

**EXPANDING IMPACT:
INNOVATIONS IN COST-EFFECTIVELY
INTEGRATING MICROFINANCE WITH
EDUCATION IN HEALTH**

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Executive Summary

Micro Finance institutions (MFIs), especially those whose work is related to the population that lives on one or two dollars a day and whose goal is to stimulate individual and collective development, must consider that the population's access to financial resources is not enough for them to achieve their goal.

The poorest population is precisely the most socially excluded in healthcare, education, training, and of course traditional financial services. Overcoming this comprehensive social exclusion must be considered a goal by these institutions; in fact, they become individual and collective Development Institutions when they assume the comprehensive challenge of the social exclusion and poverty problem.

Many strategies to fight poverty and social exclusion in the poorest communities of our planet have been developed. The most recent and most important of these strategies, because of its content, is the Millennium Development Goals (MDGs), which represent the framework for measuring the access to financial, educational, healthcare, potable water, and electricity services. The MDGs also foster the poor's capabilities and skills in managing their potential as a family and as social groups. These postulates are precisely the ones assumed by the Development Micro Finance entities.

On the other hand, the reason why Development Micro Finance institutions concentrate their efforts primarily on women responds to a reality illustrated by many studies. These studies establish that investment in and training of women has achieved, through time, more important benefits for individual and especially collective development than investments in other poor social groups.

Microfinance Institutions with a Social mission in the development of their

strategies and interventions have to comply with some basic conditions to achieve their goal. These conditions are:

- target and reach the poor and the poorest
- achieve large-scale outreach
- actively listen, understanding and getting involved in the real needs of the target population
- attain self-sustainability and profitability to be able to reinvest in providing wider range of financial and social development services (which is the combined result from the previous two)
- efficiency and transparency in the management of resources, being in all cases accountable for the resources and the outcomes of their interventions
- offer a variety of micro financial services, including savings opportunities adjusted to the needs of the clients.

The vehicle that some MFIs, such as Pro Mujer, have adopted to develop their intervention strategies is to take into account the social organization of the community. In this pathway these institutions have adopted the methodology of village banks or group lending. This approach has the benefit of generating added values to the services it provides; these groups turn out to be a powerful social network of support, solidarity, and social control of development for the participants and for their families. They also actively participate, as a group, in the construction of programs they need. They are not simple objects of the programs but subjects of their own development.

Taking into account that women are the most important group to reach, that development will be achieved through integrated programs allowing access to different services simultaneously, and that women already have traditional social organizations for various goals, Pro Mujer has decided to implement a strategy to deliver integrated programs where Micro Financial services are standardized but health services are adapted to the women's needs and the

local reality's demands.

Health programs can vary in complexity. Pro Mujer and their associates have identified the most important issues in health as those at the first level of complexity, which includes Health Promotion and Prevention. Less complex because it requires only basic technology, this health issue accounts for more than 80% of the real need of the community.

Having defined the scope of action in health, the mechanism of service delivery has been developed by taking into account the local development of health services, the quality of the services and the availability for women associated to Pro Mujer. An the costs associated with this service provision for the institution

The aim of the institution is not to compete with what already exists, but to generate a process of improvement or efficiency, efficacy and quality by training our associates in their rights and in the quality they have to demand when they go to a health facility.

Being this strategy common to the entire Pro Mujer network, there are some differences in the delivery of health service itself. In Bolivia for example, Pro Mujer has their own healthcare facilities that are located in the Focal Center where women repay their debt. In these health facilities they receive, besides counseling, medical attention for basic needs. If they need more sophisticated care they are referred to local institutions with higher complexity services. Pro Mujer has previously established linkages with them.

Another way that Pro Mujer has accomplished health services, like in Peru, is by referring all of their associates to local healthcare facilities with a previous agreement between both institutions.

In both cases the important thing to highlight is that women and their

families have access to healthcare facilities and they know what to demand and what to expect from healthcare providers.

I. Expanding Impact

The ultimate goal of microfinance is to contribute to human development of a country by providing microfinance products to the poor, especially women, to reduce poverty.

We conceive that Human Development is given not only through access to financial resources but also to an integrated group of basic services that will allow poor people and poor social groups to improve their quality of life and insert themselves in the economic cycle of their country. With this process of insertion, two main goals are proven to be achieved

- fighting against poverty through building and strengthening their own economy
- having access to health, education, training in different areas.

These two processes boost their self-esteem, and this booster is essential in the process of individual development, and therefore social development.

