

PROJECT STATUS REPORT

JULY 2013 - DECEMBER 2013

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Micro finance Integrated Business Model for Health Services

Project Number: RG-M1207 - Operation Number: ATN/ME-13183-RG

Result: Develop and expand sustainable business models providing health services through MFIs to low-income women in Nicaragua, Honduras, Ecuador and Haiti.

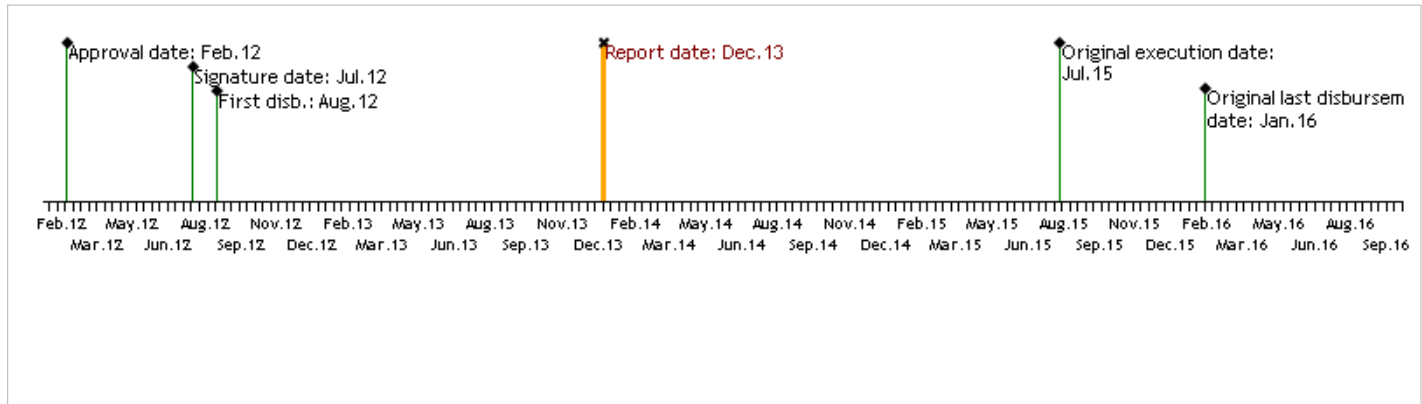
Country Administrator
UNITED STATES

Beneficiary Country
ECUADOR, HAITI, NICARAGUA

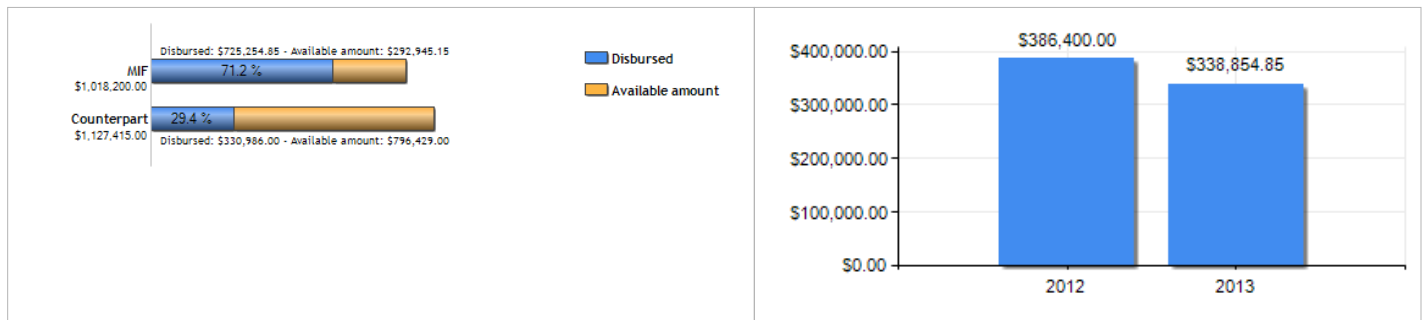
Executing Agency:

