



**“Financing Health Care
Quality Improvement in Africa”**



I. Financing healthcare:

In resource restricted settings capital is scarce

- 90% of private healthcare providers have no access to capital
- large number of public facilities have shortage of capital



Healthcare providers are underfunded



Low financial capacity:
Assets, processes skills

TRUST



Low medical quality:
Assets, processes, skills

Patient:
Low willingness to pre-pay

I. Financing healthcare

Limited access to finance for healthcare providers:

Financial

- Limited collateral and credit history
- Weak financial administration
- Difficult enforcement of loan contracts

Medical

- No defined medical standards
- No measurement of medical quality
- No information on medical performance

Unknown risks

- Private credits are unavailable or at high market rates (>30%)
- Donors don't know if money is spent on medical improvements

No investments

to grow business, purchase equipment, train staff

II. The Medical Credit Fund (MCF)

Social Investment Fund interlinked with Quality Improvement

The Medical Credit Fund was initiated by PharmAccess in 2009



The Medical Credit Fund is a social investment fund: provides affordable loans combined with a upgrade program to private healthcare facilities in Sub Sahara Africa



MCF improves the quality of life for low income Africans: enhanced access to affordable and good quality primary healthcare

III. Investment strategy:

Risk reduction programmes

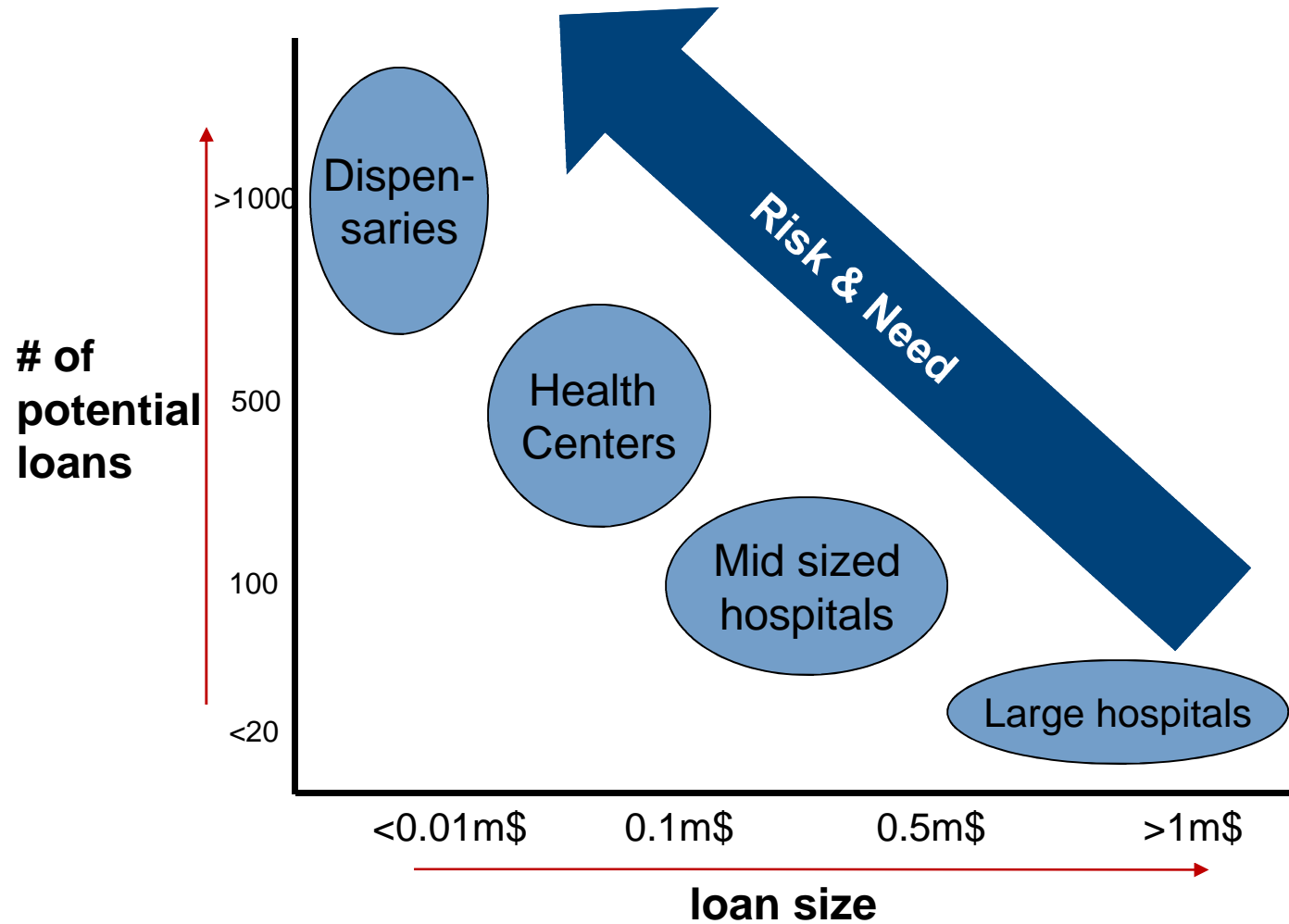
- 1. Quality improvement at clinic level:** medical upgrading & business plan to improve quality and efficiency, and assessment of results
- 2. Access to risk capital at bank level:** in a stepwise approach at affordable terms & conditions and expand services