On the other hand it is important to bring to present the old knowledge that women are the most important members of society in order to generate family development and therefore social development. That is why we identify woman as our target population.

It is known that poor families with access to even small increase in their financial resources are able not only to improve their revenue but also cope with better food security, health and children's education as well as recover from traumatic events (drought, severe illness or death of income earner, etc.)

However, acknowledging the intimate relationship between poverty, inequity, poor health and poor education, a greater number of MFIs are combining financial service with additional services in the area of Human Development. Actually, many MFIs offering integrated services also work specifically on women's empowerment, as raise in household income and health conditions is not enough for reducing poverty if not accompanied by gender equality and improved control of resources by women.

In order to fulfill their mission and to have a greater impact on poverty alleviation, MFIs know that they have to comply with certain criteria:

- target and reach the poor and the poorest
- achieve large-scale outreach
- actively listen, understanding and getting involved in the real needs of the target population
- attain self-sustainability and profitability to be able to reinvest in providing wider range of financial and social development services (which is the combined result from the previous two)
- efficiency and transparency in the management of resources, being in all cases accountable for the resources and the outcomes of their interventions
- offer micro financial services including savings opportunities adjusted to the needs of the clients

In order to maximize the potential of the financial services, MFIs such as Pro Mujer, include in its intervention Human Development services that allow their clients to have access to training in areas they need and demand like business skills, health care, civil rights, as well as access to services in preventive and basic health care for them and their families and business counseling.

This model is commonly known as "Microfinance Plus". Usually MFIs that offer integrated services base their methodology on village banks or group

lending, which has demonstrated to have additional benefits for the clients because they build new and strong social support networks that help them resolve and face in a more efficient way the problems they have in their daily lives, as woman, mother, householders and income earners. This methodology has shown to be a very powerful tool to achieve the women's empowerment that the MFIs with a strong social mission are committed to achieve.

The Microfinance Plus model is based on the concept of leveraging the existing structure and infrastructure used for financial services to offer a range of services for the human and social development of the clients. The assumption, as well as the result, is that the value added from offering multiple services, besides the benefits for the clients that we have already mentioned, improves client loyalty, attracts new clients, resulting in strengthening Pro Mujer position in the competitive MF market.

The Millennium Development Goals (MDGs) represent the framework, both conceptual and operational, to measure and monitor the performance of the MFIs that are committed to actively contribute to poverty reduction and human development. Set for the year 2015, the MDGs are an agreed set of goals that can be achieved if all the actors work together and do their part.

"We will have time to reach the Millennium Development Goals – worldwide and in most, or even all, individual countries – but only if we break with business as usual. We cannot win overnight. Success will require sustained action across the entire decade between now and the deadline." *(UN Secretary General Kofi Annan)*

The Millennium Development Goals are eight:

1. Eradicate extreme hunger and poverty
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental stability
8. Develop a global partnership for development

Pro Mujer participates in the 3-year project initiated by the World Bank's Consultative Group to Assist the Poor (CGAP) and Ford Foundation aiming at

identifying a set of clear, globally comparable low-cost indicators of the MF industry for monitoring MFIs social performance, together with other 30 institutions of the world microfinance network.

*“Interest in measuring the social performance of MFIs is growing among industry stakeholders... However, rigorous, large-scale impact assessments are often not feasible for all MFIs because of the high costs involved. Attributing impact specifically to the actions of financial institutions becomes even more problematic. The CGAP-Ford project therefore aims to track the social performance of MFIs by monitoring changes in client social and economic well being, without attempting to attribute causality. Given the donor and national government consensus around the MDGs, CGAP had decided to track indicators that conform to five Millennium Development Goals”.*¹

Pro Mujer Bolivia, Nicaragua and Peru have carried out the first survey in 2005 by collecting indicators falling within five MDGs.

MDGs	Bolivia	Peru	Nicaragua
Poverty Eradication	X	X	
Universal Education	X		
Gender Equality	X	X	
Child Mortality Reduction	X		
Improve Maternal Health	X	X	X

II. Implementing Integrated Services in Pro Mujer

Pro Mujer is an international microfinance and women’s development network organization that conceives microfinance as a vehicle to achieve development of its clients. The mission of Pro Mujer is *“to empower Latin-American poorest women, providing them with the means to build livelihoods for themselves and futures for their families, through micro-lending, business*

¹ Woller G., CGAP-Ford Interim Report, 2005

training and health support.”