Design Team Leader: Bloomgarden, David
Supervision Team Leader: Auge, Isabel

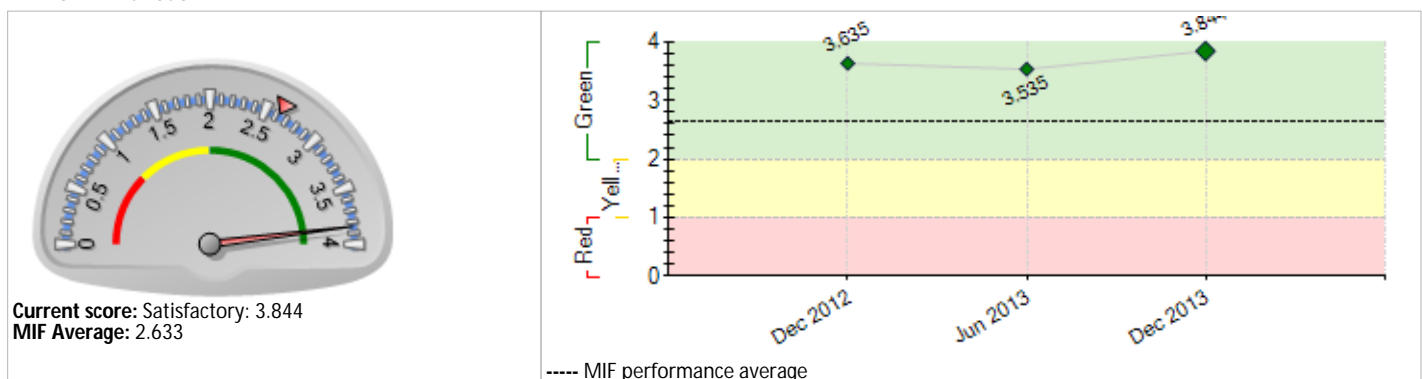
TIMELINE



FUNDS



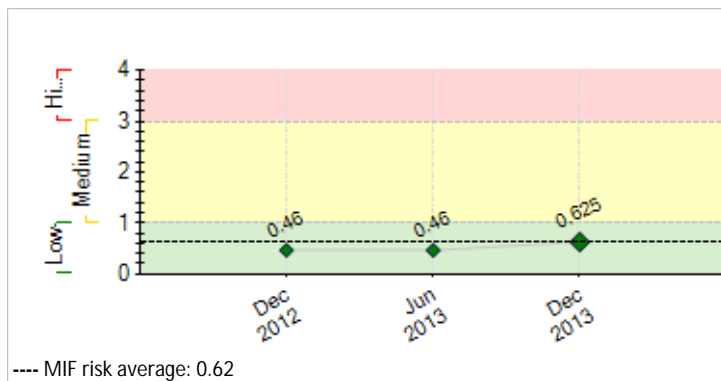
PERFORMANCE SCORE



EXTERNAL RISKS

INSTITUTIONAL CAPACITY

Risk
Financial Management: Low
Procurement: Low
Technical Capacity: Low



SECTION 2: PERFORMANCE

Summary of project performance since inception

Three of four partners are actively piloting or scaling their health services models. GP has disbursed a total of \$494,600 in grants to partners (\$438,577 spent from IDB's contribution). GP has decided to suspend work with Fonkoze as of end of February 2014, due to a lack of sustainable revenue model. We remain optimistic that the overall project will achieve its final objectives, although to do so will require a time extension on the life of the grant and may require the addition of other partners.

Pro Mujer in Nicaragua (PMN) has scaled its education and screening services to all 58,000 clients, 66% of whom can purchase the bundled optional services package as well. 6,183 clients were active subscribers to the optional services package as of December 2013. Data reporting challenges make it difficult to precisely report progress towards sustainability across all components, but we are confident that the program is tracking towards this goal.

COMIXMUL's initial focus on achieving sustainability via a network of 201 community pharmacies has made tremendous progress, with 25,000 total purchases made in 2013, and likely needing no additional capital to reach sustainability in 2014.

ESPOIR will complete its pilot phase in March 2014, delivering education and access to primary care, essential meds and labs via a micro-insurance product at scale. GP will further analyze the sustainability and value proposition of the two proprietary primary care clinics in the coming months.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Summary of project performance in the last six months

In the past semester, GP has visited each partner one time each, and two pipeline partners, one of which will likely become a new Health Services Fund partner. GP moderated two conference panels highlighting grant-funded partners as presenters.

Fonkoze's model was initially launched with a \$1/month mandatory cash fee to cover education and screening costs. In the prior period we learned that this payment mechanism does not work. Over the past six months, Fonkoze's Board rejected two alternative revenue proposals: 1) maintaining the mandatory fee but automating it via integration with the loan collection system; and 2) dedicating credit program profits to cover the costs directly and leveraging credit officers to deliver education to reduce costs.