The two objectives are interlinked and offered through local partners: health network organizations and local banks

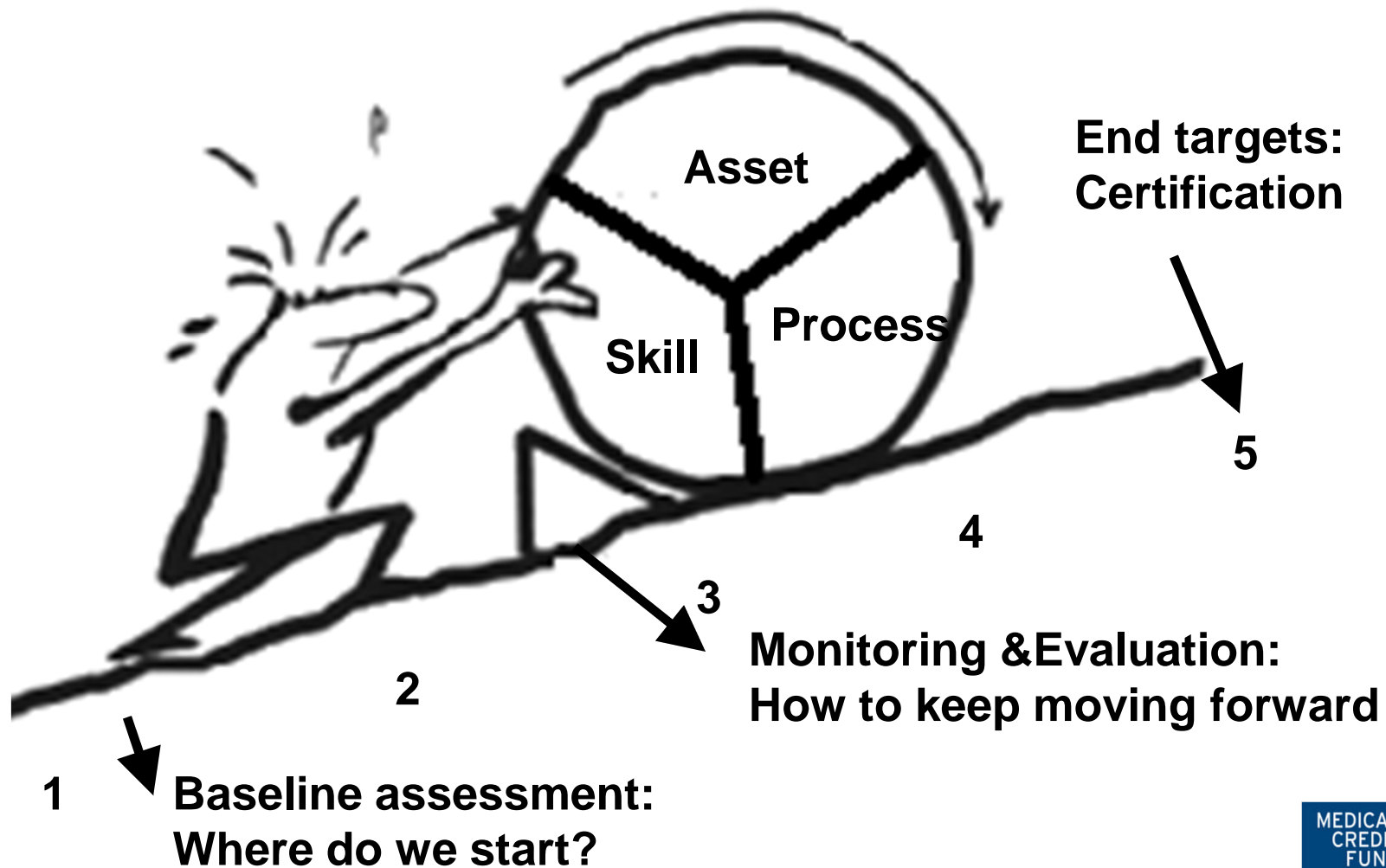


III. Investment Strategy:

Majority of market is in primary healthcare
Risk and transaction costs are high



IV. Quality Upgrade Program: framework for investments



IV. Quality Upgrade Program:

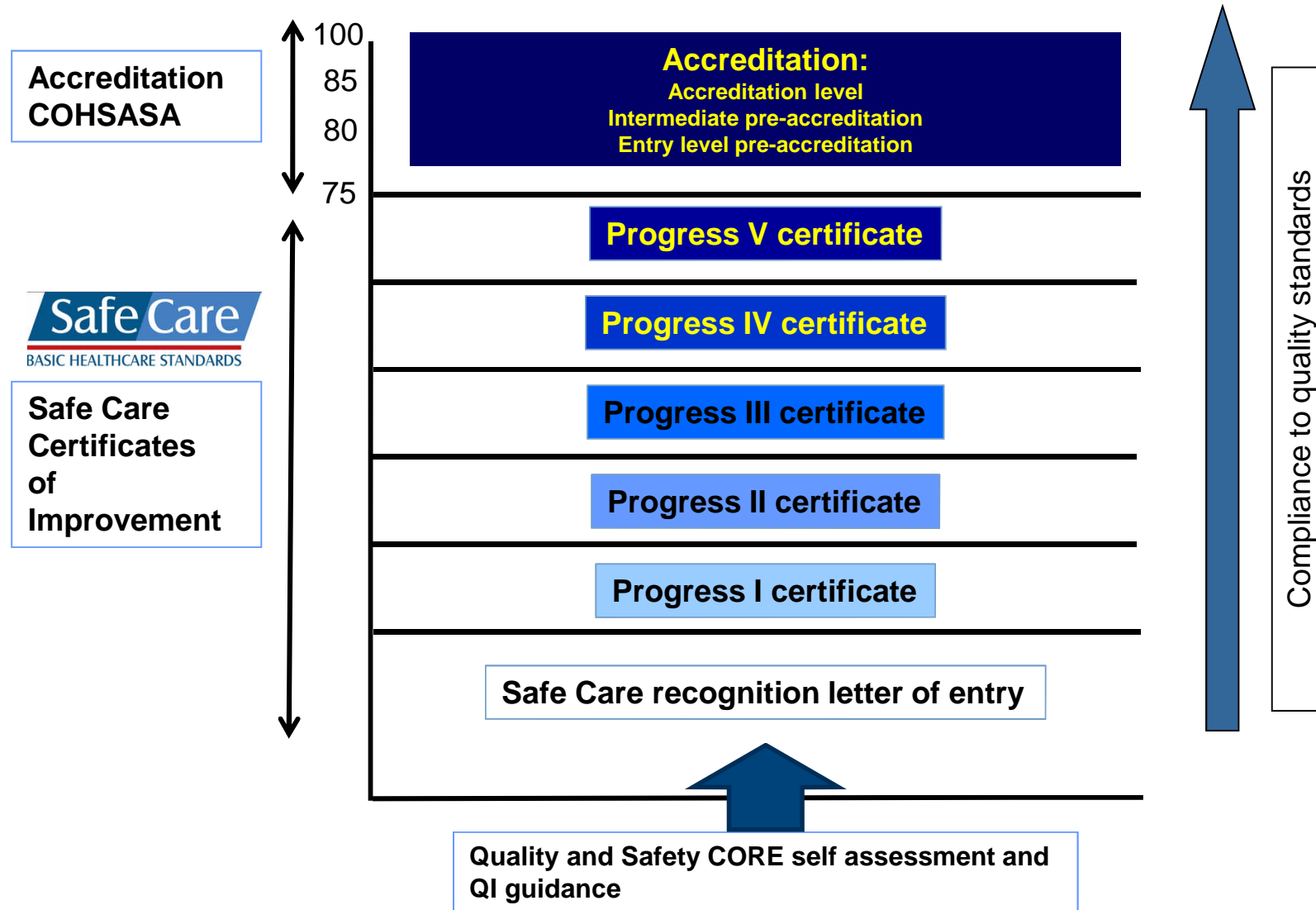
Improvement requires Standards

- For measurement of medical improvement and the impact of interventions, a **set of standards** for medical performance has to be used:
 - Information available resulting from assessments
 - A transparent measurement system, defined on rational grounds, enforceable
 - Specified products: investments and savings can be planned and budgeted
 - Internationally accredited, supported by professional organizations



