

PROFIT

Promoting Financial Investments and Transfers
to Involve the Commercial Sector in Family Planning

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LOAN FUND FOR PHYSICIANS

PHILIPPINES

FINAL EVALUATION REPORT

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by

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**Deloitte Touche
Tohmatsu**

Deloitte Touche Tohmatsu International
in association with:
Boston University Center for International Health

Multinational Strategies, Inc.

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The PROFIT (Promoting Financial Investments and Transfers) Project seeks to mobilize the resources of the commercial sector to expand and improve the delivery of family planning services in selected developing countries. The PROFIT Project is a consortium of five firms, led by the international management consulting firm of Deloitte Touche Tohmatsu and including the Boston University Center for International Health, Multinational Strategies, Inc., Development Associates, Inc., and Family Health International.

This report is part of a series of PROFIT Evaluation Reports, which review the objectives, results, and lessons of PROFIT subprojects. These subprojects fall within the following three strategic areas: innovative investments, private health care providers, and employer-provided services.

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We will use your comments and suggestions to improve our reporting and dissemination of the lessons and experiences of the PROFIT Project's work to involve the commercial sector in developing country family planning services.

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ACRONYMS

BCGC	Bankers' Association of the Philippines Credit Guaranty Corporation
CME	Continuing medical education
DHS	Demographic and Health Survey
FP	Family planning
GNP	Gross national product
GP	General practitioner
HFS	Health Financing and Sustainability Project (USAID-funded)
IUD	Intra-uterine device
OB/GYN	Obstetrician/gynecologist
PAFP	Philippine Academy of Family Physicians
PMWA	Philippine Medical Women's Association
PROFIT	(Promoting Financial Investments and Transfers) Project
PSRC	Philippine Survey and Research Company
T-bill	U.S. Treasury note
USAID	U.S. Agency for International Development
USAID/G/PHN/POP	U.S. Agency for International Development's Office of Population

EXECUTIVE SUMMARY

The PROFIT (Promoting Financial Investments and Transfers) Project is funded by the U.S. Agency for International Development's Office of Population (USAID/G/PHN/POP). PROFIT established a loan fund in the Philippines to allow eligible physicians to borrow money to establish or expand their private practices in reproductive health. The Loan Fund for Physicians was implemented through the Bankers' Association of the Philippines Credit Guaranty Corporation (BCGC), a local lending institution, in collaboration with the Philippine Medical Women's Association (PMWA) and the Philippine Academy of Family Physicians (PAFP). PROFIT had sought the participation of the Philippine Medical Association, the largest medical association in the country, but the association's leadership declined to participate, citing religious objections to the provision of family planning services. This report reviews the results of this PROFIT subproject during its operation from March 1995 to December 1996.

The fund was launched in the greater Manila area in March 1995. The plan was to provide loans to 100 physicians over a three-year period in greater Manila and, later, to expand the program to Cebu. The loans were made at the prevailing prime rates, which are typically offered by banks only to their well-established customers. The average loan amount was expected to be \$6,000 (168,000 Philippine pesos), with a maximum term of three years. One objective of the loan fund was to establish the creditworthiness of physicians, whom Philippine banks typically consider to be a credit risk.

In addition to the loans, the physician borrowers were provided with training in family planning and reproductive health and in basic business principles (marketing, finance/accounting, and operations management). The training was mandatory and was provided at no cost to the borrowers.

Baseline research conducted by PROFIT before the development of the subproject indicated that government expenditures on health care were low in the Philippines by developing country standards (2.5 percent of GNP), that there was little financing available to fund the expansion of private health services, and that the cost of the limited financing available discouraged many private practitioners from borrowing. Most Filipinos had poor access to health services, which was exacerbated by the fact that significant numbers of trained doctors and nurses continued to emigrate to practice abroad. Through interviews and focus group discussions, PROFIT found a high level of interest among physicians in additional training in basic, nonsurgical family planning and reproductive health and in basic business skills.

The program encountered a number of obstacles. Many of these stemmed from the fact that the provision of family planning remains controversial in the Philippines, due to the religious objections of large segments of the largely Catholic population. This resulted in:

- # reluctance among the leaders of the participating associations to actively promote the loan fund
- # a lower profile for the subproject with the board of BCGC, the lending institution
- # limited demand for the loans among the targeted physicians.

Because of these obstacles to effective implementation and in light of a revision in the strategic objectives of USAID/Manila during the implementation of the subproject that de-emphasized expanding the capacities of private physicians, PROFIT halted implementation of the subproject in July 1996, after 17 months of implementation and terminated the project in December 1996.