PMN has expanded its full health services program to a third branch (out of six total), and plans to expand the optional services packages to Managua in 2014, at which point 80% of PMN's client base will have access.

COMIXMUL's pharmacies achieved an upswing in performance in this semester, helped by transferring 38 low performing sites, and conducting a massive marketing campaign.

ESPOIR opened its second pilot primary care clinic in September, and very early client response is extremely positive, even without promotion of the service.

GP's Health Services Director left the organization last August. GP hopes to have a new person in place by April 2014.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

It's worth mentioning that although the three partners mentioned in the report have, in summary, performed as indicated, the fourth partner, Fonkoze (Haiti) has not. At the time of this reporting period (as of February 2014) the situation with Fonkoze was being analysed to determine if the partnership with them with continue or not.

SECTION 3: INDICATORS AND MILESTONES

Indicators		Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Result: Develop and expand sustainable business models providing health services through	R.1 Microfinance partners in 4 countries are delivering a package that includes some combination of preventive health education, early diagnostics exams, services and/or products to most or all of their low-income clients.	0	1	2		4	2	
			Oct 2013	Aug 2015		Oct 2015	Jun 2013	

MFIs to low-income women in Nicaragua, Honduras, Ecuador and Haiti.	R.2	Percentage of low income women accessing improved health package services rate these services as satisfactory or better.	0				70	1	
							Oct 2015	Jun 2013	
	R.3	Low-income women have improved access to health services	0				75000	88408	
							Oct 2015	Dec 2013	
	R.4	Health Services models implemented by microfinance partners have achieved financial sustainability beyond their pilot zones	0				2	0	
							Oct 2015		

Component 1: Develop Sustainable Business Models Weight: 15% Classification: High Satisfactory	C1.11	Approval by MIF of standard partnership operational guidelines and performance indicators.						Yes	Finished
							Jan 2014	Jul 2012	
	C1.12	Partners have clearly articulated health services packages that are ready to pilot in 1-2 branches.	0	3			4	4	Finished
				Jul 2013			Oct 2015	Jun 2013	

Component 2: Pilot, Prove and Scale Sustainable Health Services Models Weight: 75% Classification: High Satisfactory	C2.11	Partners successfully finalized pilot implementation and is ready to scale the Health Services package to other zones beyond the defined pilot area.	0	1	2		4	1	Finished
				Jul 2013	Jul 2014		Jun 2016	Jun 2013	
	C2.12	Partners started pilot implementation of Health Services packages.	0	1			3	2	Finished
				Jul 2013			Jul 2015	Dec 2012	
	C2.13	MFI partners are delivering their Health Services package to 50% or more of their clients.	0	1			3	1	
				Jul 2014			Jul 2015	Dec 2013	
	C2.14	MFI partners have proven sustainable business models that can deliver essential health services with financial sustainability in their pilot zones.	0				4		
							Jul 2014		

Component 3: Communication, Learning and Catalyzing Weight: 10% Classification: High Satisfactory	C3.11	Documented and disseminated learning around what are the key success criteria of integrated business models that effectively deliver essential health services to low-income women across 4 different country contexts.	0				1		
							Jul 2015		
	C3.12	Pipeline of additional MFI partners developed who are interested in potentially adapting and implementing sustainable health services delivery models	0				1	1	Finished
							Jul 2015	Apr 2012	

Milestones		Planned	Due Date	Achieved	Date achieved	Status
M0	Conditions Prior	1	Jan 2013	1	Jan 2013	Achieved
M1	Partner health services package assessments conducted by GP	2	Jul 2013	3	Oct 2012	Achieved
M2	[*] Low income women enrolled in health services packages	10000	Jan 2014	57146	Jun 2013	Achieved
M3	MFI partners have successfully finalized pilot implementation and have initiated expansion of their Health Services package to other zones.	2	Jul 2014	1	Oct 2013	
M4	At least 30,000 low income women are enrolled in health services packages	30000	Jan 2015	57146	Jun 2013	Achieved

[*] Indicate that the milestone has been reformulated

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] Others, which?: Cambio de personal asignado al proyecto en GP; Socio local en Haiti cambio su grado de compromiso con el programa.