Pro Mujer operates in Bolivia (where it was born more than 16 years ago), in Nicaragua (ten years), Peru (five years), Mexico (four years) and Argentina (one year). The network office, Pro Mujer International, is based in New York. In accordance to the institutional mission, the country programs of Bolivia, Nicaragua, Peru, Mexico and Argentina include education in health topics, but the model slightly differs from one country to another as for the strategy of health service delivery that was adapted to the local conditions.

Pro Mujer Bolivia, Nicaragua and Peru are currently offering integrated services, combining health and other Human Development interventions with the financial services. Mexico and Argentina country offices are offering Human Development services under other schemes, while they achieve scale and sustainability, mainly through alliances with other providers. In the case of Argentina, an agreement was subscribed with a medical group that is offering health service to all of our clients in two health facilities that they have equipped in Pro Mujer Focal Centers. 85% of the clients accepted to pay 10 pesos a month (3 dollars) and they and their family members can receive health services, including basic dental care. In Mexico, the clients receive training in different topics in sessions given by specialized staff during the repayment meetings and for the health care services they are referred to the public health providers.

These different approaches in service delivery gives us the opportunity to test which of the intervention scheme is more efficient, which has more potential to provide wider range of services in a permanent and sustainable way and which is having better results in achieving our mission and objectives.

It is worth mentioning that all five members of Pro Mujer network implement the Village Bank methodology that has been adjusted by Pro Mujer creating

the Communal Association methodology, and the service delivery strategy is based on the Focal Centers. This strategy allows the integrated approach to take advantage of the infrastructure and operational mechanism in order to reduce the costs and maximize the outreach and sustainability of the Human Development services.

The village banking methodology employed by Pro Mujer requires that its clients gather in **Communal Associations** of 15 to 30 members or borrowers. Each Communal Association is composed of **Solidarity Groups** of 4 to 7 women, who mutually guarantee each another's loans, borrowing and saving together. Communal Associations meet at a **Focal Center** weekly or bi-weekly according to a fixed schedule.

Focal Centers are a unique feature of Pro Mujer methodology. Located in the areas of high concentration of Pro Mujer's target population, they provide a physical space where the Communal Associations regularly meet: clients receive or repay their loan, deposit their savings and attend education and training sessions on topics of health and small business skills. The concept is to leverage the existing infrastructure to allow clients "one-stop" access to financial, educational and health services.

Communal Association's meetings represent a space for women to share their experiences and devote time for themselves to enhance their skills. The methodology also aims at fostering and enhancing solidarity network and mutual trust.

As credit products, Pro Mujer offers working capital loans and seasonal loans to the Communal Associations. In Bolivia, individual credit is also offered to "graduated" clients, these are the clients that need bigger loans and do not need or want to belong to the group any longer, and usually they have improved their business and have assets that they can use as collateral. Both mandatory and voluntary savings services are included in the financial products. Pro Mujer Bolivia also offers individual savings service through its alliance with a private financial fund, FIE.

In 2005, Pro Mujer Bolivia, Peru and Nicaragua country programs participated in a comparative study² promoted by Small Enterprise Education and Promotion Network (SEEP) and the United States Agency for International Development (USAID) The study compared the three different approaches or schemes of Pro Mujer's model of Microfinance Plus: 1) Parallel (different services offered by specialized staff in the same organization); 2) Unified (different services delivered together by the same staff) and 3) Linked (different organizations collaborating to serve the same clients).

The three countries began with a unified approach: the same staff assisting

² Berry J., Junkin R., Perez M.E., Healthy Women, Healthy Business, a Comparative Study of Pro Mujer's Integration of Microfinance and Health Services, SEEP, USAID, 2005

the groups in managing the loans was providing the health education service. Though cost-efficient, this approach left clients unsatisfied because they were not able to put into practice the knowledge that they had acquired during the education sessions. For example, even clients were aware that they could use family planning method; abortion was still widely practiced as family planning method. Clients mainly did not use the available public and private health services, because they mentioned that were afraid, uncomfortable, mistreated and unsatisfied of the services' quality.

Because of this situation, Pro Mujer decided to include health intervention within its Human Development services. The models of this health intervention differ from one country to another, based on different factors, such us:

- The accessibility and quality of the health services,
- The geographical distribution of the target population,
- The clients response to the training and empowerment process
- The availability of funding sources,
- The willingness and awareness by the clients to consider health care as an investment in their own development and well- being, and not just as a cost.