PROFIT has learned several lessons from this subproject:

- # Working with medical associations is a good way to reach physicians, but it is not necessarily appropriate to involve them directly in the implementation of projects without financial compensation, particularly if they are staffed largely by volunteers.
- # Traditional financial lending institutions are inherently risk-adverse. Projects that require these institutions to take on additional financial risk to serve a social objective must address this inherent conflict directly with the financial institution or must identify an alternative mechanism for the project's financial management.
- # Building upon the current structure and capacities of existing institutions can significantly speed the start-up of a project.
- # Doctors are only willing to participate in training programs that they consider necessary, even if competency-based exams show a higher level of need for training.
- # Private doctors are interested in and need business management training, particularly in financial management.
- # Attracting young doctors to participate in a loan fund can be difficult. Their level of interest in such a program and their potential concerns about participating should be fully explored before such a project is launched.
- # Training and financial support can help increase the number of high-quality private physicians that offer family planning services. However, increasing the supply of family planning services does not necessarily result in increased demand for those services. A full understanding of the motivations

and attitudes that affect utilization of such services in the public and private sectors can help determine whether and how demand for private family planning services can be directly influenced.

The success of any family planning project, even a small pilot project, is critically affected by prevailing political, religious, and cultural attitudes toward the provision of family planning services.

INTRODUCTION

I.

The PROFIT Project is funded by the U.S. Agency for International Development's Office of Population (USAID/G/PHN/POP). The project was designed to mobilize resources of the for-profit commercial sector for family planning objectives. In the Philippines, PROFIT established a loan fund that would provide loans to eligible physicians for establishing or expanding their private practices in reproductive health. This subproject was implemented through the Bankers' Association of the Philippines Credit Guaranty Corporation (BCGC), a local lending institution, in collaboration with the Philippine Medical Women's Association (PMWA) and the Philippine Academy of Family Physicians (PAFP). This report reviews the results of the Loan Fund for Physicians during its period of operation from March 1995 to December 1996.

A. Brief Description of the Loan Fund

The idea of a loan fund for private providers arose during PROFIT's meetings with representatives from private medical associations in the Philippines. Based on their interest in such a fund, PROFIT conducted qualitative research among nurses, midwives, and doctors to identify which type of health providers was most appropriate to target in an effort to expand the private provision of family planning services. The results of this research led PROFIT and USAID/Manila to focus the project specifically on increasing provision of family planning services through private physicians.

In designing the project, PROFIT worked closely with the Philippine Medical Women's Association, the largest professional association of women physicians in the Philippines with 4,000 members, and the Philippine Academy of Family Care Physicians, a membership organization of 4,800 general practitioners (GPs) and specialists in family medicine. The two associations endorsed the project concept and agreed to market the loans to their members as well as to screen prospective applicants. PROFIT had sought the participation of the Philippine Medical Association, the largest medical association in the Philippines and the group that originally suggested the concept of a loan fund. However, the association's leaders declined to participate, citing religious opposition to the provision of family planning services. The association representing Philippines' obstetrician/gynecologists (OB/GYNs) also declined to participate in the program, for the same reason.

In March 1995, PROFIT capitalized a loan fund to help physicians establish or expand private practices that include the delivery of family planning and related reproductive health services. PROFIT contracted the Bankers' Association of the Philippines Credit Guaranty Corporation (BCGC), a local lending institution that specialized in lending to small and medium-size businesses, to administer the fund. BCGC was established in 1991 by the banking industry after the passage of legislation requiring that 25 percent of a bank's loan portfolio must be earmarked for small enterprises. BCGC's mission is to increase lending to small and medium-sized enterprises whose size normally makes them "unbankable." BCGC was interested in broadening its client base and had no experience in lending to health care providers.

The Loan Fund for Physicians was launched in March 1995, in the greater Manila area, with plans to expand the program to Cebu. The project sought to reach 100 physicians over a three-year pilot period. Loans were offered at the prevailing prime lending rates, which are typically reserved for banks' well-established and most creditworthy borrowers. The rate was therefore well below those normally available to physicians, particularly new graduates. Loans were expected to average \$6,000¹ with a maximum term of three years. The lending period was longer than that for traditional bank loans available on the assumption that it would likely take a newly established private practice several years to become profitable. Since banks viewed physicians as a credit risk and were therefore reluctant to lend to them, one of the main aims of the project was to provide a lending record for the physicians so that the bank would be willing to subsequently expand the program using its own resources.

In addition to the loans, PROFIT provided technical assistance to the borrower-physicians by providing training in family planning and reproductive health and in basic business principles. The training was required and offered at no cost to the borrowers.

