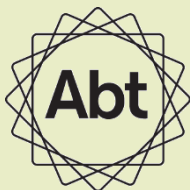


# Financing Nigeria's Private Health Sector

Patricia Gates & Bassey Daniel



SPS FP/RH is funded by the U.S. Agency for International Development.  
Abt Associates leads the project in collaboration with  
Banyan Global  
Jhpiego

# Agenda

- About SPSFP/RH
- Our Strategies and Results
- Challenges
- Summary & Recommendations

# About SPSFP/RH

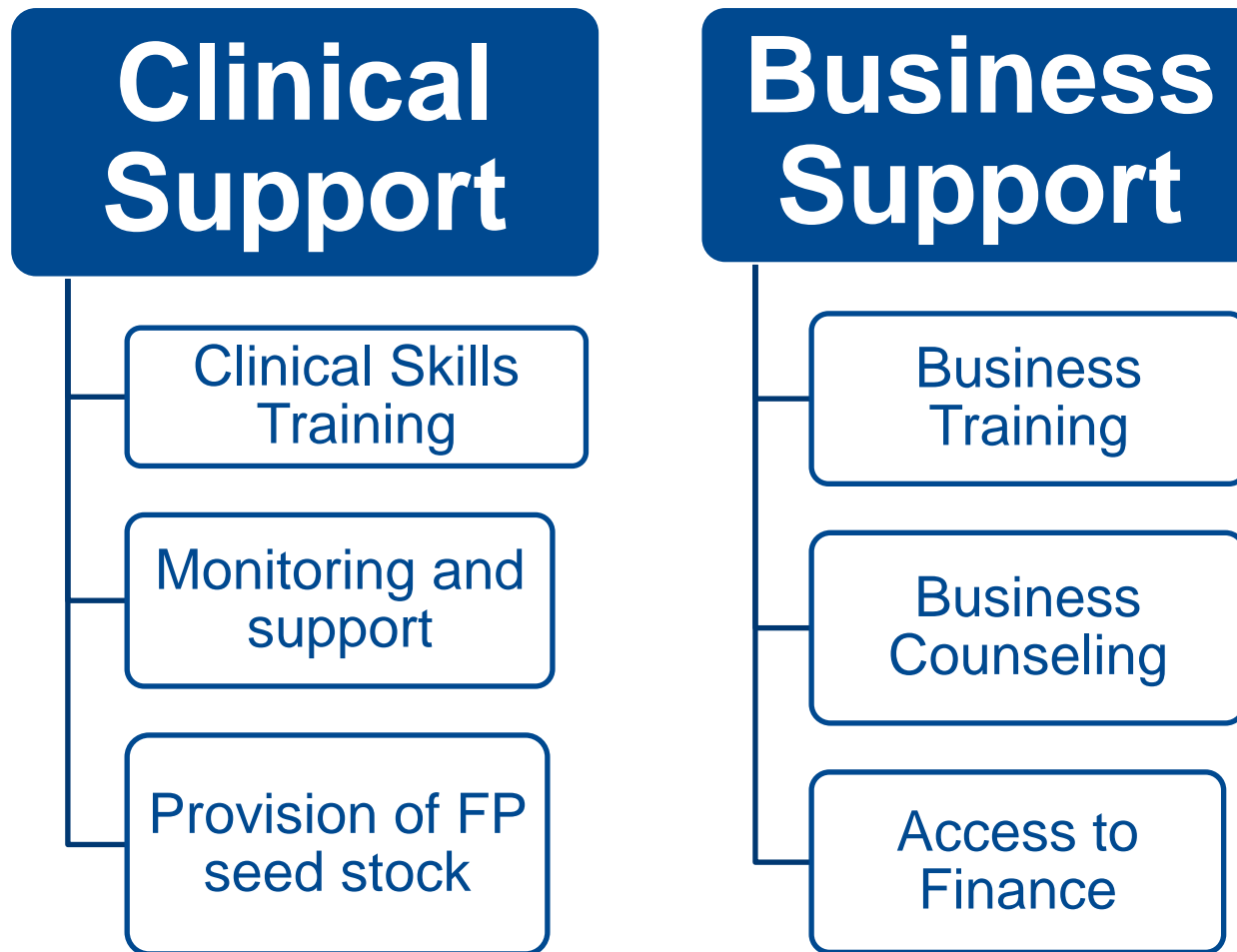
## **Strengthening Private Sector Family Planning & Reproductive Health (SPSFP/RH)**