Nevertheless, the different Pro Mujer health models have the same goal: they want to achieve through facilitating access to health services, that the clients assume the responsibility of taking care of their own and their family's health, realizing that by doing so they are protecting the well-being of their family and their household and business economy.

One of the outcomes of the health training and basic services is that Pro Mujer becomes the bridge that shortens the gap between clients' health demands and the existing health services offered by the public and private sector, trying to avoid duplication with existing services. Pro Mujer clients are better equipped to take benefit of these services and they know how to deal

with the health providers in order to get their rights respected.

Pro Mujer recognizes that the great majority of the clients' health problems can be prevented and solved through a good primary health care provision. Literature and studies have been demonstrating during the last 20 years in a consistent way that the majority of child and maternal deaths are caused by illnesses that can be prevented or treated at this level of health provision.

Complex cases are referred to higher, specialized health providers, both public and private, with whom Pro Mujer, in all its country programs, established alliances and agreements to assure the quality of the services provided to its referred clients.

Table 1
Key Features of Pro Mujer Health Intervention³

Key elements	BOLIVIA	PERU	NICARAGUA
Development of the model approach	PAST: Unified, credit assistance and health education offered by the same staff PRESENT: Parallel and Linked	PAST: Unified, credit assistance and health education offered by the same staff PRESENT: Linked	PAST: Unified, credit assistance and health education offered by the same staff PRESENT: Parallel and Linked
Services offered	<ul style="list-style-type: none"> • Training and consciousness raising in preventative health, rights relating to accessing health care • Training of health volunteers within client groups • Direct medical services, focused on child and women’s health: gynecology, prenatal and post-natal care, general medicine, well-baby care, child and adult vaccinations • Family planning consultation and methods • Specialized services through alliances • Follow-up of clients with serious illness or abnormal lab exams to assure adequate care in public health system 	<ul style="list-style-type: none"> • Training and consciousness raising in preventative health, rights related to accessing health care • Training of health volunteers within client groups • Wide range of health consultation services through alliances • Health insurance scheme piloted since beginning of 2006 in Tacna, with services provided by a third party, focused on women’s health and dental care • Follow-up of clients with serious illness or abnormal lab exams to assure adequate care in public health system 	<ul style="list-style-type: none"> • Training in reproductive and sexual health, family violence women’s rights and self-esteem, gender. • Training of health volunteers within client groups • Specialized group training on family violence (self-help groups) • Formation and training of community development leaders • Direct medical services – gynecology, general medicine, basic gynecological exams • Family planning consultation and methods • Focus on women’s health • Specialized services through alliances focused on women’s health • Follow-up of clients with serious illness or abnormal lab exams to assure adequate care in public health system

³ Ibidem, table adapted from the report

<p>Payment for Services</p>	<ul style="list-style-type: none"> • Flat rate of 60 US cents per month charged to all clients within each loan payment to cover costs of human development services (all types of educational and training services, plus basic healthcare delivery) 	<ul style="list-style-type: none"> • No charge for training • Allied providers give discounts to Pro Mujer clients • Insurance scheme on a voluntary basis at a cost of 33 US\$ per year 	<ul style="list-style-type: none"> • All services delivered in focal center are on a reduced-fee basis except for family planning, which is free of charge • Allied providers give discounts to Pro Mujer clients • A fee of \$.23 per session is charged for training, including health and credit training
<p>Providers of healthcare service</p>	<ul style="list-style-type: none"> • Direct services by Pro Mujer: 1 nurse for 5 days a week + 1 doctor 1 day per week, at each Focal Center • Formal alliances with other public and private providers 	<ul style="list-style-type: none"> • In Pro Mujer: health promoters and nurses providing health training • Formal agreements with allied providers 	<ul style="list-style-type: none"> • Direct health services: 2 doctors + 4 nurses available for 2 days a week in Focal Center and 2 days in outreach services • Links through formal agreements with allied providers
<p>Place of Delivery</p>	<ul style="list-style-type: none"> • All direct services are provided in the focal centers, located in client communities • Training is provided at focal centers • Referrals offered for advanced care at outside facilities (i.e. child birth) 	<ul style="list-style-type: none"> • Health services are provided in focal centers during "health campaigns" • Health services are also assured by allied providers in their premises • Training is provided in the focal centers 	<ul style="list-style-type: none"> • Health service delivery takes place in focal center, in client communities and in allied provider offices. • Outreach service: Pap smears, family planning and medical consultations are taken to communities on a regular basis. • Training is provided in the focal center for communities close to the center and in client communities for those more distant
<p>Funding availability (2004 and 2005)</p>	<ul style="list-style-type: none"> • Donor funding available • Limited willingness to pay for service by clients 	<ul style="list-style-type: none"> • Donor funding limited • Adequate willingness to pay for service by clients 	<ul style="list-style-type: none"> • Donor funding adequate • Adequate willingness to pay for service by clients