The family planning course curriculum was prepared by PROFIT in response to a training needs assessment. The assessment had found that physicians' family planning skills were lacking and that no existing postgraduate family planning training courses were geared to private physicians. Originally, the family planning training was to occur during twelve 4-hour sessions or six 8-hour session. In response to the physicians' concerns, the course was changed to comprise two 20-hour weekend sessions.

The business training course was developed as result of the findings of the qualitative research. The doctors who were interviewed during the assessment indicated a need for training in business principles. The course consisted of 20 hours of training in three modules: marketing, finance/accounting, and operations management. The course was provided over a weekend.

¹ Loans ranged from a minimum of P100,000 (US\$3,570) to P200,000 (US\$7,140), assuming an exchange rate of \$1.00/28 pesos.

The training program was viewed by USAID/Manila as an opportunity to test new training curricula specifically for family planning geared to private providers. In particular, existing training programs in family planning, which are primarily provided through the Philippines' Department of Health, were lengthy (four weeks for a basic family planning course and two weeks for an IUD refresher training course) and had not succeeded in recruiting private physicians.

B. PROFIT's Role and Participation

PROFIT's role in the project included:

- # identifying an appropriate lending institution, capitalizing the fund for a total of \$300,000, and managing the ongoing relationship with the bank
- # developing the business and family planning curriculum and overseeing the training of borrowers (a budget was provided of \$4,000 for curriculum development and \$1,300 per borrower for training)
- # with BCGC and the two medical associations, marketing the fund to potential borrowers (budgeted at \$15,000)
- # with BCGC and the two medical associations, screening candidates and approving borrowers.

C. Summary of Baseline Information

Prior to developing this subproject, PROFIT researched the general availability of health services, particularly in the private sector, and sources of supply for family planning services. Specifically, PROFIT reviewed secondary data and conducted interviews with key institutions.

This research revealed that government expenditures on health care in the Philippines are low by developing country standards, averaging 2.5 percent of GNP. Access to health services is further exacerbated by the continuous emigration of trained doctors and nurses — it is estimated that of new graduates, 68 percent of doctors and 88 percent of nurses leave the country annually to practice abroad.²

²Dr. Jose M. Tiongco, "Health Is a Basic Human Right," transcript proceedings. (Cooperative Health Fund, May 1992).

There is also little access to financing for expanding private health services. Meetings with local banks revealed a reluctance to lend to physicians or other health care providers, due to the uncertainty of their revenue base and their lack of credit history. In addition, a study conducted for the USAID-funded Health Financing and Sustainability Project (HFS), which provided an overview of the private medical sector and the credit markets in the Philippines, confirmed that there is little access to financing in the health sector.³ The study also indicated that the high cost of financing discourages those who are eligible from borrowing.

PROFIT's meetings with members of the medical associations touched on the need to provide medical practitioners, and in particular doctors, with adequate economic incentives to establish and expand their private practices in the Philippines.

According to the 1994 Philippine Health Manpower Study, there were an estimated 25,827 licensed physicians in the Philippines in 1990. Of that total, 21–64 percent were estimated to be practicing abroad. A 1987 Department of Health survey estimated the number of employed physicians in the Philippines at approximately 18,000, of which 58 percent were in private practice (46 percent full-time, 12 percent part-time) and 92 percent worked in urban areas. A 1991–92 study of the Philippine Medical Care Commission and Medical Societies indicated that 55 percent of practicing physicians were GPs and 7.6 percent OB/GYNS.

The 1993 Demographic and Health Survey (DHS) found utilization of modern contraceptive methods among currently married women to be 24.9 percent, of which female sterilization was the leading method (47.8 percent), followed by the pill (34 percent) and the IUD (12 percent). Injectable contraceptives were introduced in the Philippines in late 1993. The Catholic Church's influence in the Philippines is strong, evidenced by the large number of married women using traditional methods (15.1 percent). The private medical sector supplied 26.3 percent of modern contraceptive methods, of which private hospitals and clinics supplied 16.4 percent and private doctors another 2.6 percent.⁴

³ Bienvenido P. Alano, Jr., *The Private Sector in Medical Care: A Study of the Government Regulatory Environment and Credit Market*. (Bethesda, MD: Health Financing and Sustainability Project, Abt Associates Inc., 1991).

⁴ Philippine National Health and Demographic Survey 1993. (Columbia, MD: National Statistics Office, Macro International, Inc., 1993).

In December 1993, the Philippine Survey and Research Company (PSRC) conducted qualitative research on behalf of PROFIT among nurses, midwives, and doctors in both rural and urban areas.⁵ The purpose of the research was to determine current practices of private medical providers, examine which group was most likely to benefit from a loan fund program, and identify other inputs that providers would need in order to establish or expand their private practices in reproductive health.

