

A Microfinance Institution Offers Health Education to Reach New Clients

Microfinance and Health Protection: PADME, Benin



Freedom from Hunger Research Brief | July 2010



Projet d'Appui au Développement des Microentreprises, known as PADME, is among the most prominent MFIs in the crowded and competitive Béninois microfinance market. Having experienced unsuccessful results with group loans in rural areas (high PAR and write-offs), PADME worked with Freedom from Hunger under its Microfinance and Health Protection (MAHP) initiative to implement *Credit with Education*, group-based microfinance and nonformal education delivered by the same credit officer at regular meetings in clients' communities. The goal was to combine a more systematic group loan and meeting methodology (to reinforce discipline and solidarity as well as improve repayment) with value-added education (to enable greater outreach to the poor; enhance PADME's image and contribute to the social mission). PADME introduced health education using the *Credit with Education* methodology in October 2007, with health topics that included malaria, childhood illness and HIV/AIDS. PADME's health protection service package also included a small-scale insecticide-treated mosquito net distribution.

Research activities carried out as part of the MAHP initiative assessed PADME's newly implemented Credit with Health Education program, and key results on client use and perceptions of the products as well as changes in health knowledge and behaviors are presented in this brief. A detailed report on all of the research activities and methods employed for PADME can be found at www.ffhtechnical.org.

Credit with Education —Health Education

PADME launched *Credit with Education* with its peri-urban and rural clients. Because PADME also participated in a community randomized control trial evaluation (n=3,625, 30% of which are PADME clients and the remaining randomly selected community members; this sampling methodology was employed to control for self-selection bias), four product variations were tested:

- Women's *Credit with Education* villages (W-CwE)
- Mixed-Gender *Credit with Education* villages (M-CwE)
- Women's Credit-Only villages (W-Credit)
- Mixed-Gender Credit-Only villages (M-Credit)

The purpose of testing these four product variations was to determine which product had the most impact on client health, business and financial outcomes as well as to study which product appeared to benefit PADME, the institution, the most in terms of client growth, repayment, retention and financial sustainability. By the end of December 2009, 11,290 clients had access to group-based microfinance, and

5,385 of them had access to health education in HIV/AIDS, malaria, childhood illnesses and self-esteem. Men's participation made up about 10 percent of the total population in any of the four product variations.

The table below combines all results in a simplified analysis to show comparisons and the product variant that performed better in terms of knowledge change, behavior change or combined knowledge and behavior change. The results mentioned in this summary combine statistically significant differences of both $p < .10$ and $p < .05$; when there was a significant difference of $p < .10$, this difference will be indicated by a checkmark (√) and when there was a significant difference of $p < .05$, it will be indicated by a checkmark-plus (√+) to show which product demonstrated better results. A result with a significance of $p < .05$ is much better than a result with $p < .10$. In most conventions, only significance levels of $p < .05$ would be mentioned.

PADME PRODUCT COMPARISON INDEX RESULTS

	Comparing All Education to All Credit-Only Groups		Comparing Mixed-Gender Credit with Education to Women's Credit with Education Groups		Comparing Mixed-Gender Credit with Education to Mixed-Gender Credit-Only Groups		Comparing Women's Credit with Education to Women's Credit-Only Groups	
	All Education	All Credit-Only	M-CwE	W-CwE	M-CwE	M-Credit	W-CwE	W-Credit
<u>MALARIA</u>								
•Malaria knowledge score	√				√+			
•Malaria behavior score	√		√		√+			
•Malaria combined knowledge and behavior score	√				√+			
<u>HIV/AIDS</u>								
•HIV/AIDS knowledge score	√+				√+			
•HIV/AIDS behavior score	√+							
•HIV/AIDS combined knowledge and behavior score	√+				√+			

Key: √ = $p < .10$ and √+ = $p < .05$ or less

The randomized control trial index results¹ revealed that the education villages (W-CwE and M-CwE) perform somewhat better than the credit-only villages (W-Credit and M-Credit) in malaria knowledge indicators such as the cause of malaria, that sleeping under a mosquito net is one way to protect oneself from malaria, and who would sleep under a mosquito net. Mixed-Gender *Credit with Education* (M-CwE) villages were more likely than the Mixed-Gender Credit-Only villages (M-Credit) to have better malaria knowledge.

Residents in education villages also have somewhat better malaria behaviors (use of insecticides and repellants, household has a mosquito net obtained in last three years, net is installed, is in good condition and has been treated if necessary and family members slept under net) compared to M-Credit villages to have obtained a mosquito net in the past three years and have better overall malaria behaviors, have more nets per household and, overall, have a stronger combination of knowledge and behavior score.