The education modules include both health and personal development areas:

- Family care, sexual and reproductive health, child and maternal health, hygiene
- Leadership, self-esteem, civil and human rights

While education and training services offer a wide range of topics, healthcare service, provided either directly or via allied partners, is addressed to Pro Mujer members, mainly focusing women's health, though general medical consultation.

Pro Mujer Bolivia and Argentina also emphasize child healthcare and general preventative services such as vaccination for both women and children. The fee invested by the clients allows their husbands and children to access the health clinic located in the Focal Centers.

The health insurance scheme of Pro Mujer Peru allows subscribers to receive primary dental consultation and a set of laboratory exams, in addition to general consultations and some specialties. The Peruvian scheme only covers the needs of the client, but not her family.

In Nicaragua, as 90% of clients live in rural dispersed areas, training and healthcare is brought to the communities. This represents an enormous challenge not only because of the costs but also to develop the strategy and logistics to offer this service in an efficient and effective way.

III. Rationale and Conditions of Integrated Services

Women generally approach microfinance institution because of the prospect of getting a loan for their business. MFIs with social mission perceive this as an opportunity to offer them access to services that will promote their development, assuring a further impact of the financial service. It is common knowledge that the illness of the business owner or of his/her family

members represents a high risk for the business. This is even more dramatic for Pro Mujer's clients, who are extremely vulnerable because of their poor sanitation, health, housing and living conditions.

If the MFI with a social mission ignores these conditions, it is not only jeopardizing the health of its portfolio and the opportunity to grow and expand its financial services, but it is also risking the well-being of its clients that instead of overcoming the poverty problems, their situation might worsen by acquiring a debt that they cannot repay. By giving the clients access to services that help them to attend more effectively their basic need and reduce their vulnerability, the Micro-finance services are more likely to achieve the goal of contributing to poverty alleviation.

MFIs that offer complementary, Human Development services can be more attractive, especially for the poorest, offering comparative advantages over other financial competitors. In both cases, microfinance is no more an end *per se* but a vehicle for women's and family development.

The emphasis that Pro Mujer gives to health education and services is linked to the multiple roles played by women in the society: as income earner, wife, mother and caregivers. Because of poor women's overloaded responsibilities towards her family and their low self-esteem due to the continuous discrimination they suffer in all areas of their lives, Pro Mujer has observed that its women clients used to neglect their health needs, and often the health of their children, too. This results in a negative impact not only in their health condition and the quality of care they provide to the children, but also on their ability to generate stable sources of income that will enable them, or make it easier, to have access to sources of loan and be able to repay them.

Based on this reality and on the principle that health is a social priority and a universal human right, Pro Mujer has been mainstreaming health into the services offered to the clients.

Within a gender-oriented and socially committed microfinance institution, education becomes a crucial instrument to empower women because it complements and enhances the advantages of the improved access to economic resources given by the loans. This is a must in a population segment that has been normally excluded or hindered from accessing to formal education and training opportunities.

Pro Mujer facilitates the access to healthcare services in order to enable its clients to put into practice what they have been learning from the education program, and to exercise their rights as women, in a social context where frequently basic rights to education and health are not always equally applied because they are women, poor and discriminated.

Pro Mujer experience shows that different schemes are possible in health service provision: direct by specialized staff, combination of direct and referral, or indirect through alliances with specialized institutions, including private, not for profit and/or public health providers.

The group-based microfinance methodology gives a unique opportunity to provide integrated or additional services, ranging from training in the areas of women empowerment and rights, civil rights and leadership, business skills and health, up to health service delivery. This strategy of one-stop multiple service delivery, in addition to benefiting the clients, also allows the institution to greatly reduce the costs of offering Human Development services because they take advantage of the institution's installed capacity, as well as of the economic viability and sustainability given by its financial service. The group-based intervention allows bringing together a large number of women on a regular basis over extended periods through a methodology that promotes skills and self-esteem, increasing the chances of producing sustainable personal growth. It also allows a close follow-up of health service customers, both for preventive and curative care.