Doctors, and in particular new graduates, showed the most interest in the concept of a loan fund. They were not deterred by the financial risk of borrowing. OB/GYNs and GPs were most interested in providing family planning services.

Midwives, who provide a substantial proportion of family planning services, particularly in rural areas, were enthusiastic about the concept of establishing private practices. However, they considered family planning to be a poor revenue earner and were fearful of taking the risk of borrowing. Moreover, midwives indicated that they were often paid in kind, which would make it difficult for them to repay a bank loan. Both doctors and midwives indicated a need for business training.

Nurses were the least interested in the concept, because they are less likely to set up private practices. They view their role to be to support doctors.

The health care workers interviewed considered it more likely that they would set up practice in urban areas. USAID had estimated that over 50 percent women of childbearing age reside in urban areas and therefore recommended an urban focus for the loan fund.

In June 1994, PROFIT also conducted five focus group discussions with residents and consultants in family medicine and OB/GYN in Manila and Cebu to better understand the existing family planning skills and training needs of physicians. A questionnaire was completed by 130 residents and consultants in four locations in Manila and two locations in Cebu.⁶ Of those interviewed, 70 percent were OB/GYNs and 20 percent GPs or family medicine specialists. The focus groups and questionnaire results concluded that:

The duration of existing training courses was too long and disrupted the private physicians' practices.

⁵This included four focus groups among midwives (two urban and two rural), four focus groups among nurses (two urban and two rural), and 30 in-depth interviews with both rural and urban doctors.

⁶Dr. Fernanda Kaplan, "Physician Education in Reproductive Medicine/Family Planning." (Arlington, VA: PROFIT Project, January 1995).

- # Doctors were frustrated that existing family planning training courses combined nurses, GPs, and OB/GYNs, even though their scientific and technical backgrounds and needs differed.
- # To establish a successful private practice, a physician needs to be both knowledgeable and comfortable in areas other than family planning technology, such as physiology, the endocrinology of reproduction, the pharmacology of steroids, and other reproductive health issues. If a private physician is not successful in his/her practice as a whole, it will be impossible to generate additional family planning clients.
- # Additional training should focus on the mechanisms of action for contraceptives, managing side effects, and appropriately screening clients without creating unnecessary medical barriers to contraceptive use.
- # Training in surgical procedures (sterilization) does not need to be part of a basic family planning course for physicians. In the Philippines, most private providers do not perform surgical procedures in a private setting, and most middle-class clients cannot afford the procedure in a private hospital. Therefore, it is not cost-effective to have surgical training in a family planning course.
- # Existing courses rely on a set number of in-vivo IUD insertions. This often delays students' completion of the training because it is difficult to identify acceptors of IUDs. Clinical skills should be developed using hands-on-training with models prior to in-vivo training. In addition, well-defined criteria should exist for the skills required to undertake a given procedure. The evaluation of these skills should be based on *how* the procedure was performed, rather than on *how often* it was performed.
- # When prompted, 76 percent of respondents expressed an interest in attending a postgraduate course in reproductive health.

In late 1994, subsequent to the launch of the subproject, PROFIT conducted quantitative research among both private providers and consumers to determine current family planning practices.⁷ These surveys revealed several potential obstacles to the success of the loan fund:

- # When prompted, nearly 50 percent of the medical and allied professionals interviewed claimed that they were discouraged from offering family planning services by their own personal religious views.

⁷“Consumer Survey on Preferred Source of Basic Health Care and Family Planning Services, Philippines.” (Arlington, VA: PROFIT Project, March 11, 1996); “Attitudes and Practice Survey among Health Professionals in the Private Sector, Philippines,” conducted by the Pulse Research Group for the PROFIT Project and SOMARC Project. (Arlington, VA: PROFIT Project, January 24, 1996).

- # Practitioners cited limited demand, in addition to a lack of training and limited supply of contraceptive products, as obstacles to the provision of family planning.
- # The consumer survey revealed that, while private and public health care facilities are about equally preferred for basic health services, public health centers are much more likely to be used for family planning (only 25 percent of respondents favored private doctors/clinics). The perceived expense discouraged many respondents (89 percent) from accessing the private sector for their family planning needs.

