



# THE BANKING ON HEALTH PROJECT

## YEAR ONE ANNUAL REPORT

*Submitted August 12, 2005*



*Banking on Health*

is led by Abt Associates Inc. in collaboration with:  
■ Global Microenterprise Initiatives, LLC (GMI) ■ ACIDI/VOCA  
■ Bitrán y Asociados ■ IntraHealth International

## **LIST OF ACRONYMS**

CAs	Cooperative Agencies
CMS	Commercial Markets Strategies Project
BoH	Banking on Health Project
DC	District of Columbia
DCA	Development Credit Authority
FP	Family Planning
GDA	Global Development Alliance
GMI	Global Microenterprise Initiatives, LLC
IQC	Indefinite Quantity Contract
IR	Intermediate Result
IRS	Internal Revenue Service
ODC	Office of Development Credit
PRH	Office of Population and Reproductive Health
PSP	Private Sector Program
PSP One	Private Sector Partnerships One Project
RH	Reproductive Health
SO	Strategic Objective
TA	Technical Assistance
USAID	United States Agency for International Development

**TABLE OF CONTENTS**

**LIST OF ACRONYMS .....2**

**TABLE OF CONTENTS.....3**

**INTRODUCTION .....4**

**TECHNICAL ASSISTANCE TO INCREASE ACCESS TO FINANCING .....8**

**MANAGEMENT OF THE SUMMA FOUNDATION .....16**

**MONITORING, EVALUATION AND DISSEMINATION .....21**

**LEADERSHIP AND OVERSIGHT .....23**

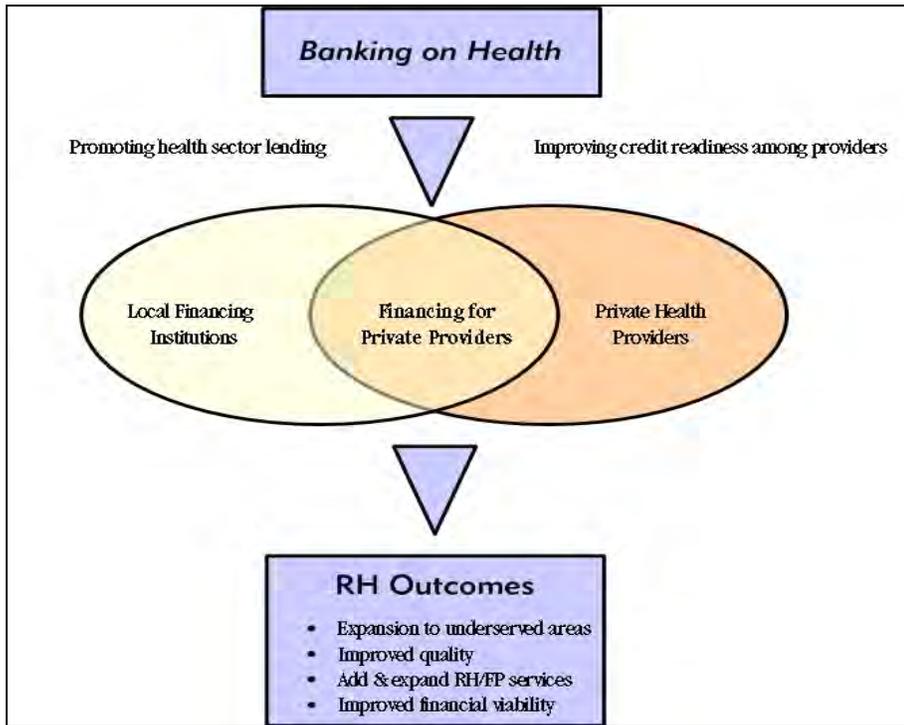
**BUDGET .....24**

**TIMELINE OF ACTIVITIES AND OUTCOMES.....25**

# INTRODUCTION

Donors and governments have increasingly recognized the importance of strengthening the private sector as a strategy to achieve reproductive health (RH) and voluntary family planning (FP) outcomes. A major constraint to private health sector development has been limited access to financing. Financing is an essential input that assists the private sector in expanding the range and types of services, entering underserved areas, and making quality improvements. In order to address this problem, the United States Agency for International Development (USAID) designed the Banking on Health Project (BoH). The Banking on Health Project takes a two-pronged approach to increasing access to financing by (1) working with local financial institutions to promote health sector lending and (2) improving credit-readiness among private providers. Please refer to Figure 1 below for a visual depiction of this approach. In addition, the project is managing the existing Summa Foundation portfolio in order to maximize the return to USAID for future private sector RH programming.

**Figure 1: The Banking on Health Approach**



During Year One, the Banking on Health Project laid the groundwork to successfully fulfill USAID’s objectives during the term of the project and increase access to finance in the private sector. Several core principals guided our approach to laying the groundwork in Year One:

- *Built linkages:* We focused on maximizing linkages and sharing our financial expertise with the broader public health community so that throughout the project we are seen as a resource to be used extensively by USAID, other Private Sector Program (PSP) task orders and projects to complement private sector programming. We worked closely with PSP-One and provided advisory services to USAID missions and projects in Nicaragua, the Philippines and Uganda to strengthen private sector programming.

- *Demonstrated success:* Recognizing that the Banking on Health Project is a new type of programming, we sought to demonstrate success in our work in Nicaragua, the Philippines and Uganda so that we are able to be effective throughout the project.
- *Provided a seamless transition:* In order to ensure that all Summa Foundation funds are repaid and returned to USAID, we worked hard to ensure a seamless transition of management from the Commercial Market Strategies to the Banking on the Health Project.