SECTION 4: RISKS**MOST IMPORTANT RISKS AFFECTING FUTURE PERFORMANCE**

	Level	Mitigation action	Responsible
1. The (lack of) sustainability and scale of the financial services side of the business may directly impact the options available to MFIs in terms of a financially sustainable health services business serving the same clients.	Medium	Incorporate into program due diligence process a stronger evaluation component of the strength and competitiveness of the financial services business prior to designing any health services program.	Project Coordinator
2. The lack of private sector health care providers with aligned motivations and economic incentives to serve a low income population may jeopardize the ability to negotiate access to screening and primary care services via linkages.	Medium	GP will spend more time analyzing market conditions in which a linkages strategy seems to have potential in order to strengthen the ability to anticipate program design options earlier on.	Project Coordinator
3. A sufficient number of MFIs and/or Cooperatives may not be able to maintain the high level of strategic commitment to offer sustainable integral services, at scale, that is needed to fully achieve project objectives.	Low	In order to mitigate this risk, Global Partnerships began more than six months in advance of anticipated project approval to conduct exploratory visits with MFIs, using its screening and due diligence process, to complete at least two initial partner agreements signed prior to project approval. In addition, GP staff visits to project partners whenever possible involve both CEO and Board entry and exit interviews to ensure that senior leadership continues to be engaged in and supportive of the project.	Project Guest
4. The macro and political environment in the four countries of operation: Nicaragua, Haiti, Honduras, and Ecuador, as well as the broader region, may not remain supportive of the private micro-finance sector broadly speaking, which may affect the financial viability of the MFIs and Cooperatives to remain viable.	Low	To offset this risk, project staff will seek to engage health officials through consultations and seminars associated with this program to demonstrate results and maintain support for this initiative.	Project Guest
5. Regional conferences targeting MFI and/or Cooperative audiences may not prioritize MFI and Health business models as part of their broader agenda.	Low	To mitigate this risk, GP has budgeted for one regional workshop in its project, and plans to co-convene and organize the referenced workshop together with MIF in forums such as FOROMIC to improve chances of success. GP will of course be open to participating in additional conferences and workshops that include the topic of	Project Guest

sustainable business models that successfully deliver health services as they occur.

PROJECT RISK LEVEL: Low **TOTAL NUMBER OF RISKS:** 8 **IN EFFECT RISKS:** 8 **NOT IN EFFECT RISKS:** 0 **MITIGATED RISKS:** 0

SECTION 5: SUSTAINABILITY

Likelihood of project sustainability after project completion: HP - Highly Probable

CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY

[None reported in this period]

Actions related to sustainability which will be or have been implemented:

GP and Fonkoze entered into the health services partnership with a shared commitment to developing a sustainable business model for delivering basic education and screening services to all Fonkoze's clients, something that had not been possible to date in a philanthropy-driven model. Our initial hypothesis was that clients would pay for these services, if offered an affordable, installment payment option. This hypothesis was supported by initial focus group results. However, the pilot experience demonstrated that this is not the case, and confirmed that best practice is indeed to dedicate portfolio yield to cover these costs, while ensuring those costs are as low as possible by using credit officers to deliver the basic educational messages. In February, Fonkoze's Board made the decision not to adopt either of these strategies, and to focus on building a financially sustainable microfinance institution, a goal that GP also supports.

In the COMIXMUL community pharmacies program, 47 low performing sites were transferred, and a massive communications campaign was carried out which resulted in a \$20-\$30 per site increase in sales per month, on average.

SECTION 6: PRACTICAL LESSONS

	Relative to	Author
1. Portfolio yield is the best practice revenue source for preventive education and screening services. Therefore, MFIs/cooperatives need to be on solid financial ground themselves, and/or legally be able to charge a mandatory fee for education, in order for these services to be viably offered at scale.	Design	Puglielli, Lara
2. In order for clients to sustainably access health services from existing health providers, not only the price point but also the disposition to offer lower-income clients high quality services has to be viewed as a win-win for all stakeholders.	Design	Puglielli, Lara
3. The payment mechanism is key to ensuring compliance and also incenting client uptake of services. Cash payment is the least preferred option. Clients seem to prefer adding their purchase of a health package to their loan amount, over subtracting it from their savings. Using the financial services platform to facilitate this payment for clients also offers a stronger guarantee for the service provider.	Implementation	Puglielli, Lara