D. Evolution of the Subproject

Application Review and Approval

In the original plan, the medical associations, together with PROFIT, were to screen loan candidates prior to the submission of their applications to the bank. The bank then was to review the candidates from a strictly financial perspective. The nonfinancial criteria to be used by the medical associations and PROFIT included:

- # The physician must borrow for the purpose of establishing or expanding private practice.
- # The physician must agree to provide the full range of family planning services. This is particularly important in the Philippines where the bias is toward providing only natural family planning methods.
- # The physician must be willing to attend both the family planning and business training courses.
- # The physician should be an OB/GYN, family physician, or GP with a valid license.
- # Preference would be given to members of the two participating medical associations (PMWA and PAFP).
- # Preference would be given to physicians who had completed their medical studies not more than five years earlier. The assumption was that younger doctors would be more open-minded toward providing family planning services.
- # Preference would be given to physicians who planned to establish or expand their practices outside the immediate Manila metropolitan area because of the overabundance of practices in Metro Manila.

As it turned out, the associations never became involved in the process of reviewing candidates for the loan fund from a family planning and medical perspective. The reasons varied. The leaders of the organizations were volunteers who were also busy practitioners, and, while they were interested in helping

the members of their association obtain loans, they were not willing to put in the time to get involved in the details of the fund, particularly without compensation. PROFIT found it difficult to compete for the attention of the associations' leaders, particularly, for example, when the large pharmaceutical corporations were courting them with financial and other types of incentives. In addition, these leaders were political appointees with limited terms who preferred to focus their attention on more politically popular initiatives. While the association endorsed the project, family planning remained a controversial issue among the membership, which meant that visible promotion of the project by the leaders would potentially be unpopular among the members and therefore damaging to the leaders' positions or reputations. In the end, the screening process fell entirely to PROFIT and the lending institution.

A problem also arose with the bank's screening process. While all the funds at risk were PROFIT's, the bank treated the funds as their own and were very risk-averse. The bank showed a preference for lending to older and more established borrowers whom PROFIT felt had less need for the loans. For example, when a well-established doctor applied for a loan to purchase a large piece of equipment, PROFIT disagreed with the decision to approve the application because it would yield little additional family planning impact. For the bank, this doctor represented the ideal borrower — well-established and using the funds for a piece of equipment that could easily serve as collateral. This type of tension existed throughout the subproject.

Marketing

Another difficulty was in marketing the loan fund. In the original plan, the medical associations were to market the loan fund to their members. However, the associations did little other than to allow PROFIT to rent booths at their conventions or advertise in their mailings. While the bank did some marketing — using posters and a brochure at local banks — in the end, PROFIT handled the bulk of the marketing, particularly to the younger, target borrowers. PROFIT's local Family Planning Advisor, a recent medical school graduate herself, marketed the fund one-on-one at teaching hospitals, with the help of an assistant. In fact, PROFIT's baseline survey found that 19 of the 31 borrowers learned of the loan fund from a colleague, with only one learning of the loan fund from the bank and one from a medical association. Such individualized marketing efforts were time-consuming and not particularly successful. The younger, target doctors were reluctant to borrow, and the more established doctors, while interested in borrowing from the fund, were less likely to bring family planning benefits or to require the subproject's assistance in gaining access to credit.

Interest Rates

The interest rate was originally set at T-Bill 360 days plus 5 percent, which resulted in an interest rate of 16 percent, which was competitive with prevailing prime lending rates at the time. However, within

a few months of the launch of the plan, the T-bill rate rose, which raised the overall interest rate of the loans. BCGC felt this discouraged borrowers. Therefore, in May 1995, PROFIT and BCGC agreed to cap the rate at 16 percent.

Training

While there was enthusiasm for the business training, doctors were reluctant to attend the family planning training, some because they considered the schedule to be burdensome and others because they considered the family planning training unnecessary. As originally conceived, the family planning training was to occur during twelve 4-hour sessions or six 8-hour sessions. In response to the physicians' concerns, the course was changed to comprise two 20-hour weekend sessions. This seemed to satisfy the needs of a majority of the physicians.

Termination of the Subproject

- This subproject was terminated in July 1996, because of variety of obstacles to its implementation:
- # the fact that provision of family planning was a highly charged issue
 - # a lack of demand for the loans, at least among the target market
 - # a change in the strategic objectives of the USAID Mission in Manila that meant targeting physicians was no longer a priority.

ACHIEVEMENT OF THE SUBPROJECT'S GOALS

II.

A. Summary of Goals and Data Collection Methods

The Loan Fund for Physicians had a variety of evaluation objectives that address the different family planning and sustainability objectives of the subproject.

The major input goals of this subproject were to:

- # over a three-year period, provide commercial loans to 100 physicians who want to expand or establish private practices
- # provide borrowers with training on family planning
- # obtain continuing medical education (CME) accreditation for the family planning training course
- # provide borrowers with business training
- # lend to the target audience (recent graduates in general practice, family medicine, or OB/GYN).

