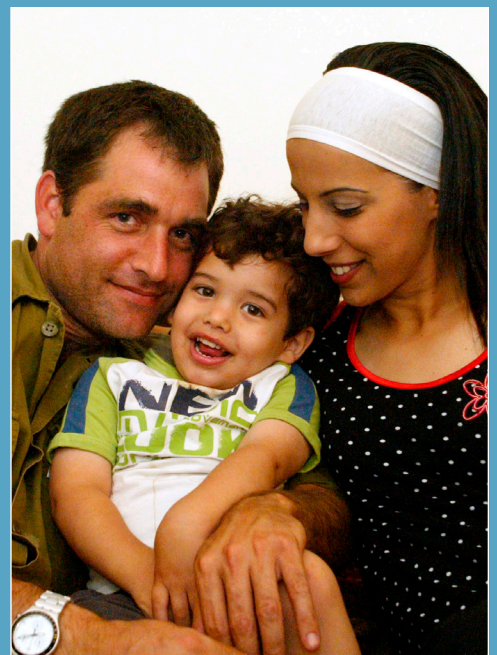
OUR PARTNERS

The Banking on Health Project is implemented by Abt Associates in association with its partners Banyan Global, ACDI/VOCA, Bitran & Asociados, and IntraHealth International.

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Visit www.bankingonhealth.com to download current publications or learn more about the Banking on Health Project.





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