## SUMMARY OF KEY SUCCESSES

**Objective:** *The Banking on Health Project seeks to improve the ability of private health care businesses to access credit, thereby improving their capacity to deliver high-quality reproductive health and family planning services.*

**Outcome 1:** Improved financial viability of private health service providers

**Outcome 2:** Expansion of the range of services offered by private providers to include RH/FP services

**Outcome 3:** Extension of private services to underserved and hard to reach communities

**Outcome 4:** Increased quality of care provided through improvements in facility, capacity, or commodity supply

By achieving each of these outcomes, the Banking on Health Project will directly contribute to the Private Sector Program's IR2 and IR3 by (1) increasing the supply of high-quality RH/FP products and services available through the private sector and (2) improving conditions for private sector involvement in RH/FP and other health products and service delivery.

During Year One, Banking on Health had a number of key successes, which will enable it to successfully achieve the four project outcomes that are listed above, thereby contributing to USAID's PSP objective of *sustainable provision and use of quality private sector RH/FP and other health information, products and services increased*. Key successes include:

- During the first quarter, the project was completely staffed, the workplan developed and systems were in place.
- The project met its workplan objectives by developing and implementing technical assistance programs to support existing health sector DCA programs in the Philippines and Nicaragua and by designing and initiating technical assistance in Uganda.
- The project developed innovative materials to train bankers to lend to the health sector and to train providers to access financing.
- In Nicaragua BoH trained 25 bankers from two banks participating in the health sector DCA in lending to EMPs, which are providers that contract with the Social Security Institute (INSS). To date a total of four loans totaling over \$440,800 have been approved under the DCA to the private health sector since the BoH training in April.

- In Nicaragua trained 89 participants from EMPs in the cost effectiveness of investing in reproductive health and family planning services. Trained 63 participants from EMPs in business planning and accessing financing. As a result of the training, there was a 63.5% improvement in their understanding of financial analysis and a 68.5% improvement in their knowledge of bank relations. Since the June training, the DCA banks report an increase in inquiries by EMPs and expect an increase in lending over the coming months.
- Trained 50 representatives from the Social Security Institute and Ministry of Health in Nicaragua in the importance of investing in reproductive health. As a result of the training, the INSS has requested assistance in compensating EMPs to promote RH/FP services.
- Made recommendations to the INSS in Nicaragua to improve the financial evaluation of private EMPs as part of the certification process for participating in the capitated system. Trained 12 evaluators from the INSS in the financial evaluation of private EMPs. The INSS has since determined that it will adopt the majority of BoH's recommendations.
- Provided technical assistance to Opportunity Microfinance Bank (OMB), the bank in the Philippines that has a DCA to lend to midwives. As a result of this work, OMB made two loans to midwives and has several more in the pipeline.
- Due to OMB's slow response, developed and conducted training for a total of 69 lenders from seven financial institutions in the Philippines. 73% of the participants demonstrated an increased understanding of the midwife clinic business model and 63% could see more benefits to their institution of lending to the private health care sector after the course.
- Served as a technical advisor to the PRISM Project in the Philippines, providing input and feedback on the training needs assessment of midwives and on the content of a basic business management skills course.
- Obtained \$500,000 in Field Support funds from USAID/Nicaragua and \$347,000 from USAID/Philippines to continue programming in Year Two.
- Successfully transitioned the Summa Foundation to a new Board of Directors and management under the Banking on Health Project, while maintaining a delinquency rate of less than 1% over 30 days. Two borrowers repaid their loans in full during the year.

## LESSONS LEARNED

During Year One, the Banking on Health team learned a number of important lessons, which it will apply to future programming. Key lessons included:

- *Provide follow-up to training:* While training provides a foundation, it is important to follow-up with one-on-one technical assistance and/or additional group training after participants have a chance to test skills in the real world. In Nicaragua the Banking on Health team has been able to follow-up bank training with informal telephone conversations as well as a more formal group session. This follow-up has been valuable in keeping the momentum going and trouble shooting potential problems.
- *Take a holistic approach:* The most successful components of the technical assistance in Nicaragua have been opportunities for all interested parties (the financial institutions, private providers, the payor/regulator (INSS) and the Ministry of Health) to meet each other and exchange views. Improving quality reproductive health outcomes in the private sector is a dynamic process that takes advantage of numerous actors. The intervention in Nicaragua has been successful because it has been able to involve many of the important actors.

- *Take advantage of changes in the market:* In the Philippines, Banking on Health is taking advantage of changes in birthing home regulations, which will make it easier for private midwives to establish clinics. These changes in regulations will result in new financing needs. Working with USAID/Philippines, Banking on Health will be able not only to help these midwives access financing but also develop clinic based services that offer a wide range of family planning services.
- *Work with USAID bilateral projects:* During Year One, Banking on Health has worked extensively with both Health and EGAT funded projects. Banking on Health has been able use its unique financial expertise to support and collaborate with PHRPlus in Uganda, the PRISM Project in the Philippines and the Management and Leadership Project in Nicaragua. In addition, these projects, as well as USAID funded EGAT projects, have been an important source of advice, contacts and local resources, which have been critical in implementation.
- *Taking a loan is serious business:* Taking a loan is serious business and it is important for private providers to weight the consequences and to take their time to research and analyze their market and business before applying for a loan. Accordingly, judging the effectiveness of a training to increase access to financing may take some time because many providers may need several months or more before they are ready to get a loan.
- *Allow time to develop relationships with local financial institutions:* Banking is a trust based business. The initial assessment in the Philippines revealed that while many financial institutions were interested in lending to the midwives, they wanted the opportunity to develop a relationship with us before making commitments. The USAID funded banking projects in both the Philippines and Uganda were very helpful in arranging meetings and serving as a reference. This lesson will be important to keep in mind in the future when structuring DCA guarantees.