VI. Quality Upgrade Program:

Benchmarking and progress per category



VI. Quality upgrade program



Quality of care



Improved customer satisfaction and willingness to pay

TRUST

Enforcement: benchmarking and transparency

Cost of care



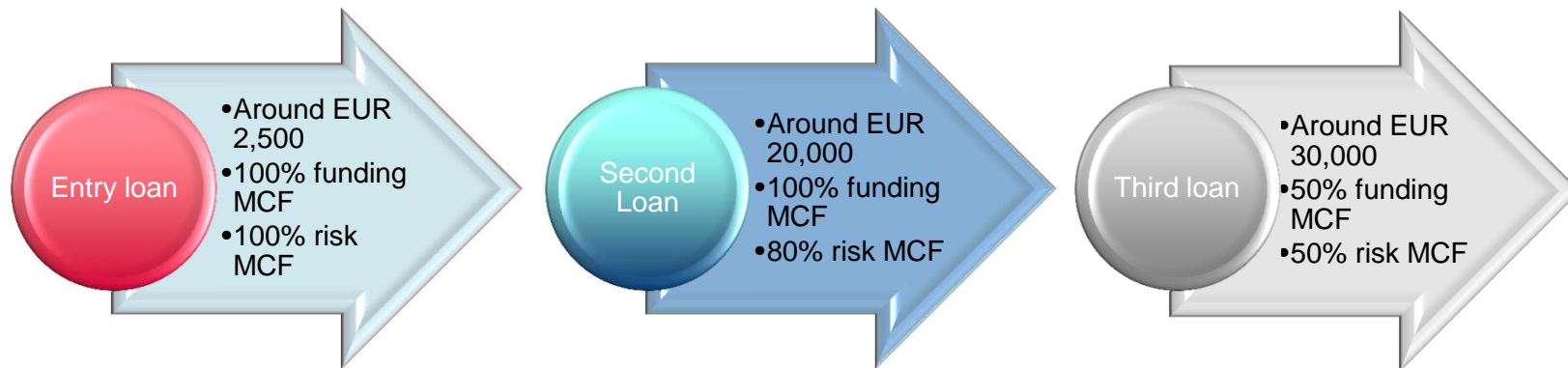
V. Access to Finance Program: Business planning improvement, making healthcare providers bankable

- Basic introduction training to business planning
- Preparation of financial statements (local partner)
- Support in writing simple business plan (template)
- Support with filing of loan application
- Including exam with certificate



V. Access to Finance Program: Concept of track record building through local banks

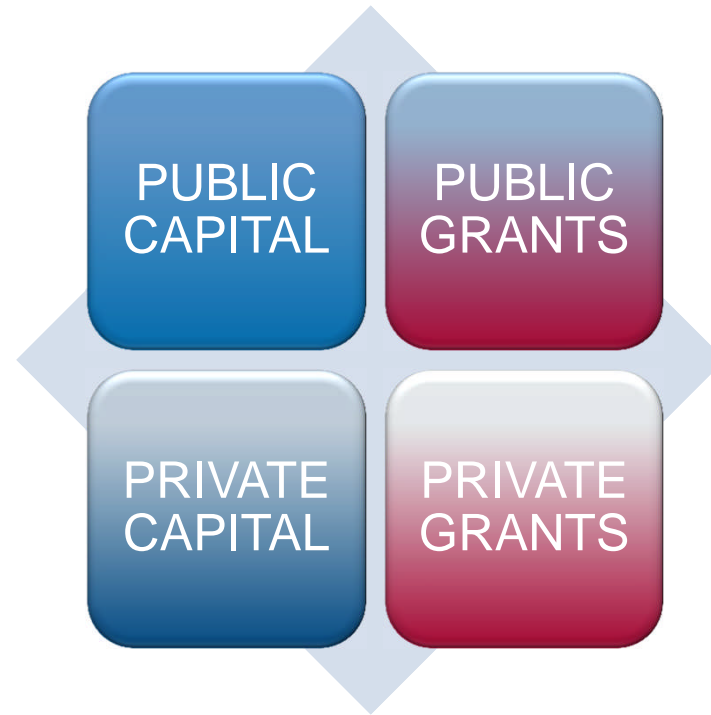
Over time, the local commercial bank relative exposure on the client increases



Over time, MCF relative exposure on the client decreases as the clients builds up a track record with the local commercial bank