- Evolved from PSP-One and SHOPS
- 5-year, USAID-funded project
- Objective to increase the role of the private sector in the sustainable provision and use of family planning, HIV/AIDS and other health information, products and services.

## **SPSFP/RH increases access to finance to improve health outcomes and strengthen health systems:**

- Clinical and business training for private health businesses
- Work with financing partners to facilitate capital flows to the private health sector
- Build market linkages
- Foster conducive policy environment.

# All-round Support



# Our General Approach

## Need-driven interventions

- 2007 survey pointed out areas of need

## Demand-driven solutions

- Beneficiaries required to pay a token for programs – a show of ownership
- Minimum payment of per-diem

## Sustainability built in – avoid market distortion

- Build associations' capacity to deliver trainings
- Develop network of business trainers and counselors
- No interference with finance partners' lending and pricing processes
- Risk sharing (as opposed to funded) model

# Our 3-pronged Strategy

Build lender  
capacity



- Select strong institutions
- Share market information
- Support product development
- Train loan officers
- Link to borrowers

Share risk

**50% portfolio guarantee  
via USAID's DCA**



Build borrower  
capacity

- Managing a Healthy Business
- Financing a Healthy Business
- Business Planning
- Business Counseling
- Link to lenders

# Results

# Over 4,600 health providers trained

<b>Project</b>	<b>Clinical Training</b>	<b>Business Training</b>
PSP-One	2,000	473
SHOPS	232	887
SPS FP/RH	873	197
<b>Total</b>	<b>3,105</b>	<b>1,557</b>