## BUDGET SUMMARY

<b>Banking on Health Year One Budget Summary October 1, 2004 to June 30, 2005</b>		
	<b>Budget</b>	<b>Expenses</b>
Technical Assistance	834,911	598,015
Summa Foundation	166,599	194,113
Research, M&E, and Dissemination	102,463	86,119
Leadership and Oversight	186,203	133,976
Field Support Philippines*		6,327
<b>Total</b>	<b>\$1,290,176</b>	<b>\$1,018,550</b>

\* Field Support funds are being forward funded with Core funds until the BoH contract is modified.

<b>Banking on Health Funding and Budget</b>				
	<b>Funding Obligated</b>	<b>Year One Workplan Budget</b>	<b>Year One Expenses</b>	<b>Funding Balance</b>
Core Funding	\$3,950,915	\$1,290,176	\$1,018,550	\$2,932,365

# **TECHNICAL ASSISTANCE TO INCREASE ACCESS TO FINANCING**

## **OVERVIEW**

A major constraint to private health sector development has been limited access to financing. The Banking on Health Project takes a two-pronged approach to increasing access to financing by (1) working with local financial institutions (LFIs) to promote health sector lending and (2) improving credit-readiness among private providers.

## **OBJECTIVES**

Banking on Health had a number of key objectives for Year One in order to lay a solid groundwork for future programming to increase access to financing. These objectives included:

- Develop bank and provider training curricula and materials that can be used as a template for future training.
- Identify technical assistance opportunities in 3-4 countries.
- Initiate technical assistance activities.

## **KEY ACTIVITIES AND OUTPUTS**

### **DEVELOP BANK TRAINING PROGRAM**

#### *Summary of Objectives*

- Develop a bank training manual that can be adapted based on country context.
- Make information available on website.

#### *Accomplishments*

- Banking on Health exceeded its target, developing curricula and training materials for two bank training courses. Information on the training is available on the PSP-One website.

The BoH Project developed a training program for bankers that can be adapted based on country context. The project has developed a core set of training materials, as well as a detailed process for instructional design that facilitates course customization for new markets and training needs. This process ensures that quality is maintained, training needs and the goals of the project are addressed, and that the quality of course materials and delivery is assessed and monitored.

The first course titled “Lending to Health Care Businesses: The Myths and Realities of the Health Sector” was delivered in Nicaragua in April 2005. This course focused on lending to private health clinics, the Empresas Médicas Previsionales (EMPs), that are contracted out through Nicaragua’s social security system. Topics included understanding the health care market in Nicaragua; analyzing health care business models; understanding how different payment mechanisms, such as capitated plans, fee for service, and insurance plans, affect cash flow and profitability; analyzing the risks and opportunities of lending to the EMPs; cashflow lending and financial analysis of an EMP; benchmarking; the importance of the site visit in the

loan analysis process; and factors that determine loan terms. Please see *Initiate Technical Assistance* section for more details on the training in Nicaragua.

The second training course that was developed was titled “Lending to Health Care Businesses: The Case of the Private Midwife Clinic”, which was delivered in the Philippines in May 2005. In the Philippines, the focus was on lending to the midwife business model within the private health sector. Topics included an introduction to the private health sector, understanding the midwife clinic business model from a banker’s perspective, credit analysis, cashflow based lending and loan structuring for a midwife clinic’s financing needs.

Banking on Health has posted information on both courses on the Banking on Health page of the PSP-One website ([www.psp-one.com/section/psp\\_iqc/banking\\_on\\_health/resources](http://www.psp-one.com/section/psp_iqc/banking_on_health/resources)).

## **DEVELOP PROVIDER TRAINING PROGRAM**

### *Summary of Objectives*

- Develop a training manual for larger providers.
- Adapt the Summa Foundation’s business skills handbook.
- Make information available on website.

### *Accomplishments*

- Banking on Health exceeded its target, developing two training courses for larger providers, adapting the Summa Foundation’s business skills handbook for a training of trainers (ToT) in Uganda and posting information on the web.

During Year One, the BoH Project developed several provider training programs to improve the financial viability, credit worthiness and potential for quality reproductive health impact in the private sector. In Nicaragua, the BoH team developed a training program for larger providers that contract out through the government’s private social security system. These providers have revenues between \$900,000 and \$3.0 million and assets of between \$600,000 and \$2.0 million. The first course titled “Strategies for Survival and Growth under a Capitated System” was delivered in April 2005. Topics included incentives under a capitated system, the cost effectiveness of investing in reproductive health, and mergers and acquisitions. The second course titled “Financing your Future: EMPs and their Bank Relations” was delivered in June. This training material covered preparing bankable business plans, preparing and analyzing feasibility studies and cash flow projections for new investments, improving financial management and analysis skills (financial reporting, benchmarking, and business management), understanding mergers and acquisitions (process, negotiations, valuation of a company) and applying for and managing credit.

In addition, Banking on Health worked with Enterprise Uganda, a local training firm in Uganda, to revise the Summa Foundation’s Business Handbook for Private Providers in order to take a training of trainers approach. This training will be delivered in the first quarter of Year Two.

This training material is also being adapted for a training program for Philippine midwives in Year Two.

Banking on Health has posted information on the provider training courses on its page of the PSP-One website ([www.psp-one.com/section/psp\\_iqc/banking\\_on\\_health/resources](http://www.psp-one.com/section/psp_iqc/banking_on_health/resources)).