VI. Capital structure:

Leveraging different sources of funding



Public Capital: Government (related) funds for investment

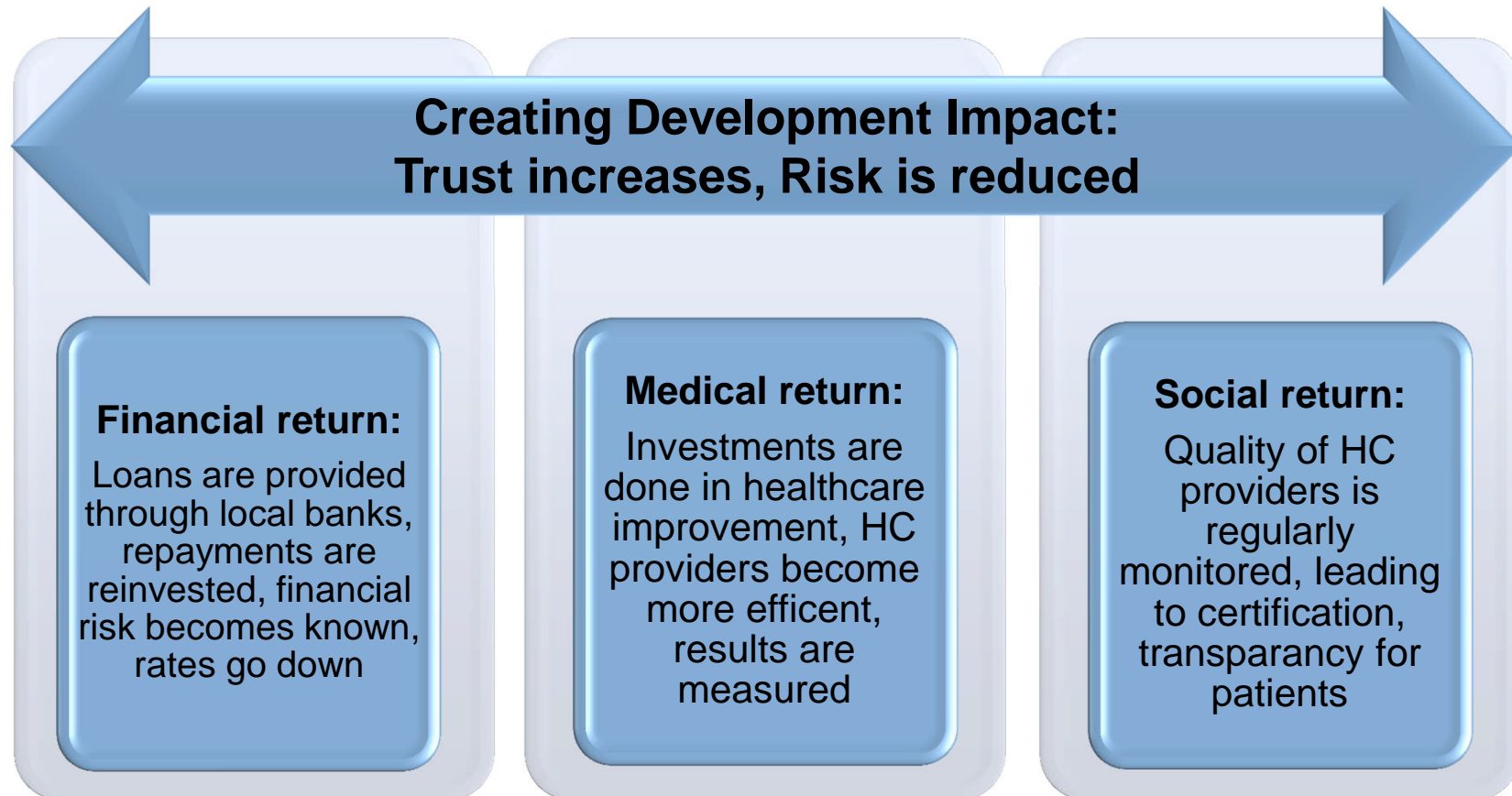
Public Grants: Government (related) grant monies

Private Capital: Private sector funds for investment

Private Grants: Private sector grant monies

VII. MCF Impact

MCF strengthens local providers and the overall systems for accessing finance and enhancing quality



VIII. Current Status

- Partnerships established and pilot projects started in Tanzania, Kenya and Ghana involving circa 20 healthcare sites in each country, first loans disbursed. Program to be started in Nigeria April 2011.
- Funded by private grants and Dutch government, now in process of raising public and private funds to further increase its capital base in order to provide loans to 2500 facilities during next 5-7 years.
- November 2010: MCF received a prestigious award for its innovative financing model to improve African health care. US President Barack Obama presented the award at the G20 summit in Seoul.