The short-term goals of this subproject were to:

- # assist doctors in expanding or establishing private practices
- # increase family planning knowledge among borrowers
- # reach more low- and middle-income consumers with private family planning services
- # revolve funds beyond the initial loans.

The long-term objectives of this subproject were to:

- # sustain the loan fund over the life of the subproject and recover the initial investment capital
- # improve the profitability of physicians' private practices
- # increase the availability of family planning through the private sector
- # shift family planning clients from the public to the private sector

provide doctors with access to credit on a sustainable basis through formal financial institutions.

The main data collection methods of the subproject are as follows.

1. Baseline Data

In addition to the pre-implementation baseline data mentioned above, each borrower was required to complete a baseline questionnaire.

2. Follow-Up Service Data

Borrowers were asked to submit monthly service statistic reports. However, it quickly became evident that they were not doing so. Therefore, at the end of the subproject, PROFIT conducted interviews with all borrowers to obtain follow-up service statistics.

3. Financial Monitoring

BCGC submitted a monthly report indicating the number of borrowers, the amounts borrowed, and the status of funds.

4. Training Data

A training report was submitted after each training session, and pre- and post-training knowledge tests were administered for family planning trainees.

5. Qualitative Data

At the end of the subproject in December 1996, PROFIT Director for the Philippines, John Dioquino, conducted an interview with the vice-president for operations and the person responsible for marketing and managing the loan fund at BCGC.

B. Inputs

Table II-1 shows the input goals, indicators, data sources, and results of the subproject.

Table II-1 Input Goals, Indicators, Data Sources, and Results			
Goal/Objective	Measurable Indicator	Source of Information	Status
Over a three-year period, to provide commercial loans to 100 physicians who want to expand or establish private practices	Number of loans (45 in year one; 55 in years two and three)	BCGC monthly reports	Loans were made to 31 borrowers between March 1995 and July 1996.
To provide borrowers with training in family planning	Number of borrowers trained	Training reports	Twenty-four borrowers (77 percent) attended the family planning training course.
To obtain continuing medical education (CME) accreditation for the family planning training course	Obtaining accreditation	Letter from the Philippine Medical Association	Accreditation received for 100 CME credits.
To provide borrowers with business training	Number of borrowers trained	Training reports	Twenty-eight borrowers (98 percent) attended the business training course.
To lend to target borrowers recent graduates (within the past five years) in general practice, family medicine, or OB/GYN)	Number of borrowers who meet the target profile	Baseline Survey	Twenty-six of the 31 borrowers (83 percent) met the specialization requirement; only 21 percent met the recent graduation requirement.

The goal of reaching 45 borrowers in year one was not achieved. Only 31 doctors borrowed from the fund over the 16-month period from March 1995 to July 1996. This was the result of difficulties in marketing the loan fund, particularly to the target borrowers.

Twenty-four of the 31 borrowers (77 percent) attended the family planning course. The remainder did not attend the course because of time constraints. Course evaluations revealed that, overall, attendees were satisfied with the course. However, all the course sessions experienced attendance problems, with 14 of the 24 participants missing at least one day of training. In addition, since the course was held over two weekends, it was difficult to find clients to participate in the actual IUD insertions.

PROFIT succeeded in getting its family planning course accredited for 100 continuing education (CME) credits. Physicians must obtain 300 CME credits every three years in order to renew their licenses.

Twenty-eight of the 31 borrowers (90 percent) attended the business training course. The course evaluation reports indicated that the participants found the financial portion of the course most useful. They also indicated that this was the most difficult aspect of the course. Therefore, they suggested that more time be spent on the financial concepts.

Twenty-six of the 31 physicians (83 percent) met the specialization requirement. Ten were OB/GYNS, five specialized in family or internal medicine, and eleven were general practitioners. Three did not meet the specialization requirement (two anesthesiologists and one surgeon), and two did not provide the information. With respect to the aim of reaching younger doctors (those who had graduated no more than five years earlier), only six met this requirement (29 percent of the 29 who answered the question). An additional 58 percent of borrowers graduated between 6 and 10 years earlier, and 29 percent graduated over ten years earlier.

C. Short-Term Outcomes

Table II-2 shows the goals, indicators, data sources, and results related to short-term outcomes. The results of these goals are not yet available.