## **OTHER TRAINING**

In addition to developing bank and provider training as per the Year One Workplan, Banking on Health also developed a training program for the Ministry of Health and the Social Security Institute in Nicaragua. While this course was not initially envisioned, the team determined that in addition to working with the banks and providers, the government needed to be on board and create an environment that supported additional investment in reproductive health. This course focused on the costs and benefits of investing in reproductive health. Please see the *Initiate Technical Assistance Activities* section below for more details.

## **IDENTIFY TECHNICAL ASSISTANCE OPPORTUNITIES**

### *Summary of Objectives*

- Develop a list of priority countries.
- Conduct assessment visits to three to four countries.
- Prepare a concept paper for a Global Development Alliance (GDA) style partnership to increase access to financing.

### *Accomplishments*

- Banking on Health met its target, developing a list of priority countries, conducting three full assessment trips and one preliminary visit, and providing technical input to a concept paper on a GDA style partnership.

Banking on Health developed and submitted to USAID a list of priority countries for future work to increase access to financing. Criteria for inclusion on the list included countries with existing DCAs, countries that are phasing out population funding, countries with existing Summa Foundation loans and countries where other private sector health projects are operating. Using this list, the Banking on Health Project conducted full assessment trips to Nicaragua, the Philippines and Uganda. In addition, the team conducted a preliminary visit to Ghana to determine whether a full visit was warranted. Banking on Health plans to follow-up in Ghana in Year Two. The team also provided technical input to a concept paper developed by the Foundation Strategy Group to develop a GDA style partnership with Pfizer, the multinational pharmaceutical company, to create a health sector investment fund. This paper was submitted to USAID for review. In addition, BoH held talks with Citibank about creating a GDA style alliance to increase health sector lending. While open to the concept, discussions with Citibank are moving slowly and the team has not yet been able to identify an appropriate partnership. The team will continue to explore this opportunity in Year Two.

## INITIATE TECHNICAL ASSISTANCE ACTIVITIES

### *Summary of Objectives*

- Design and provide technical assistance in one to two countries with existing health sector DCAs.
- Initiate the design of a package of technical assistance in at least one new country.

### *Accomplishments*

- Banking on Health exceeded its target, implementing technical assistance in Nicaragua and the Philippines in support of existing DCAs and initiating the design and implementation of technical assistance in Uganda.

### *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. This package covers approximately 16% of the economically active population, including formal sector workers and their dependents. Contracting out is an important mechanism that can increase access to high quality reproductive health and other services. Under the contracting out program in Nicaragua, private providers, which are called EMPs, must improve their infrastructure and invest in quality of care. There has been some pressure on small providers to consolidate in order to scale-up services. This process of improvements and investments has been constrained by a lack of access to commercial financing. In order to address this barrier, USAID/Nicaragua structured a Development Credit Authority (DCA) loan portfolio guarantee with two commercial banks in Nicaragua to promote health sector lending. In addition, BoH determined that there were low levels of utilization of FP services at EMPs and identified an opportunity to address this using financial incentives that are built into the capitated system. The Banking on Health Project developed a three-pronged package of technical assistance:

- Training to the banks in understanding the health care market in Nicaragua and health sector lending in order to support utilization of the DCA.
- Training to private providers in financial management, identifying bankable projects, preparing business plans, and the importance of investing in family planning and reproductive health as a cost containment strategy.
- Working with the INSS to revise its certification process as a way to encourage EMPs to improve their financial management and quality of service delivery. Working with the INSS to understand the importance of supporting investments in reproductive health and family planning services.

The BoH Project designed and delivered four training courses during the year:

1. *Strategies for Survival and Growth under a Capitated System (April 2005)*

The three day course for EMPs focused on the cost effectiveness of promoting RH and FP services and usage. The training was attended by 89 representatives of EMPs. The training was extremely well received by the EMPs, who expressed an interest in promoting FP and other preventive services, albeit with concerns that other clinics may benefit from these measures if their patients migrate. EMP participants had average pre-training test scores of 23%, underscoring their limited knowledge in this area. Scores improved to 53% following the training. EMP participants gave the course a rating of 88% in terms of usefulness.

2. *The Cost-Effectiveness of Investing in Reproductive Health (April 2005)*

The two day course for the INSS and Ministry of Health was very useful, as there is limited institutional promotion and education about reproductive health and family planning services within the INSS. The training was attended by 50 representatives of the INSS and the Ministry of Health. Average scores on the pre-test were 30%, increasing to 54% in the post test. INSS participants gave the course a rating of 93% with regards to its usefulness. As a result of the training, the INSS has requested assistance from USAID in working with EMPs to promote RH/FP services. The INSS is considering some type of compensation scheme for EMPs that promote FP services.

3. *Lending to Health Care Businesses: The Myths and Realities of the Health Sector (April 2005)*

The three half-day course for BanPro and Finarca, the two banks that are participating in the health sector DCA, was effective in providing the banks with a greater understanding of the private health sector. The training was attended by 25 bankers. In their evaluations, bank participants stated that being better informed about the sector is a factor that will encourage them to lend to EMPs. Seven loans totaling over \$580,000 have been approved by BanPro under the health DCA since September 2004. Of this amount, 76% or \$440,800 was approved after the BoH training to bankers in April 2005, representing both an increase in number of loans and loan size. Furthermore, the four loans since the training, which focused on lending to EMPs, were to two EMPs. Prior to the BoH training, no loans had been disbursed to EMPs. Finarca has been pursuing the health DCA more timidly, but has shown some interest in the sector since the training.