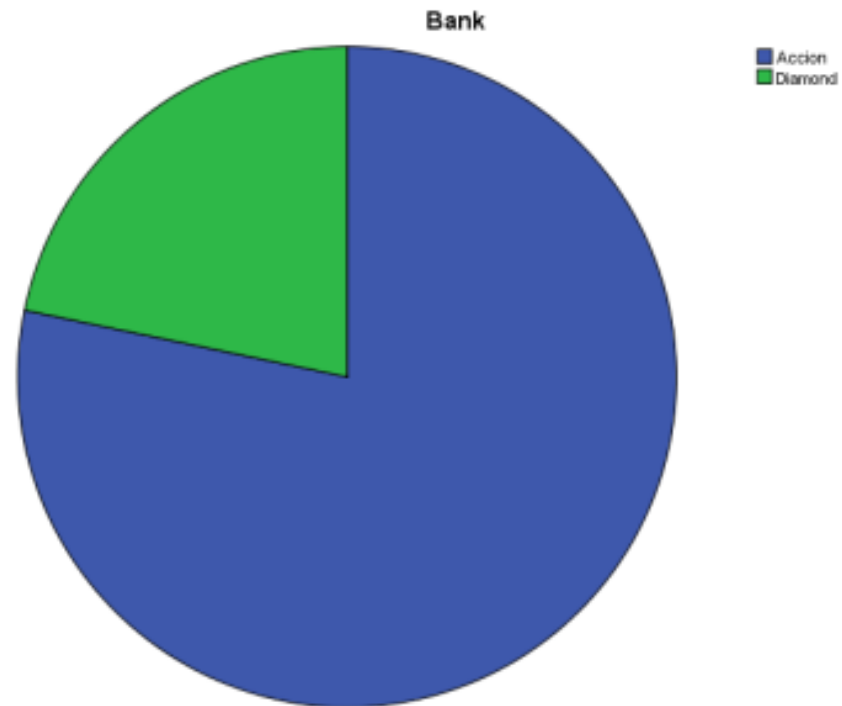
# 361 loans disbursed across 15 States

## No. of Loans by Bank

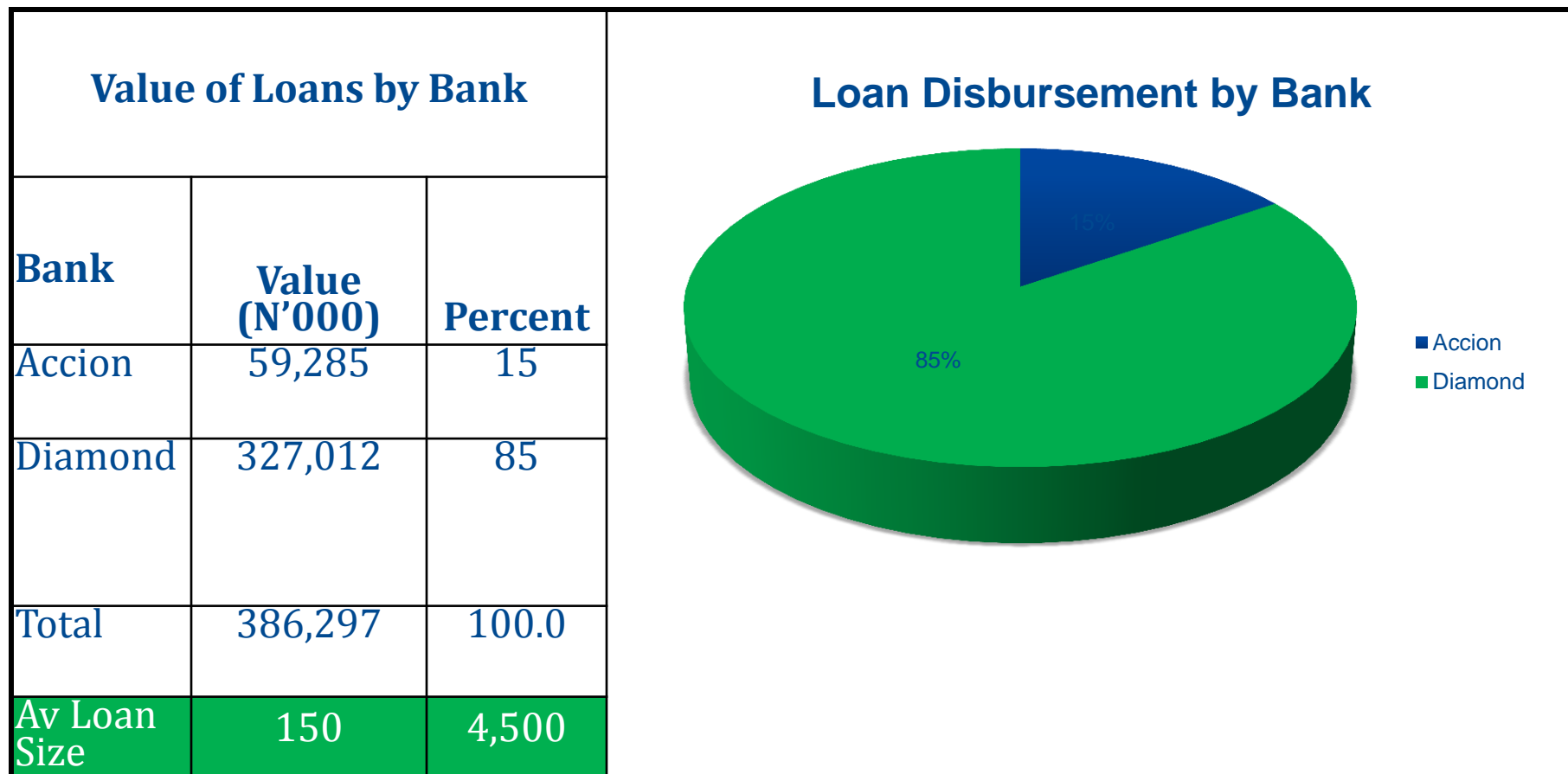
Bank	No. of Loans	Percent
Accion	285	78.2
Diamond	76	21.8
Total	361	100.0