Table II-2 Short-Term Goals, Indicators, Data Sources, and Results			
Goal/Objective	Measurable Indicator	Source of Information	Status
To assist doctors in expanding establishing private practices	Number of loans used to establish, expand, and/or renovate a physician's clinic or to purchase equipment	<ul style="list-style-type: none"> • BCGC monthly reports • Application forms • Follow-Up Survey 	All of the 27 doctors that completed the Follow-Up Survey form used the funds for the designated purposes.
To increase family planning knowledge among borrowers	Increased level of family planning knowledge among borrowers	Pre- and post- family planning training test scores	Pre- and post-training scores: <ul style="list-style-type: none"> • Course 1: 70 percent to 87 percent • Course 2: 67 percent to 81 percent • Course 3: 68 percent to 83 percent
To reach more low- and middle-income consumers with private family planning services	Number of practices established in low- and middle-income communities outside Metro Manila	Baseline and Follow-Up Surveys	Twenty-seven physicians located their practices in low- or middle-income areas; 5 have practices outside Metro Manila.
To revolve the funds beyond the initial 50 loans	Number of second-generation loans provided	BCGC financial report	Not applicable; subproject terminated in December 1996.

All of the 27 doctors that completed follow-up survey forms used the funds for the designated purposes of establishing, expanding, or renovating a clinic or purchasing equipment. Seventeen used the funds to purchase equipment; 18 to purchase, improve, or expand clinic space; 3 for supplies; and 6 for other uses. Most of the doctors used the funds for more than one of the designated purposes. For those who used the funds for only one purpose, 6 used all their funds to purchase equipment, and 6 to purchase, improve, or expand their clinics.

The pre- and post-training tests showed that all the physicians who attended the family planning course increased their knowledge. Their test scores improved an average of 22 percent.

Twenty-seven of the borrowers indicated that their practices were located in low- or middle-income areas (one physician did not answer the question, and two had not yet established their practices). While they did seem to be reaching the target consumers, only 5 of the borrowers had practices located outside Metro Manila.

As originally conceived, 50 borrowers would exhaust all of the initial capital of the fund, and further lending would be dependent on revolving the fund (lending from repayments). However, this was not necessary because the subproject was terminated before all the funds were lent.

D. Long-Term Outcomes

Table II-3 shows the long-term goals, indicators, data sources, and results. The results of these goals are not yet available.

Table II-3 Long-Term Goals, Indicators, Data Sources, and Results			
Goal/Objective	Measurable Indicator	Source of Information	Status
To sustain the loan fund over the life of the subproject and recover the initial investment capital	<ul style="list-style-type: none"> • Lending is sustained over a three-year period • Default rate is less than 5 percent • \$300,000 is repatriated to the United States. 	BCGC financial reports	<ul style="list-style-type: none"> • The subproject was terminated in less than three years. • Default rate is now 0 percent; however, several accounts are under litigation. • Final payment on outstanding loans is not due until July 1999.
To improve the profitability of the physicians' private practices	Number of new clients	Baseline and Follow-Up Surveys	Twenty-one of the borrowers indicated that their monthly revenues increased after borrowing from the fund.
To increase the availability of family planning through the private sector	Increase in number of borrowers' family planning clients	Baseline and Follow-Up Surveys	No measurable change.
To shift family planning clients from the public to the private sector	Number of borrowers' family planning clients who had used public sector	Follow-Up Survey	Borrowers indicated that 43 percent of their clients previously received services in a public health center.
To provide doctors with access to credit on a sustainable basis through formal financial institutions	Number of borrowers with no previous experience with formal borrowing	Baseline and Follow-Up Surveys	Only two of the borrowers reported previously applying for a loan for professional purposes.

The loan fund's ultimate financial success could have been measured by its status at the end of the three-year lending period. Ideally, the fund would have maintained its value, in dollar terms, and the full investment of \$300,000 would have been recovered, after provision of the projected number of loans. In order to reach this objective, the default rate would need to be no higher than 5 percent. Because the subproject was terminated early, it is impossible to say whether the fund could have been sustained. Early

data shows no defaults but several problem accounts — of the 31 borrowers, two are late in making their payments and two are under litigation.

The subproject aimed to increase the sustainability of the physicians' practices as measured by their profitability. All 30 of the doctor-borrowers who completed the survey forms expected to see a revenue increase after borrowing from the fund, but only 21 actually did. The remainder indicated that their incomes had remained the same.

The subproject also aimed to increase the availability of family planning services in the private sector, as measured by an increase in family planning clients for borrowers. However, the baseline and follow-up survey data showed no significant change in the total number of either clients or family planning clients. This might be attributable to the fact that many of the borrowers used the loan funds to improve their practices, whether by renovating their clinic spaces or purchasing equipment, rather than to establish a new practice or expand an existing practices.

The subproject appears to have achieved the goal of shifting users from the public to the private sector. The physicians who completed the follow-up survey indicated that 43 percent of their clients had previously received services in a public health center and that 41 percent of their family planning clients were new acceptors (i.e., had not previously used family planning).