4. *Financing Your Future: Empresas Médicas Previsionales and their Bank Relationships (June 2005)*

This two-day course for EMPs emphasized the importance of business planning and financial analysis through practical exercises and case studies. The training was attended by 63 participants. The evaluations of the training sessions were very positive. The EMP course participants found the training to be extremely practical. Comparisons of the results of the pre-tests with the post-tests showed that the participants' understanding of key concepts improved by more than 45%. The largest areas of improvement were in bank relations, which improved from 31% in the pre-test to 52.3% in the post-test and financial analysis, which improved from 32.6% in the pre-test to 53.3% in the post-test.

Overall, there has been an increase in inquiries by EMPs to the DCA banks since the June BoH training. We expect the pace of lending to pick up over the coming months.

The BoH Project also designed and delivered two workshops and follow-on technical assistance:

1. *Evaluating the Empresas Médicas Previsionales: The Myths and Realities of their Financial Situation (June and July 2005)*

The one-day workshop for the INSS evaluators on “Evaluating Empresas Médicas Previsionales: The Myths and Realities of the Financial Situation” included a discussion of relevant financial indicators as well as recommendations for the process and point structure of their financial evaluation of EMPs. The training was attended by 12 INSS evaluators. The training took place at an opportune time, as the INSS was in the process of revising its certification process. A new round of certification is slated for September 2005. Following the workshop, the BoH team prepared a draft working document with recommendations to the INSS for modifying to its financial evaluation of EMPs. The INSS has since determined that it will adopt the majority of BoH’s recommendations on its certification process.

2. *Follow up Technical Assistance to EMPs in Accessing Financing (March, June 2005)*

Banking on Health has provided one-on-one technical assistance to Profamilia, an NGO health service provider, in preparing a business plan to submit for financing. Profamilia is interested in opening additional clinics that are certified as EMPs. In addition, Banking on Health conducted a follow-on workshop for all six private EMPs in León (a small agricultural city north of Managua), which had requested additional technical assistance in applying for a loan. All six EMPs participated and worked with a BoH trainer to develop financial projections and investment analyses.

As a result of Year One activities, USAID Nicaragua has approved \$500,000 in Field Support funds for BoH to continue programming in Year Two.

### *Philippines*

The market for family planning products and services in the Philippines is in transition. The United States government is shifting its support for family planning and maternal and child health care away from product donations to support for private sector participation for those who can afford it. As part of this broader strategy, USAID/Philippines asked Banking on Health to design and initiate technical assistance to increase access to financing for private practice midwives in the Philippines to build their capacity to offer high quality RH/FP services. This assistance supports the health sector DCA loan portfolio guarantee at Opportunity Microfinance Bank (OMB) as well as the wider private midwife community. USAID/Philippines has asked Banking on Health to work with the PRISM Project, a bilateral private sector reproductive health project, and provide technical inputs as necessary. As a result of Year One activities, USAID/Philippines has approved field support funds of \$347,000 for BoH Year Two activities.

Technical assistance performed in the Philippines in Year One includes:

1. In February 2005 Banking on Health conducted an assessment of the WPI midwives franchise. BoH examined franchise members' financing needs and barriers to accessing financing and developed recommendations to improve access to financing, including training to midwives in accessing financing, capacity building to OMB, and training to additional financial institutions.
2. Provided feedback to the Office of Development Credit on the status of OMB and the DCA, as the guarantee had not been utilized since inception in August 2003.
3. Provided on-the-job feedback to OMB on lending procedures related to the DCA and the midwife loan program.
4. Facilitated a meeting of potential midwife borrowers with OMB lenders. Meeting resulted in 14 applications submitted and 2 loans disbursed thus far.
5. Conducted two bank training courses to 69 lenders from 8 financial institutions, including OMB, on "Lending to Health Care Businesses: The Case of the Private Midwife Clinic." 81% of respondents rated the course "Excellent" or "Very Good." Most striking in the assessments are the increases in knowledge of the midwife clinic business model, and increases in positive attitudes towards lending to the sector. 73% of participants demonstrated an increased understanding of the midwife clinic business model from a banker's perspective on the post-course skill and knowledge assessment. 63% could see more benefits for their institution of lending to the private health care sector after the course.
6. Acted as technical advisor to the PRISM project:
  - Provided feedback on results of a national assessment of 2,000 midwives' training needs.
  - Provided input on content of basic business management skills course to be delivered to midwives in the start-up phase of business development.
  - Developed framework of coordination whereby Banking on Health will develop and offer an advanced business course entitled "Financing Your Midwife Practice" which will be open to more advanced-stage midwife business owners and graduates of the PRISM basic courses.

### *Uganda*

In addition to implementing full packages of technical assistance in Nicaragua and the Philippines, Banking on Health initiated the design and began delivering technical assistance in Uganda. In April 2005, Banking on Health in collaboration with PHR*Plus* Uganda, conducted a seminar on accessing financing that was attended by over 100 private providers, including midwives, doctors, pharmacists and drug shop owners. In addition to the Banking on Health team, other presenters included DFCU Bank, Stanbic Bank, and the Uganda Microfinance Union. Participants were asked to fill in a survey on their financing needs. 83% were interested in accessing financing to acquire medical equipment, renovate or expand existing premises, establish larger facilities, such as hospitals, and procure drugs.

During the visit, Banking on Health agreed to work with *PHRPlus* to assist local provider associations to institutionalize the business skills training program that was developed by the Summa Foundation. BoH co-sponsored a training of trainers (ToT) workshop on business skills for private health providers that will be held during the first quarter of Year Two. During Year One, Banking on Health worked with Enterprise Uganda, a local training firm, to adapt and revise the Summa Foundation Business Handbook for Private Providers. The ToT will be held from July 7<sup>th</sup> to 15<sup>th</sup> for 10 participants, including medical doctors (30%), registered nurses and midwives (30%), hospital administrators (20%), and business skills trainers (20%). *PHRPlus* will assist Enterprise Uganda to roll the training out in the Fall 2005 through the providers associations using the new trainers in conjunction with more experienced Enterprise Uganda trainers.

