COMMERCIAL MARKET STRATEGIES
NEW DIRECTIONS IN REPRODUCTIVE HEALTH

Using Microfinance to Improve the Quality of Reproductive Health Services

Summary: A microfinancing scheme that provides business-skills training and revolving loans to small-scale private providers can increase client perceptions of quality of services and client loyalty.

Background

In the mid-1980s, the Ugandan government recognized that the private sector could play an important role in providing reproductive health services. Small-scale private providers supply a substantial portion of health care in many developing countries. But these providers do not have access to capital that could help them improve the quality or increase the range of their services. Also, they often lack the business skills needed to make their practices more marketable and profitable. Recently, the Summa Foundation, a not-for-profit investment fund that operates under the Commercial Market Strategies (CMS) project, designed a loan and business-skills training program that targets private providers in Uganda.

The loans were administered through the Uganda Microfinance Union. Loan recipients were identified through professional associations, such as the Uganda Private Midwives Association. The loans varied from $30 to $5,000 (US dollars). To date, 280 private providers have been given loans and business-skills training. These providers include midwives (49 percent), nurses (29 percent), clinical officers (11 percent), and doctors (11 percent). By providing training and enabling providers to invest in their practices, Summa hoped to help them improve the quality of care they provide.

It was expected that improved client perceptions of quality would draw more clients and increase loyalty, making these private health practices more sustainable.

Summa provides loans for 6- to 12-month periods. The loans are revolving — providers that successfully repay their first loan can take additional loans for larger amounts. Providers use the funds to buy drugs and equipment and to renovate and expand their clinics. Summa also provides five days of business-skills training, including business planning and management, financial record keeping, and loan management. The components of the training that aim to improve quality of care include

- Information on client-provider interaction
- Ensuring availability of drugs and supplies
- Hygiene and sanitation
- Patient confidentiality
- The affordability and accessibility of services

The training emphasizes that improving quality can help providers draw more clients.

Evaluation

CMS conducted an initial evaluation of the intervention's impact. The evaluation focused on the first set of borrowers: midwives at private sector clinics. About 30 percent of the midwives' clients visit them to obtain reproductive health services, including family planning. The methodology consisted of interviewing clients before and after the intervention and using a comparison group to assess the net impact of the intervention. Changes in indicators of perceived quality were assessed at bivariate and multivariate levels. There were 15 clinics in the intervention group and seven in the control group. The average loan given to midwives was $454. The evaluation team conducted baseline exit interviews between November and December 2000; follow-up exit interviews were held between February and March 2002. About 1200 respondents were interviewed in each survey.

Findings

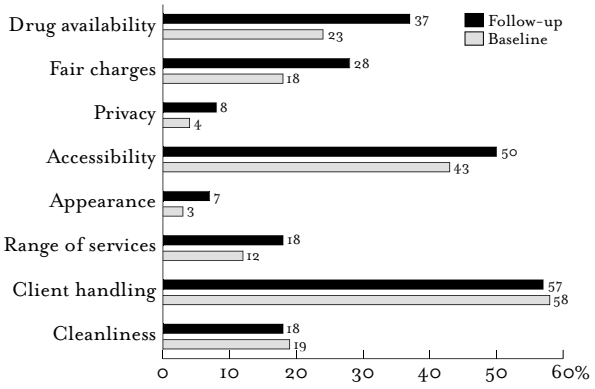
Clients in the follow-up survey at the intervention clinics were more likely to mention quality-related factors as their reason for visiting the clinic than clients at these same clinics in the baseline survey. Figure 1 shows that 37 percent of the clients mentioned that drug availability was the reason they visited the clinic, compared to 23 percent before

the intervention. Likewise, more clients reported the following as their reasons for visiting the clinic after the intervention than before:

- Fair charges (28 percent after versus 18 percent before)
- Privacy (8 versus 4 percent)
- Accessibility (50 versus 43 percent)
- Agreeable physical surroundings (7 versus 3 percent)
- Range of services offered (18 versus 12 percent)

All these differences are statistically significant. There were no significant changes in perceived handling of clients or cleanliness at intervention clinics. At comparison clinics, there were no comparable increases in perceived quality of services among clients other than a significant improvement in the range of services offered (which increased from 3 to 13 percent, not shown).

Figure 1: Changes in perceived quality of services



Loyalty to intervention clinics increased, with 45 percent of clients saying that they always visit the same clinic. Before the intervention, only 38 percent said that they always visited the same clinic. Compared to customers at the clinics that did not participate in the loan scheme, clients at intervention clinics were 1.8 times more likely to say that they always visited the same clinic.

Multivariate regression analysis, controlling for socio-demographic differences between intervention and comparison clients, and taking secular trends into account, showed that the intervention had a net positive impact on most indicators of perceived quality.

Program Implications

A microfinance program that provides business-skills training and revolving loans to small-scale private providers, such as midwives, can increase client perceptions of quality of services and client loyalty. At a time of declining donor resources for public sector reproductive health services, donor investments in the private sector can be an effective way of increasing the supply of quality reproductive health services.

More Information

For more information or to receive a copy of this research paper please contact Christine Préfontaine at (202) 220-2174 or *cprefontaine@cmsproject.com.* Electronic versions of most CMS publications can be downloaded from the publications page in the resources section of the CMS web site at *www.cmsproject.com*. This brief was written by Sujata Bose and Sohail Agha.

SOURCE

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