**N128 million disbursed to 253 providers under PSP-One**

Loan distribution by bank

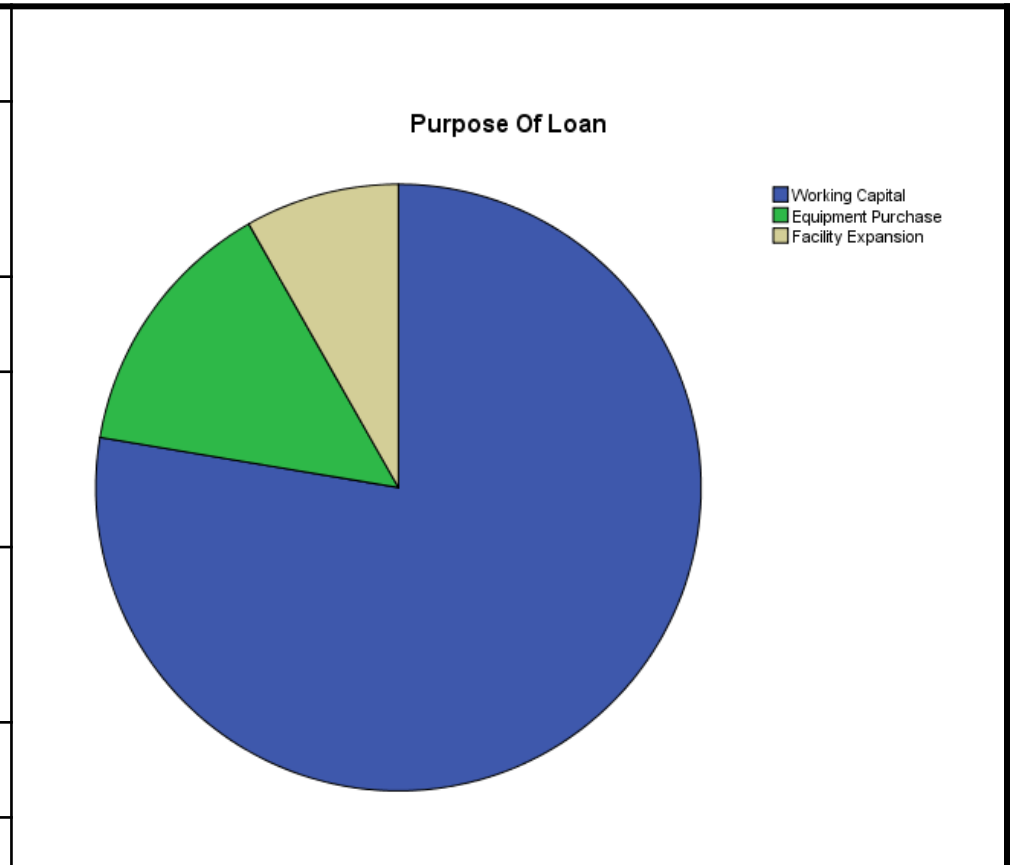


# N386.3 (US\$2.4) million disbursed

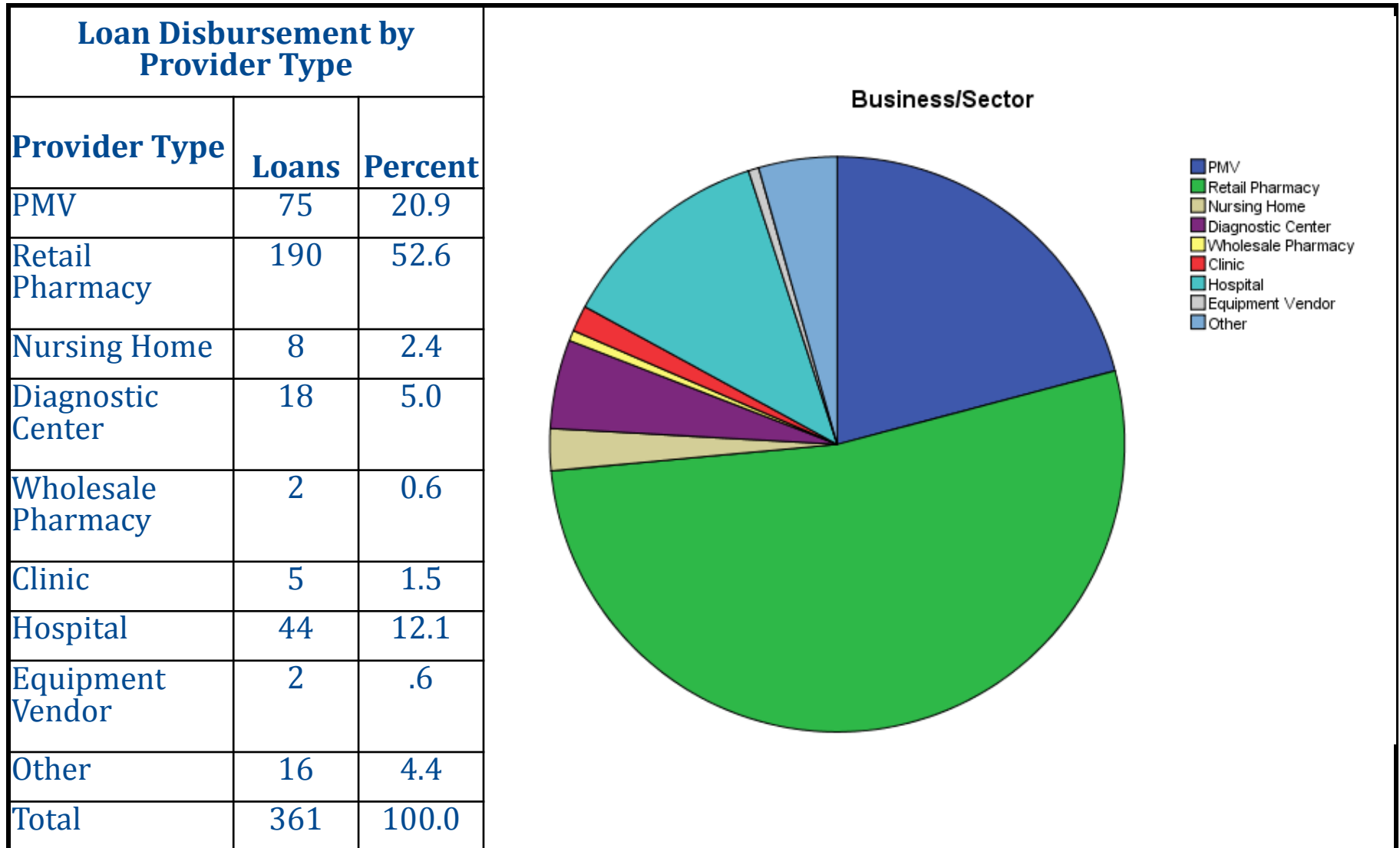


# Working capital primary use of loans

Loan Use		
Use	No. of Loans	Percent
Working Capital	280	77.6
Equipment Purchase	51	14.1
Facility Expansion	30	8.2
Total	361	100.0