During the visit, Banking on Health also proposed a broader program to increase access to financing in Uganda that would include a health sector DCA to support investment in an integrated package of RH/HIV/AIDS services. Banking on Health is talking with the mission about Field Support to fund these activities.

# MANAGEMENT OF THE SUMMA FOUNDATION

## OVERVIEW

In addition to providing technical assistance to increase access to financing in developing countries, the Banking on Health Project is responsible for managing the Summa Foundation until all loans are repaid and funds are transferred back to USAID. Management of the Summa Foundation includes managing the outstanding loan portfolio, governance and financial reporting and accountability.

## OBJECTIVES

Banking on Health had a number of key objectives for managing the Summa Foundation in Year One. These included:

- Manage the Summa Foundation's assets.
- Provide sound governance.
- Ensure financial reporting and accountability.

## KEY ACTIVITIES AND OUTPUTS

### MANAGE SUMMA FOUNDATION ASSETS

#### *Summary of Objectives*

- Up-to-date portfolio reports
- A delinquency rate of 5% or less
- Monitoring trips to at least two to three countries with Summa loans
- Technical assistance to at least two Summa borrowers
- Monitor liquid funds and submit proposal on the investment of liquid assets

#### *Accomplishments*

- Banking on Health has exceeded its targets. Reports are up-to-date. There is a delinquency of .44% over 30 days. Monitoring trips to three countries were conducted during the year. BoH provided technical assistance to three borrowers, including Benba Enterprises, Clinica Sanangel and C&J Medicare. BoH submitted a report to USAID with a recommendation on the investment and eventual return of liquid funds.

#### *Summa Foundation Portfolio*

During the year, Banking on Health successfully managed the Summa Foundation loan portfolio and liquid assets. On June 30, 2005 Summa's assets totaled approximately \$2,294,785.96, including \$1,455,459.74 in outstanding loans and \$839,326.22 in liquid funds in a Wachovia Bank account. By June 2005, portfolio reports were up-to-date, indicating a delinquency rate of .44% over 30 days and a total delinquency of 1.28%. During the year, a total of \$580,682.60 was repaid, including \$447,014.78 in principal and \$133,583.10 in interest. During the period,

the Reproductive Health Association of Cambodia and Bushenyi Medical Centre in Uganda fully repaid their loans.

### *Monitoring*

Several borrowers experienced significant delinquencies including C&J Medicare, Clinica Sanangel and Salud Integral. Each of these loans is being monitored closely although management believes that the risk of loss is not significant. In addition, despite on time repayment, BoH has also been closely monitoring Benba Enterprises in Uganda due to conversations with the owner about cashflow difficulties. As part of this monitoring, BoH conducted monitoring visits to three countries, Uganda, Nicaragua and Ghana, and provided technical assistance to three borrowers, including Benba Enterprises, C&J Medicare and Clinica Sanangel.

#### Benba Enterprises in Uganda

During an April 2005 visit, BoH determined that Benba Enterprises is experiencing cashflow problems as a result of lower than projected revenue and utilization at its new facility. BoH also determined that Benba's financial systems are not adequate for effective financial management. Based on these findings, BoH sent Beth Fischer to Uganda to provide technical assistance. The consultant worked closely with Benba's accountant to develop computerized financial systems and provide on-site training on the use and applications of Excel. The project team also conducted a preliminary feasibility study for establishing school health schemes in order to increase revenue and utilization. This entailed meeting with many schools in the area, preparing the project concept, pricing and marketing strategies. Finally, visits to selected corporate clients helped form recommendations for improving performance of the facility and increasing utilization. BoH will consider restructuring the Benba loan in September 2005 if it makes a serious effort to implement recommendations and improve its financial performance.

#### C&J Medicare in Ghana

In Ghana, the Banking on Health monitoring visit revealed that C&J Medicare's financial position has significantly improved and that the operation is profitable. C&J's delinquencies are due to delays in payment from a corporate client that pays in dollars and is not an indicator of serious problems. During the visit, BoH advised C&J on the possibility of refinancing their Summa loan with a loan from a local bank. Interest rates have fallen in Ghana and this option would enable C&J to use its property (which is now tied up as collateral on the Summa loan) to secure additional financing to complete its facility. During Year Two, BoH will work with C&J to determine whether refinancing is a possibility.

#### Salud Integral and Clinica Sanangel in Nicaragua

During the monitoring visit to Nicaragua, BoH met with Salud Integral and Sanangel. Salud Integral's delinquencies are the result of cashflow problems due to an investment in additional construction. Despite occasional unresponsiveness from this client, Banking on Health expects the loan to be fully repaid. The site visit to Clinica Sanangel revealed more serious concerns. Clinica Sanangel is experiencing financial difficulties and the facility is not operating at a profit. Due to these problems and the loss of its ob/gyns, Sanangel has discontinued reproductive health services. During the visit, BoH worked with Sanangel, providing advice to improve its financial

position and developing a repayment plan to bring it current on its Summa loan. The BoH staff advised management on a potential new bank loan to restructure the existing Summa loan. In addition, BoH informed Sanangel that while it has a Summa loan it must make some contribution to family planning and reproductive health. Sanangel proposed a TV program promoting reproductive health and family planning services. The Director of Sanangel currently has a television program on pediatric health. Banking on Health is advising Sanangel on the topics. This is expected to commence in August.