Obviously, integrating health services into microfinance program has greater significance when the external context lacks of affordable, accessible quality services or access to them is hindered by different socio-cultural factors. In order to the health program to be attractive and successful, it is essential that it responds to the primary health needs of the majority of the clients with a sensitive, culturally adapted focus that includes the participation of the clients in the process of defining and designing the kind of training and health services that they need and demand. Another condition is to count on socially committed staff that believes in the institutional mission and sincerely care for the clients' wellbeing is another key element for achieving customers' satisfaction.

As different schemes of service provision are possible, the strategy to be chosen should be defined on the basis of the national context, epidemiological priorities, client's geographical distribution, funding availability, external health service accessibility, and the management capacity of the microfinance institution.

The operational scale of the microfinance institution is another key factor. Not only in terms of sustainability (this issue will be discussed further), but also in terms that large enough groups of clients are more likely to attract the interest of third part healthcare providers. The clear case would be of insurance companies, that with an insurance scheme tailored to the MFIs clients' needs and reality, can enroll, in a very short period of time, thousands of clients with no additional effort than offering an attractive insurance coverage. Similarly, private health providers will be more willing to offer their services at a reduced cost to the MFI's members with the aim of extending their outreach and/or improve their revenues.

IV. Benefits for the Clients and for the MFI

The benefits of the integrated approach are greater for the clients belonging to the excluded population: facilitated or assured access to health education and services, raise in awareness and information bringing about positive behavioral changes, practice of basic universal rights. Parallel to this, Microfinance Plus contributes to creating citizenships conscious of their rights and obligations. The health education and service program helps to produce a well-informed demand of services and its optimal utilization. In Bolivia, the Universal Insurance Scheme for Children and Mothers is underway since 2003: Pro Mujer Bolivia has been promoting and inducing their clients to use this service, as it represents a unique opportunity to practice the right to healthcare given by the State.

In order to perceive these benefits and take advantage at the most, it is fundamental that clients recognize health as a priority and as an investment in time and resources. As well, the service offered by the institution must respond to its mission and therefore to the needs of the majority of the clients.

Some of the findings of the studies conducted on Pro Mujer social performance might give an idea of the benefits for the clients. As a proxy indicator of women's empowerment, the impact evaluation carried out in Bolivia in 2003⁴, reported 44% of the clients were participating in a social grassroots organization versus 20% among the non-clients group. As well, 31% of the women clients who are part of a social organization play a leadership role, against 13% of the non-clients. Similar leadership rates (37%) were registered in the survey carried out in 2005. Alike results were found in Peru in 2005: only 30% of the new clients belong to a social organization, versus 39% of the long-term clients, 10% of which are playing a leadership role.

⁴ FINRURAL, Evaluación de Impactos de Pro Mujer, 2003

If we consider the contribution that clients provide to their household income as another proxy indicator of woman's empowerment, statistical tests give a significant difference between clients newly enrolled and those who have been participating in the program for four years or more⁵. In Bolivia, the first contribute an average of 101 US\$ per month whilst the latter 119 US\$. Similarly, the FINRURAL-Bolivia study found that 29% of Pro Mujer clients estimated that their income had increased in the past 12 months, versus the rate of 18% given by the non-clients group.

The FINRURAL study also revealed that 52% of Pro Mujer-Bolivia clients have the authority to make decisions on the use of their own income (versus 44% of the control group) and only 4% did not have any decision-making power against 10% among the control group.

As for health practices, the survey conducted in 2005 in Bolivia shows that small children of clients who have participated for a longer period in the program are less likely to get sick: 70% versus 77% of the newly enrolled clients. However, if the children do get sick, 91% of the senior women clients do access medical attention against 82% of the newer clients.

Though no substantial differences were found as for access to medical care among adults, members who are long-term clients are less likely to fall sick than new ones. The study points out that predisposition to use preventative care tend to gradually increase with the years of participation in a Pro Mujer program. The difference becomes quite significant if we specifically consider the case of Pap smear tests, which women of low socio-economic conditions do not recognize as a priority⁶: 59% among the long-term clients reported having accessed a Pap control at least once, versus 46% of the newer customers.