According to the bank, three physicians subsequently applied directly to BCGC for other loans, which were granted due to their good credit standing with the PROFIT loan. It is unclear whether BCGC will continue to lend to private physicians. PROFIT views the high number of late payments as discouraging, but the bank has indicated that late payments were not unusual among its borrowers and that they didn't discourage the bank from considering the physicians as potential borrowers over the longer term.

CONCLUSIONS AND LESSONS LEARNED

III.

A. Conclusions

Medical Associations

Working with medical associations provides an excellent way to reach large numbers of physicians, but it is unrealistic to expect a voluntary organization to become actively involved in a project, particularly without financial compensation.

Lending Institutions

Lending institutions are inherently risk-adverse, and there will be an inherent conflict if the project aims to take financial risks in order to achieve social aims.

Training

Primary research conducted by PROFIT concluded that doctors were interested in business training. However, while competency-based questions showed a need for family planning training, the doctors were far less interested family planning training than in business training. The doctors remained less enthusiastic about the family planning training even after considerable effort was put into adapting the curriculum and schedule to meet their needs.

Marketing

PROFIT's research showed an interest among doctors in borrowing to establish or expand their private practices, but the subproject never succeeded in interesting a large number of doctors (particularly among the target group) in borrowing. It is unclear whether this was a result of a lack of interest in borrowing among younger doctors or use of inappropriate vehicles for marketing the fund.

Family Planning

Ensuring that private providers offer a full range of modern family planning methods is an important part of the family planning equation, but the subproject failed to address another important component of the equation — the demand for family planning services, particularly from the private sector. Research

conducted by PROFIT subsequent to the launch of the subproject found that religion played an important role in determining the family planning methods that consumers requested and that providers offered. In addition, the research showed that price was by far the most critical factor in determining consumers' sources for family planning services. These two findings might help explain why the borrowers did not attract greater numbers of family planning clients.

Despite government efforts to the contrary, family planning continues to have a negative image in the Philippines. This hampered the loan fund in several ways. It limited the number of associations that were willing to work with the subproject and left those associations that did endorse the loan fund reluctant to promote the family planning goals of the subproject. In addition, the bank was asked to lower the profile of the subproject once its board discovered that it included a family planning theme.

Application Process

The bank found that doctors were unfamiliar with preparing a business plan, which was a requirement for making a loan application. Therefore, the loan officer who was assigned to the subproject had to spend considerable time assisting doctors applying for loans rather than marketing or processing loans. While the bank viewed the business training as a critical aspect of the project, they also recommended that a subsequent project include training in business planning for potential applicants.

By far the most difficult aspect of the process from the viewpoint of the physicians was meeting all the application requirements (mentioned by 12 borrowers). Ironically, when asked what the easiest factors were, the most frequent answer was the "process and submission of the application" (6 borrowers).

Project Implementation

A key factor in the success that was achieved was that the subproject was able to get started quickly by building on the existing infrastructure of the bank. In addition, because the bank was small and development-oriented, it was willing to give a relatively small pilot development project a considerable amount of attention.

Lending Criteria

According to BCGC, the interest rate was not a critical factor in attracting physician borrowers and that the reduced collateral requirements were far more important. However, the physicians indicated otherwise: when asked what key feature of the fund caught their attention, twenty of the physicians mentioned the low interest rate, six mentioned the grace period and longer repayment period, and only two mentioned the more lenient collateral requirements.

B. Lessons Learned

- # Working with medical associations is a good way to reach physicians, but it is not necessarily appropriate to involve them directly in implementing projects without financial compensation, particularly if they are staffed largely by volunteers.
- # Traditional financial lending institutions are inherently risk-adverse. Projects that require these institutions to take on additional financial risk to serve a social objective must address this inherent conflict directly or must identify an alternative mechanism for the project's financial management.
- # Building upon the current structure and capacities of existing institutions can significantly speed the start-up of a project.
- # Doctors are only willing to participate in training programs that they consider necessary, even if competency-based exams show a higher level of need for training.
- # Private doctors are interested in and need business management training, particularly in financial management.
- # Attracting young doctors to participate in a loan fund can be difficult. Their level of interest in such a program and their potential concerns about participating should be fully explored before such a project is launched.
- # Training and financial support can help increase the number of high-quality private physicians that offer family planning services. However, increasing the supply of family planning services does not necessarily result in increased demand for those services. A full understanding of the motivations and attitudes that affect utilization of such services in the public and private sectors can help determine whether and how demand for private family planning services can be directly influenced.
- # The success of any family planning project, even a small pilot project, is critically affected by prevailing political, religious, and cultural attitudes toward the provision of family planning services.