### *Liquid Funds*

Banking on Health monitors the Wachovia Account on a daily basis. As of June 30<sup>th</sup>, 2005, there was a total of \$839,326.22 in liquid funds. In June 2005, BoH submitted a recommendation to USAID to invest liquid funds in a combination of CDs and an interest bearing checking account. With USAID approval, BoH will implement this recommendation in Year Two.

## **GOVERNANCE**

### *Summary of Objectives*

- Facilitate an orderly transition of the Board of Directors.
- Change signatory authority.
- Conduct at least one board meeting.

### *Accomplishments*

- Banking on Health has met most of its targets by ensuring an orderly transition of the Board of Directors and changing signatories on the bank account. The board meeting was postponed until the first quarter of Year Two due to a delay in finalizing the annual audit.

In December 2004, the Summa Foundation's Board of Directors elected a new board and resigned. The new board consists of the following directors:

President: George Laudato, Abt Associates, Inc.

Director: Janet Ballantyne, Abt Associates, Inc.

Director: David Loeser, Abt Associates, Inc.

In addition there are two, not-voting officers:

Treasurer: Carlos Carrazana, Abt Associates, Inc., non-voting officer

Executive Director: Meaghan Smith, GMI, non-voting officer

In January 2005, each voting board member obtained signatory authority on the Wachovia account. The Board meeting was delayed until August 2005 due to a delay in finalizing the annual audit.

**SUMMARY OF SUMMA LOANS AS OF 6/30/05**

<b>Borrower</b>	<b>Date Approved</b>	<b>Amount Approved</b>	<b>Amount Disbursed</b>	<b>Amount Outstanding as of June 30, 2005</b>
Uganda Private Providers Loan Fund	9/00 10/02- expanded	\$300,000	\$275,000	\$275,000
Clinica Materno Infantil Sanangel in Nicaragua	9/00	\$165,000	\$120,000	\$39,615.55
GSMF International ( <i>GSMF</i> )	1/01	\$76,800	\$76,800	\$0 Fully repaid
Reproductive Health Association of Cambodia ( <i>RHAC</i> )	3/01	\$150,000	\$150,000	\$0 Fully repaid
Bushenyi Medical Center ( <i>BMC</i> ) in Uganda	5/01	\$25,000	\$25,000	\$0 Fully repaid
San Pablo Hospital Complex ( <i>SPHC</i> ) in Peru	6/01	\$1,000,000	\$1,000,000	\$334,594.14
Instituto Centroamericano de la Salud ( <i>ICAS</i> ) in Nicaragua	7/01	\$100,000	\$100,000	\$15,110.27*
Mujeres en Desarrollo Dominicana ( <i>Mude</i> ) in Dominican Republic	10/01	\$300,000	\$300,000	\$95,689.21
C&J Medicare in Ghana	3/02	\$200,000	\$200,000	\$159,367.17
Hospital Salud Integral in Nicaragua	8/02	\$250,000	\$250,000	\$149,014.46
SuMedico in Nicaragua	8/02	\$225,000	\$225,000	\$132,326.31
Benba Enterprises in Uganda	11/02	\$250,000	\$250,000	\$203,510.32
Prime Cure in South Africa	1/03	\$800,000	\$0	\$0
The ADDO Drug Shop Loan Fund in Tanzania	6/03	\$300,000	\$51,232.31	\$51,232.31
<b>Total:</b>		<b>\$4,141,800</b>	<b>\$3,023,032.31</b>	<b>\$1,455,459.74</b>

\*As of 7/05/05 ICAS fully repaid its loan in full.

## FINANCIAL REPORTING AND ACCOUNTABILITY

### *Summary of Objectives*

- Complete monthly bookkeeping and monthly and year end financial statements.
- Conduct 2004 audit and submit audited financial statements to USAID.
- File Maryland registration, DC personal property tax return, Maryland personal property tax return, and IRS Form 990.
- Maintain registration in Commonwealth of Virginia.
- Maintain professional liability insurance.

### *Accomplishments*

- Banking on Health has met its targets with some activities occurring in the first quarter of Year Two. Monthly bookkeeping and monthly and year end financial statements were completed. The 2004 audit was conducted during Year One and finalized in July 2005. Due to the delays in finalizing the audit, all necessary tax filings were completed in August 2005. Summa maintained its registration in Virginia and kept its professional liability insurance updated.

The Summa Foundation hired the accounting firm of Gelman, Rosenberg & Freedman to prepare its financial statements. Each month, Gelman receives a Summa Foundation loan repayment report. It then prepares monthly financial statements including balance sheet, profit and loss statement, journal, and a general ledger based on Generally Accepted Accounting Principles (GAAP). Gelman also prepared the 2004 year end statements that were provided to the auditor.

Summa retained Kamerow, Weintraub & Swain LLP (KWS) as its auditors. Last January, KWS reviewed all of Summa's accounts, books, and transactions. It recently completed Summa's 2004 audited financial statements following US generally accepted auditing standards, and issued an unqualified opinion regarding these statements. The audited financial statements were submitted to USAID in July 2005.

Due to the delay in finalizing the audit, Gelman requested an extension and filed the DC property tax and the Federal Form 990 in August 2005. Gelman advised Banking on Health that Summa does not need to register in Maryland and does not need to submit a property tax return (because it is not raising charitable funds). Summa renewed its registration in the Commonwealth of Virginia during the year. It also maintained its professional liability insurance.