⁵ Woller G., CGAP, Ibidem

⁶ Woller G., CGAP, Ibidem

The first social performance study carried out by Pro Mujer Peru in 2005 reports an interesting finding related to the household expenditure pattern. Among long-term households, expenditures for food decreases while those for health and education raise (5% for health and 12% for children's education)

The participants of the focus groups carried out by the SEEP/USAID study unanimously report that training in health had resulted in changes in their health practice. Among the most important and appreciated themes, interviewed clients listed the following:

- Self-esteem
- Risks in pregnancy and abortion
- Prevention of cervical cancer
- Hygiene
- Family planning
- Child health
- Sexually transmitted diseases
- Menopause
- Domestic violence
- Relaxation and mental health

The list indicates that the health education program should deal with quite a wide range of topics in view of responding to the different needs of the clients.

Among less tangible or quantified results, it is worth mentioning the improved ability of Pro Mujer clients to express their needs and ask for quality services. In Nicaragua, a client described how she had refused to be examined with unsterilized equipment in a public health facility⁷. In a case study⁸ carried out in Bolivia with clients who had participated in pregnant

⁷ Berry J., Junkin R., Perez M.E., Ibidem

⁸ Pro Mujer Bolivia, Procosi, Save The Children-USA, Case Study Report, 2004

women's club organized by Pro Mujer, some women reported that they asked the nurse not to bath the baby immediately after birth in a public maternity ward because the newborn was going to catch cold, exactly as they had learned during the workshop in Pro Mujer. Alike attitudes are quite unusual among poor, discriminated women, who would not generally dare tell health staff how to do better their job.

This is a clear example of the value of the training and educational component of Pro Mujer intervention. Pro Mujer is contributing is not only to change the knowledge of the clients, but it is making them more aware of their rights, more empowered to fight for them, while also changing their health practices.

The described results indicate that investing in social and personal growth services is adding value to the program, benefiting Pro Mujer in the accomplishment of its social mission, achieving sustainable results in women's personal growth. Women's empowerment is precisely due to the synergic effect given by combining provision of financial resources with a strong component in health education and information, complemented by improved access to healthcare focused on women's and child health.

V. Cost of integrating health in microfinance

The study supported by SEEP and USAID examined the costs and the sustainability issues of integrating health in the services offered by Pro Mujer to the clients by implementing a cost allocation exercise. Previously, Pro Mujer used to assign all indirect costs to the financial services based on the concept that infrastructure, management support and administration are necessary regardless of whether or not human development services are offered. Though this is still the reality, it is interesting to note that the exercise lead to an average increase of 20% of the operational self-sufficiency rates of the financial services. The estimated rates were 134%,

174% and 159% respectively for Bolivia, Peru and Nicaragua in 2004, featuring an increasing trend over the years.

As it is expected, health services are not operationally self-sufficient if we only consider the income generated by service provision. A clear example is Peru country program that does not charge any fee to its clients either for training or human development activities.⁹ However, the ability of the institution to cover the costs of health services provision significantly increases if we take into consideration the donations that are made available. Following this calculation (taking into account the donations received by each country), as for 2004, Bolivia reached 100% cost coverage, Nicaragua 57% and Peru 0.6%. Interestingly, Peru had achieved 87% cost coverage in 2003 based on donations that were no more available for the next year 2004. The estimates reveal that the average overall cost coverage of health service in the three countries over the three years taken into account by the study (2002-2004) is 79%.

Table 2
Operational Self-sufficiency and Cost Coverage of Health Services

Year 2004 Health Services	Bolivia	Peru	Nicaragua
Operational Self-Sufficiency (1)	56%	0.6%	9%
Overall Cost Coverage (2)	100%	57%	0.6%

(1) [direct + indirect income] / [direct + indirect costs]

(2) [direct income + indirect income + donations] / [direct + indirect costs]

“The fact that the health services are not covering all their costs with fee income and donation in the cases of Peru and Nicaragua gives a clear indication that financial services are subsidizing the health interventions...The analysis of operational self-sufficiency and cost coverage show that all three MFIs are generating sufficient margins through their financial services to be

⁹ Refer to Table 1 page 5

able to cross-subsidize health services”¹⁰

The study reveals that the costs per client per year of delivering health education and services ranged, in 2004, from 3 US\$ in Peru to 9 US\$ in Nicaragua and Bolivia, showing that the difference is given by whether or not the institution provides direct health services to its customers. The fact that Nicaragua and Bolivia register the same cost, although different delivery schemes are applied, indicates that costs implied in outreach activities in Nicaragua are similar to those necessary for fixed services given in Focal Centers in Bolivia.