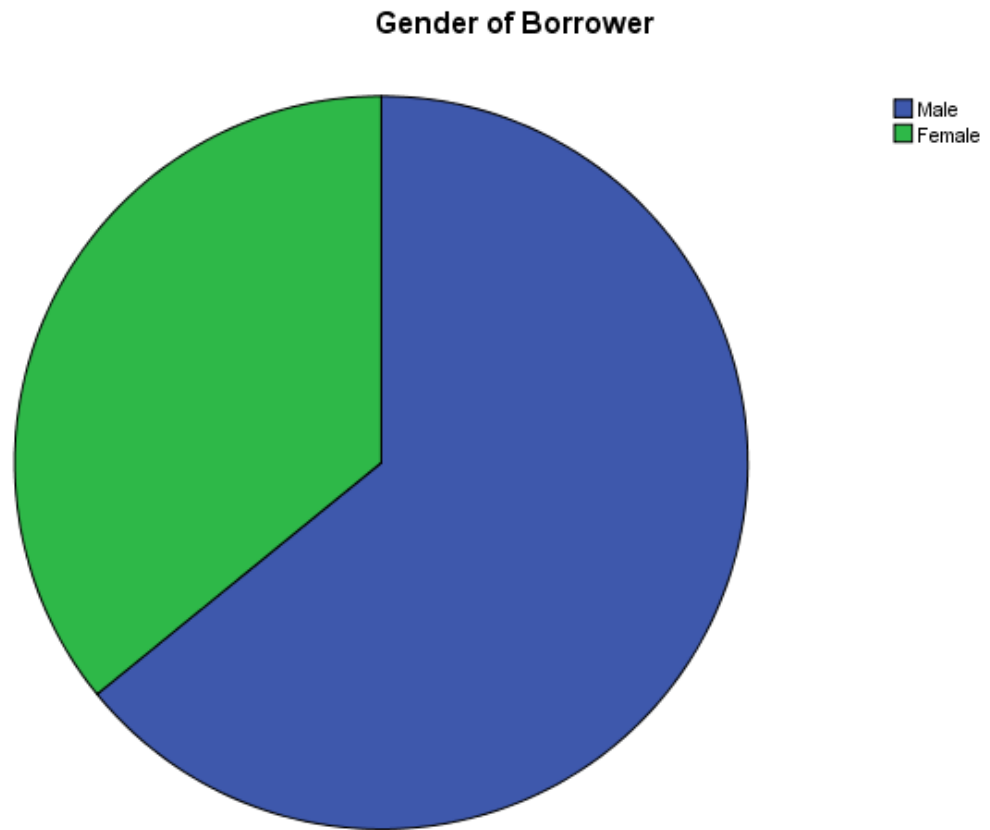


# Financing Goes to a Variety of Health Care Businesses



# 36% of businesses owned by women

Loan Disbursement by Gender		
Gender	Loans	Percent
Male	231	64.1
Female	130	35.9
Total	361	100.0