# **MONITORING, EVALUATION AND DISSEMINATION**

## **OVERVIEW**

In addition to providing technical assistance and managing the Summa Foundation's assets, the Banking on Health Project monitors the success of its interventions, reports results to USAID, disseminates lessons learned and shares its technical expertise within the PSP IQC and beyond.

## **OBJECTIVES**

Banking on Health had a number of key objectives for Year One, which included:

- Develop a monitoring and evaluation plan and report outcomes to USAID on Summa Foundation and Banking on Health interventions.
- Participate in leadership activities to share technical expertise, findings and raise the visibility of the project

## **KEY ACTIVITIES AND OUTPUTS**

### **MONITOR SUMMA FOUNDATION AND BANKING ON HEALTH INTERVENTIONS**

#### *Summary of Objectives*

- Develop indicators for the Banking on Health Project with the assistance of PSP-One.
- Submit the semi-annual report for the period ending September 30, 2004.
- Design monitoring plans for new interventions with data to be reported on a semi-annual basis.

#### *Accomplishments*

- Banking on Health met its targets. BoH worked with PSP-One, providing advice on financial and business indicators for the Performance Monitoring Plan. Submitted semi-annual monitoring report in December 2004. Designed monitoring plans for Banking on Health interventions.

Banking on Health worked with the PSP-One Research Director and participated in the Research, Monitoring and Evaluation Task Force for the PSP IQC, assisting in the development of financial, business and reproductive health indicators. Banking on Health has developed and is developing monitoring plans for each of its interventions. In Nicaragua monitoring has included both pre and post tests for training as well as a baseline survey of EMPs that examined family planning service delivery, financing and business needs. Findings from this survey will be translated and shared in Year Two. Banking on Health will conduct a follow-up survey after a year. In addition, Banking on Health will monitor the number of loans disbursed under the DCA through the Office of Development Credit's CMS System and cross check this through direct communications with the banks. In the Philippines, Banking on Health developed pre and post tests for training. A more extensive monitoring plan will be finalized in August/September 2005 when a longer term scope of work is finalized. BoH is monitoring loan disbursements to midwives through direct contact with financial institutions and by working with the Office of Development Credit's CMS system. In Uganda, Banking on Health worked with Enterprise

Uganda to administer a pre and post test for the ToT. A more extensive monitoring plan will be developed if activities are expanded. Banking on Health will be reporting monitoring results in a semi-annual report, which will also include monitoring data on Summa Foundation loans. This report was submitted in December covering the period of April 1, 2004 to September 30, 2004. Banking on Health is finalizing the semi-annual monitoring report for the period of October 1, 2004 to March 31, 2005. This report will be submitted in August 2005.

## **RESEARCH AND DISSEMINATION**

### *Summary of Objectives*

- Explore the possibility of leveraging PSP-One to evaluate a BoH intervention.
- Share financial expertise by participating in PSP-One and other USAID funded forums.
- Raise the project's visibility by developing a logo, stationary and page on the PSP-One website.
- Disseminate technical knowledge by posting technical tools and materials on the website.
- Participate in conferences.

### *Accomplishments*

- The Banking on Health Project met its research and dissemination targets. The project developed stationary/logo and worked with PSP-One to develop several pages on the PSP-One website, where technical information and materials are posted. Banking on Health held discussions with PSP-One about evaluating a BoH intervention and this will be finalized in Year Two. BoH shared its expertise by participating in a number of PSP forums, USAID and other donor-funded conferences and by providing support to two USAID missions and mission funded projects.

Banking on Health met its targets by raising the project's visibility and sharing technical expertise. Banking on Health developed a logo, stationary and business cards. Working with PSP-One, BoH developed web pages on the PSP-One website, which can be reached at [www.bankingonhealth.com](http://www.bankingonhealth.com). BoH has posted resources and information from both the Banking on Health Project and the Summa Foundation on the website. In addition, Banking on Health worked with PSP-One to identify an intervention for a research study. Nicaragua is a possible candidate and this will be considered in Year Two. In addition, Banking on Health played a leadership role, sharing its expertise within the USAID and public health community. BoH participated in PSP-One's Network Exchange, Quality Panel, Deep Dive, and USAID's Post Abortion Care Partners Meeting. In addition, BoH provided technical input to USAID missions in the Philippines and Nicaragua in designing private sector programming and worked with the PRISM Project in the Philippines, Management Sciences for Health's Management and Leadership Project in Nicaragua and PHR*Plus* in Uganda. In addition, BoH participated in the International Finance Corporation's Investment in the Private Health Sector Conference and the Global Health Conference.

## **LEADERSHIP AND OVERSIGHT**

### **OVERVIEW**

In addition to the technical, monitoring and dissemination activities planned in Year One, the Banking on Health Project also established management and reporting systems and developed staff capacity in order to successfully fulfill USAID's objectives.

### **OBJECTIVES**

Banking on Health had a number of key objectives to ensure leadership and oversight. These included:

- Establish systems for providing financial and contractual oversight.
- Hire, train and manage staff.
- Meet all programmatic and financial reporting requirements.

### **KEY ACTIVITIES AND OUTPUTS**

Banking on Health met its targets by establishing sound financial and contractual review mechanisms, ensuring timely invoicing and financial reporting. Quarterly pipeline reports were submitted to USAID during the year. Banking on Health also submitted budget and workplans on time. BoH key personnel, the Project Director, was fielded at the start of project. During the first quarter, both Banking and Business Manager positions and the Project Administrator position were staffed. The team established a system for training staff, including informal sharing during staff meetings as well as training visits to the field. The Project also invited the Office of Development Credit to conduct a one day workshop on the DCA. This training has ensured that staff have both the financial skills as well as an understanding of family planning and reproductive health in order to successfully fulfill USAID's objectives.