

Health-care provision meets microcredit finance in Argentina

Microcredit loans have transformed the lives of impoverished people in many countries by allowing them to start businesses. But increasingly microcredit banks are realizing that providing some kind of health coverage in tandem with the loans is essential if they want to fulfil their mission to improve lives.

Just north-east of the city of Salta, Argentina, Yolanda Alderete works from her cinderblock home making items such as baskets, chests and mirror frames out of recycled paper to earn a living. She is one of thousands of people in Argentina who do not qualify for a conventional bank loan.

But Alderete is a client of Banco Mundial de la Mujer, Women's World Bank – Argentina (BMM). BMM disburses loans from 500 pesos (about US\$ 160) to help people lift themselves out of poverty by starting a business.

The bank currently has 5000 accounts and has already had 50 000 loans reimbursed. "Some clients take up to 30 loans, one after the other," says Silvia Nicolea, president of BMM in Argentina.

The bank is the only credit option for many people.

"Our clients have no place in the formal system," says Nicolea, referring to Argentina's commercial banking system. "To have access to private banking, people need to be registered and pay taxes. Our clients constitute part of the informal economy. Most have recently moved from rural to urban areas and practise manual trades."

Alderete is typical of BMM's clients. She works six days a week, making and selling products at markets or in the streets around Salta city. Three of her seven children help with the business, as does her husband.

"I learned this skill at a community centre seven years ago. My work comes from the heart," says Alderete. The loan from BMM has allowed her to turn a hobby into a business that supports her family.

The loans from BMM have been critical to her business, but without the health-care coverage the bank provides she would have risked having to default on the loan to pay medical bills if she or a member of her family had become ill.

"Argentina's public health system has all but collapsed," says Nicolea. "People who do not have social security

or health coverage with BMM pay US\$ 50–150 per month for prepaid medical services. Most of our clients cannot afford this amount because they earn around US\$ 500 per month."

To the bank, providing health-care coverage has become as important as the business of lending money to improve lives.

BMM acted to take care of the health of clients like Alderete in March 2006, by signing agreements with two health-care companies: MEDICOS in Salta province and SER-CEGIN in the province of Jujuy. Since then, BMM clients in these provinces automatically gain access to health care services through a card that comes free with the loan.

Through a system of affiliated doctors, the card gives clients and their

extended families access to a host of health care services such as gynaecology, paediatrics, dental services, ophthalmology, cardiology and general medicine. However, it does not cover them if they need hospital care.

The bank pays the health-care companies US\$ 1.70 monthly for each client. "This means that people only pay a third of the cost of a visit to the doctor," says Nicolea. The full cost of a visit to the doctor is US\$ 6.

“Providing health-care coverage has become as important as the business of lending money to improve lives.”

"If one is not healthy, one cannot work," says Dr Jorge Gronda, the director of SER-CEGIN, citing the pragmatic reasons for assuring clients' access to health care. "I am absolutely convinced



Yolanda Alderete was able to set up a business weaving baskets thanks to a microcredit loan from Banco Mundial de la Mujer (Women's World Bank) in Argentina. The agreement with the bank also entitles her to health-care services.

Kai Lashley



The Banco Mundial de la Mujer (Women's World Bank) disburses loans to help people lift themselves out of poverty.

that we cannot think of any type of development without health care.”

The health-care model SER-CEGIN exemplifies is built on the same principal as that of BMM: an enterprise that seeks to help low-income people through its service. The key to success is in that service: reaching a large number of people generates the income (and profit) for SER-CEGIN, and the profit allows for expansion.

“While profits are generated, the main aim is not to maximize financial returns for shareholders but to expand the social venture and effectively reach more people in need,” says Gronda.

As this collaboration is quite new, long-term studies of its effectiveness

have not been carried out. BMM has however conducted a preliminary survey among its clients about the service provided by SER-CEGIN and MEDICOS. Of the 611 people who responded, 76% felt that access to the service was vital.

Ways in which to expand this programme country-wide are being analysed by a team from SER-CEGIN, the Inter-American Development Bank and the University of Wisconsin in the United States of America. The concept involves creating health franchises, using groups of affiliated doctors throughout Argentina, based on the SER-CEGIN and MEDICOS models, which target the poorest in society.

Franchising as a model to provide health care to poor people is not limited to Argentina. In Kenya, HealthStore clinics use the franchise model to provide health care in villages and urban slums. While doing so, they generate enough revenue to pay the owners and staff a competitive annual salary. Health worker-owners are subject to franchise controls to assure quality and affordability, and also receive business support in the form of microcredit loans.

Another example is Jamii Bora, a microfinance institution in Kenya, which in 2001 began offering health care to its clients. Some years ago, many of Jamii Bora's clients were falling behind on their loan payments. When workers visited these clients, they found an overwhelming majority of them were using their money to pay the health costs of a sick family member rather than to repay the loan. This inspired the microfinance institution to begin to provide health care to its clients.

Increasingly, proponents of microcredit finance are seeing that poverty alleviation cannot be achieved by financial assistance alone; that it is only one way of addressing poverty in the world.

Together, BMM, MEDICOS and SER-CEGIN are helping those on the margins of society in Argentina to pull themselves out of poverty – through access to health care and microcredit loans. ■

Kai Lashley, *Salta*

Bulletin theme issue: health financing for universal coverage

This theme issue of the *Bulletin* will address health financing – the most important determinant of whether people can obtain needed care. The policy objective of universal coverage in health care is endorsed by all WHO's Member States, and this issue will be the first to examine how health financing policies contribute to this goal. We welcome papers for all sections of the *Bulletin* that focus on either the macroeconomic environment of health financing, alternative ways of organizing health financing systems including revenue collection and pooling sub-functions, the allocation of financial resources for health and purchasing, and/or the resultant degree of equity and solidarity in health financing.

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