# The Demonstration Effect

Two other banks  
have launched  
health sector loan  
products

At least 100 loans  
have been  
disbursed by  
these banks since  
October 2011

As banks  
compete  
businesses  
benefit

# Challenges

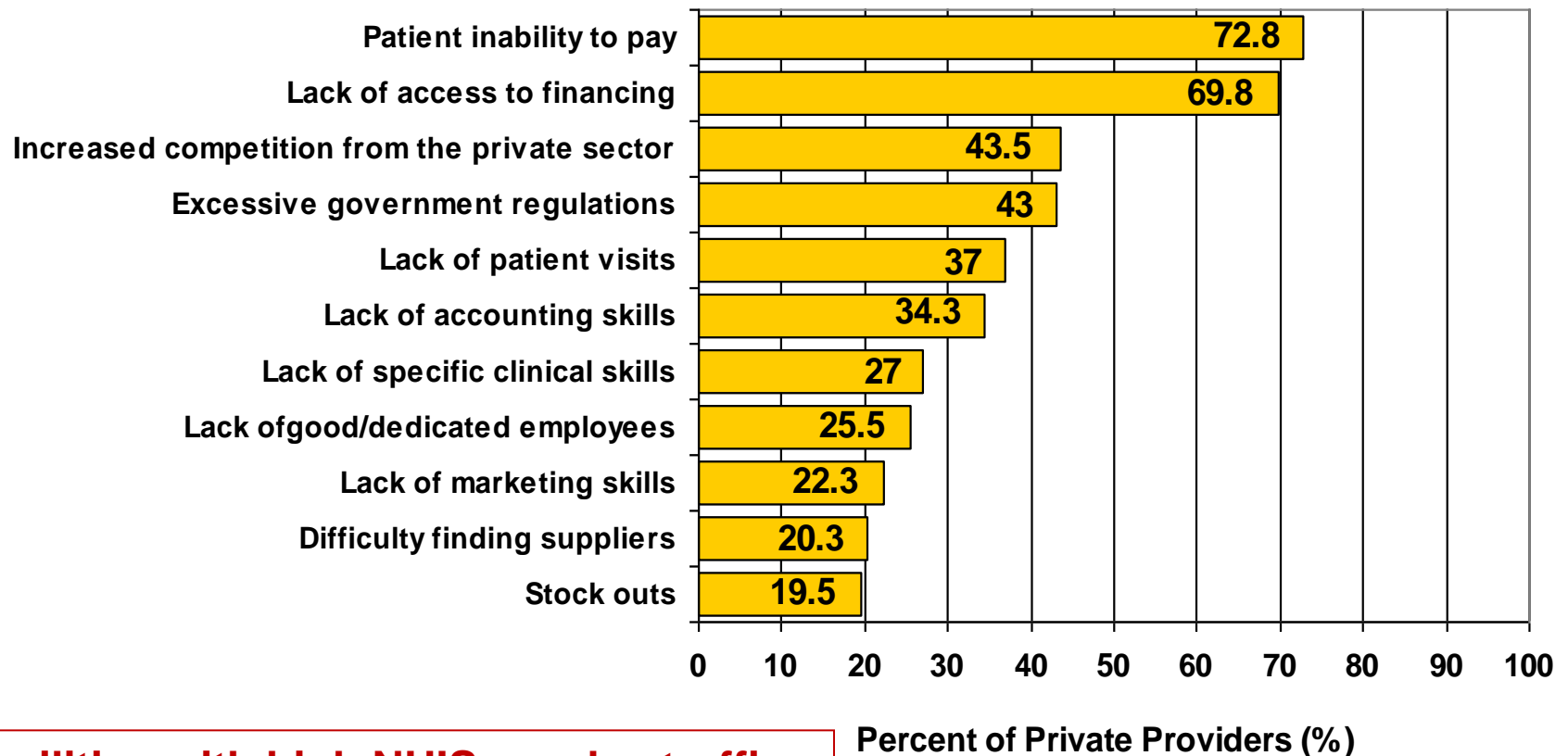
# Businesses are vulnerable, but...

	MD	N&M	Pharm	PMVs
Is a sole proprietor	85% across groups			
Offers inpatient and outpatient services	94%	88%	-	-
Has over 10 years experience as a medical provider	17	15	12	11
Has over 9 years working in the private sector	11	10	9.3	9.1
Belongs to a medical association	95%	95%	97%	74%
Has collateral for a loan	67%	60%	53%	39%