Education villages were substantially more likely than credit-only villages to perform better on HIV-knowledge indicators—such as knowing where to purchase a condom, that HIV/AIDS is not contracted from mosquitoes or supernatural means, etc. and on behavior indicators—using a condom during sexual intercourse and talking to husband about HIV/AIDS. As with malaria, M-CwE villages had stronger results than M-Credit villages.

There were no significant differences between the four product variants when assessing knowledge and behavior change as a result of the childhood illnesses module. It appears from the malaria and HIV/AIDS results that the M-CwE product variant is driving the results for the education villages when comparing knowledge and behaviors on HIV/AIDS and malaria. However, when assessing women's empowerment indicators individually (such as levels of confidence, decision-making, community participation, etc.), the W-CwE product performed better than the W-Credit product and, in some cases, better than M-CwE villages.

Costs, Benefits and Financial Sustainability

An important element of MAHP was to address the question of whether it was possible to design and offer health-related products and services that could have positive social impact for clients while also being practical, cost-effective and even profitable for MFIs. Towards this objective, a cost-benefit study was conducted to examine the costs and benefits of the PADME *Credit with Education* program using a combination of activity-based and allocation costing. Findings indicate that the *Credit with Education* program developed by PADME and Freedom from Hunger as part of the MAHP initiative has grown to fairly substantial scale in a short time with notable impacts on the health knowledge, attitudes and behaviors of participating clients. The product has not, however, managed to pay for itself and did not appear poised to do so if practices and trends observed at the end of 2009 continue. To achieve break-even or net revenues, PADME would need to revisit the interest rate charged for its *Credit with Education* loans and identify efficiencies that will both increase revenues (e.g., faster loan disbursement) and reduce costs (e.g., using savings deposits following commercialization to reduce the cost of funds). These findings are not consistent with reports from dozens of other MFIs that successfully and sustainably offer this *Credit with Education* product. Alternate scenarios and experiences suggest that with some

¹ Typical comparison of averages among the four product variations are covered in-depth in the full paper. In this Brief, we chose to present a simple, visual analysis that combined multiple indicators for each topic, such as malaria, HIV/AIDS and childhood illnesses, into an index. No index numbers will be used in the Brief, but only the meaning behind the results, to avoid distracting the reader from the main interpretation of the results.

upfront donor investment, it is feasible to provide the product on a financially sustainable basis—even within the constraints of West Africa's unusually low interest-rate ceiling.

Conclusion

During the pilot period, PADME encountered a number of challenges that had an undeniable impact on the implementation of both the *Credit with Education* product and the research. In 2008, just a few months after the launch of *Credit with Education*, the Béninois government seized control of the private organization and replaced its leadership. An extensive staff work-strike ensued, leading to about three months of inactivity in the field and some confusion on the part of clients. With the new leadership in place, the MFI then continued to pursue transformation to a regulated bank—with all the complications and management attention that this entails. At the time of this writing, this process was ongoing. Thus, the environment within PADME was not entirely conducive to the launching, dynamic management and detailed research of a major new product line. Nevertheless, the results from this study indicate that villages receiving health education on HIV/AIDS and malaria performed better than credit-only villages for malaria and HIV/AIDS knowledge and behaviors. Out of the four product variants, Mixed-Gender *Credit with Education* performed better at knowledge and behavior change. Women's *Credit with Education* villages performed better when assessing improvements in women's empowerment. These results demonstrate that men matter when it comes to changing knowledge and behavior; however, women need their own space and women-only peer groups to develop and grow their confidence levels to participate in more family- and community-level decision-making.

At the time of this writing in mid-2010, PADME was still making decisions about the future of the *Credit with Education* product. On the one hand, regional and branch staff were very enthusiastic about the social benefits and portfolio quality of *Credit with Education*, and staff was actively planning not only to continue expanding in the pilot region but also to extend the product in at least one other region over the coming year. On the other hand, PADME leadership continued justifiably to question the cost-effectiveness of the product and was still deliberating about next steps.

Freedom from Hunger—A Leader in Integrated Services

Founded in 1946, Freedom from Hunger is known for its innovations in integrated services. The organization's *Credit with Education* innovation unifies microfinance and dialogue-based education for self-help groups of women. The *Credit with Education* model includes training on health, business and financial topics. Rigorous studies have documented the statistically significant impacts of *Credit with Education*, including improvements in economic status, women's empowerment and the health and nutritional status of children whose mothers participate in the service.

With the creation of the Microfinance and Health Protection (MAHP) initiative, which developed and evaluated the addition of health protection services to MFIs in Benin, Bolivia, Burkina Faso, India and the Philippines, Freedom from Hunger initiated a new era in microfinance, one that responds to the desires of MFIs to help their clients stay healthy and flourish in their micro-enterprises and meets the most pressing health needs of families living in poverty. To learn more about Microfinance and Health Protection and to access the research studies that are summarized in this brief, visit www.ffhttechnical.org.



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