There are three different sources of financing the health services:

- 1) Clients' contribution
- 2) Contribution provided by the profits given the financial products
- 3) Benefits from the installed capacity

The flat fee contribution paid by the clients in Pro Mujer Bolivia is a symbolic amount. The 60 cents of a dollar per month presently correspond to 5 Bolivianos, and it allows the client, her spouse and children to have access to healthcare consultation. It is interesting to compare this fee to the 15 Bolivianos that each general consultation costs in a public hospital.

¹⁰ Berry J., Junkin R., Perez M.E., Ibidem

Table 3
Costs of Health Program Delivery

2004 BOLIVIA	Financial Services	Health Service	Other Human Development Services	Total
Number of Clients				48,496
Cost per Client	27\$	9\$	3\$	39\$
Operational Self-sufficiency	134%	56%	N/A	109%
Percentage of Total Costs	69%	22%	9%	100%
Cost Coverage of Health Services		100%		
2004 PERU	Financial Services	Health Service	Other Human Development Services	Total
Number of Clients				22,871
Cost per Client	25\$	3\$	4\$	32\$
Operational Self-sufficiency	174\$	0.6%	N/A	141%
Percentage of Total Costs	79%	8%	13%	100%
Cost Coverage of Health Services		0.6%		
2004 NUCARAGUA	Financial Services	Health Service	Other Human Development Services	Total
Number of Clients				17,413
Cost per Client	24\$	9\$	-	33\$
Operational	159%	9%	-	121%

Self-sufficiency				
Percentage of Total Costs	73%	27%	-	100%
Cost Coverage of Health Services		57%		

The cost allocation exercise shows that offering health services increases the total costs of 9% in the bottom end case when only health training is assured (Peru) to a maximum of 27% when direct service is delivered to dispersed population (Nicaragua).

It is important to point out the limitations of the cost-per-client data. First of all, these costs cannot be compared because they are the product of different health intervention strategies in nature and volume. Secondly, they underestimate the real outreach of the services as they result from dividing the costs by the number of the clients enrolled in the financial program, whereas in Bolivia, for example, health services are used also by clients' children and spouses. In fact, a very rough calculation on Pro Mujer Bolivia health service provision estimates that 30% of all health examinations were provided to children, sons and daughters of Pro Mujer's clients. In addition, the cost per client cannot detail the type and the amount of services that clients receive. For sure, many more clients receive health training (less expensive) while less people access to direct medical care (more expensive)¹¹

The following table is limited only to the medical consultations that were given to clients in the area of women's' health and to the health training attendance in 2004.

¹¹⁻¹² Berry J., Junkin R., Perez M.E., Ibidem

2004	Bolivia	Peru	Nicaragua
No. Clients with access to medical consultations	48,496	22,871	17,413
Number of medical consultations	45,757	8,270	3,682
No. Clients with access to health training	48,496	14,000	9,331
Number of training participants (*)	165,626	12,994	54,732

(*) The number of participants is greater than the number of clients because each client participates to more than one session or module.

It is interesting to note that in Bolivia a greater number of health consultations were carried out in 2004 with respect to the clients' population that has access to services, compared to Peru and Nicaragua. However, the outreach of the health education program is notable in the three countries, as to prove the importance of this activity within all Pro Mujer interventions.

The SEEP/USAID study also points out that sustainability is also influenced by the age and the size of the institution. *"Institutions with more clients are better able to raise income and spread costs across a broader range of services and Focal Centers. Newer institutions, and newer service centers in existing institutions, must incur expensive up-front costs before they are able to reach a sustainable volume of service delivery."*¹²

The studies carried out in Pro Mujer to the date did not investigate the details and the consequences of the different ways to charge fees for health services. It should be reminded that the flat fee applied by Pro Mujer Bolivia is intended to assure clients' access to educational and training sessions on different topics, as well as healthcare services.

It would be interesting to examine whether the payment mode may explain

the differences in the use of health services, considering that Pro Mujer Bolivia is implementing a flat fee for the human development services versus payment per service scheme adopted by Nicaragua and Peru. It would be also be useful to study which of the schemes are more sustainable on the long run, bring about more clients' satisfaction and loyalty, and more feasible to be replicated.

The strategic decision about whether and how much to charge clients for health services does have implications on sustainability. It should be reminded that the flat fee used in Bolivia is not comparable to commercial market fees, representing a subsidy provided by the clients that is not only financial but also motivated to encourage them to place a value on their health and training, and to claim for service excellence.