# Constraints to Profitability

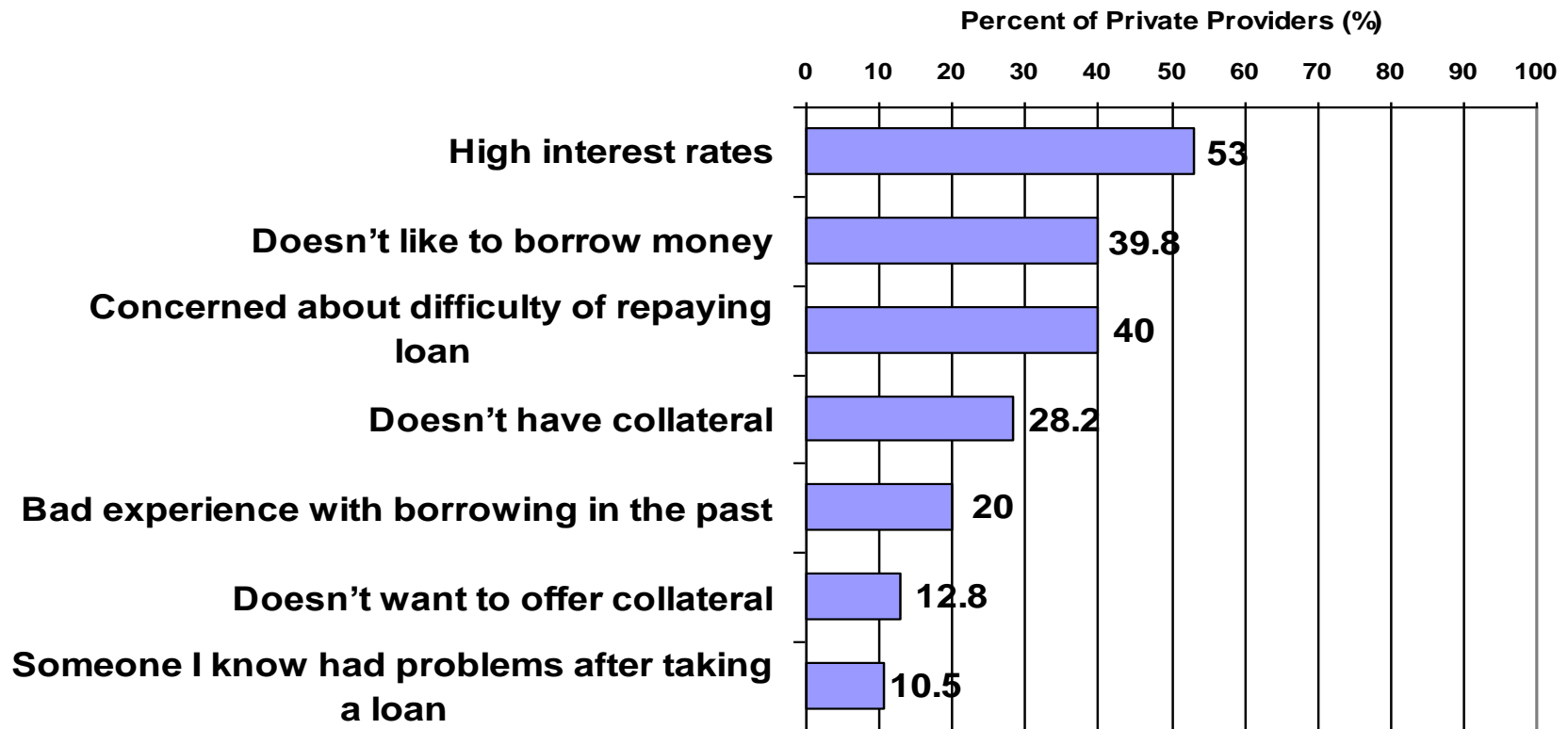
95% consider their business profitable...but face the following constraints



**Facilities with high NHIS enrollee traffic report less incidences of patient default**

# Cost of borrowing a key issue

## Reasons for not wanting a loan



**Accion: 4-6%/month**

**Diamond: 16-24% p.a.**

# Summary & Recommendations

# An Investor's Perspective

## Opportunities...

- Untapped market
- Stable borrowers
- Professional associations
- Portfolio diversification
- Competitive edge in market
- Above average portfolio quality

## Risks...

- Lack of market information
- Limited credit history
- Fragmented sector
- Ethical concerns
- Limited financial & management capacity
- Concerns about collateral
- Long term investments

# Strengthening the Supply Side

## Enhance business and financial management capacity

- Provide comprehensive enterprise development solutions: business training, counselling, consulting
- Encourage mergers & group practices

## Improve regulation

- Minimize quackery & counterfeiting; enforce standards
- Equip and empower associations
- Encourage 'task shifting' (PMVs, CHEWs)

## Explore less expensive financing models

- Multilateral finance institutions
- CBN intervention fund
- Mutual guarantee schemes

## Build and sustain data bank

- Comprehensive mapping of businesses and groups in the sector
- Track and share clinical and business indicators for use by stakeholders

# Strengthening Demand

## Make Health Insurance Work

- **Enforce laws on workplace health insurance**
- **Incentivise employers**
- **Strengthen HMOs**
- **Accelerate CHI rollout**
- **Review laws and processes to address stakeholder concerns**



**USAID**  
FROM THE AMERICAN PEOPLE

Strengthening  
Private Sector

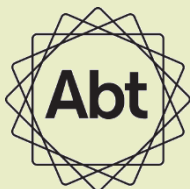
FP  
RH

# Thank you

# Questions? Comments?

## Contact

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