

Financial inclusion for Africa's healthcare providers

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On a continent that carries a disproportionate share of many diseases from HIV-AIDS to high blood pressure, access to finance poses a major challenge to the small clinics that serve so many lower and middle class Africans. These clinics often struggle to access even small amounts of credit to maintain or expand their facilities.

Dia Martin of OPIC (right) in Tanzania with Monique Dolfing-Vogelenzang, Managing Director, Medical Credit Fund (left) with a doctor at one of the Tanzania clinics that receives MCF support.



In a [recent post on this blog](#), Jason Lamb discussed the problem of financial exclusion in Sub-Saharan Africa, where almost 80 percent of the population lacks access to basic financial services like a checking or savings account. But it is important to note the individuals are not the only ones left out of the supposedly mainstream financial system. Small businesses also struggle to access credit and when the small business is a health clinic, the problem impacts not only economic health, but the overall health of a community.

OPIC and the [Bill and Melinda Gates Foundation](#) are among a group of development banks, foundations and NGOs that have supported the [Medical Credit Fund](#) (MDF) and its innovative approach to improving the quality of healthcare in Africa. MCF is a social investment facility that finances the “missing middle” of the healthcare sector in Sub-Saharan Africa – those clinics that may be too big to access microfinance, but don’t qualify for traditional bank loans. The fund provides loans to small and medium size private sector healthcare facilities that serve low income populations in Tanzania, Ghana, Kenya and Nigeria.

The majority of these loans are small, between USD \$1,000 and \$6,000, but the money goes a long way. Clinics have used loan money to invest in water tanks so they will have access to clean water, or in equipment like an ultrasound machine or blood analyzer. They also invest in basic infrastructure like fixing the roof, retiling the floors, adding screens or air conditioning or refrigerators which make the building more hygienic and improve the management of patient flow, so that they can treat more people.



Small modest clinics like this one in Tanzania are the main source of health services for many low-income Africans.

One clinic in Kenya used a \$3,000 loan to repaint the facility, introduce a new waste disposal system and buy a sterilization machine for its operating room. It has found that by making these improvements it attracted new patients and the additional business covered the cost of the loan.

MCF also provides more than just money. By helping clinics establish a track record of borrowing and repaying their loans, it hopes to make these small clinics attractive borrowers to larger bank lenders. It lends through an incremental process in which first-time borrowers can graduate to larger loans based on performance and need. And it provides technical assistance to help these clinics and their workers learn how to prepare audited financial statements and improve their quality of care through the SafeCare certification program, a multi-step program specifically designed to establish a uniform, measurable standard of care for private health facilities in Sub-Saharan Africa.

Many of the clinics MCF has supported have graduated from an initial loan of up to \$5,000 and \$25,000. Some clinics are applying for a third loan under the program. As of August 31, 2013, MCF has worked with banks to establish an outstanding loan portfolio of approximately \$1.5 million. Since its inception, MCF has disbursed loans to more than 350 health care providers that have supported over 300,000 patient visits.

While the program is young, the results are promising. Key to MCF's success going forward will be the ability of clinics to graduate into the mainstream financial system so they can borrow directly from banks.