

Accessible Health Loans

The Inequality Challenge. Innovative Solutions to a Global Issue

The Challenge

Due to lack of access to formal credit and insurance, the poor, working and living in less healthy conditions, facing the risk of falling into illness driven financial catastrophe.

Being at the forefront of innovation in poverty reduction since 2013, BRAC offers Medical Treatment Loans (MTL) to its micro-credit clients who are mostly poor by international standards. Despite its success in the first implementation phase, the general demand of MTL remains low due to several access barriers and limitations in the product design.

Providing loan to the poor to prevent catastrophic expenditure is a novel approach. BRAC is implementing it for the first time in Bangladesh, and until now, there has been no research within the framework of any MTL programme.

The Objective

The project aims to improve the existing MTL programme through designing an innovative product as well as developing a decentralised and digitised implementation protocol that allows better access for the vulnerable clients and better monitoring of impacts by BRAC.

The project is expected to produce a measurable increase in (a) MTL uptake and equitable inclusiveness into the programme; (b) formal healthcare service utilisation among the target population; and (c) micro-credit repayment rates and its productive usage.

Project title	Assessing BRAC's Innovative Health Loans in Protecting the Poor against Health and Asset Vulnerability in Bangladesh
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Country	Bangladesh
Implementing Organisation	BRAC James P. Grant School of Public Health (BRAC JPGSPH), BRAC University with support from consultants at Heidelberg Institute of Global Health, Germany and at University of Dhaka, Bangladesh
Partner Organisations	BRAC Microfinance Programme
Duration	July 2018 – September 2019

The Target Group

The target population of this project is the pool of existing micro-credit clients of BRAC.

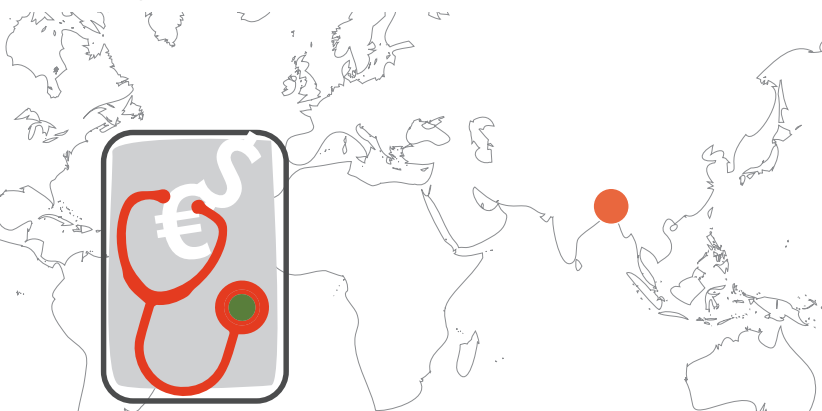
BRAC is the largest non-governmental development organisation in Bangladesh and its microfinance programme covers all the districts of the country. The bulk of its microcredit clients are poor people who currently constitute about one quarter of the population.

MTL provides an immediate Leave No One Behind (LNOB) solution for people in poor communities to tackle the lack of access to medical care and ensure financial protection. However, to avoid misuse of MTL, potential clients need to go through a complex medical verification process, which often makes the disbursement procedure lengthy. Hence, the current MTL protocol discourages poorer, illiterate and remotely located households from MTL uptake.

The Approach

In collaboration with BRAC microfinance programme, the project will develop a revised MTL approach incorporating both demand and supply-side barriers. Moreover, it will conduct a rigorous process evaluation to investigate successful implementation

◀ Location of the Inequality Challenge's project:
● Bangladesh





Professor Malabika Sarker
malabika@bracu.ac.bd

strategies for the revised programme. The project will apply a mix-method research design to identify and document the unexpected effects of the proposed innovations within the MTL programme.

Primarily, the project enhances equitable inclusion in the programme and increase speed of reimbursements. This includes (a) modifying the verification procedure in such a way that ensures easy access yet avoid misuse; (b) integrating enrolment and disbursement procedures in the existing BRAC digital information system, through the implementation of pre-enrolment procedures based on existing BRAC client data, and (c) assessing the feasibility to replace the current procedure of making loan disbursement conditional on individual eligibility to a group eligibility assessment procedure.

The Milestones

The project objectives work in two phases. In the first phase (July to December 2018), BRAC James P. Grant School of Public Health (JPGSPH) with the support of BRAC Microfinance division conducted formative research to understand the current demand- and supply-side barriers and designed a revised MTL programme (MTL+). Then, BRAC JPGSPH placed a detailed proposal to the BRAC Microfinance Management Committee (MFMC) to adopt and test run the MTL+. The project experienced an unnecessary delay in getting the approval from MFMC due to some unexpected operational constraints faced by BRAC Microfinance and also due to the 2019 national election of Bangladesh.

However, BRAC Microfinance has started piloting the MTL+ in 12 randomly selected branches of Rangpur district from May 2019.

The project is now on its second phase (May to September 2019) and BRAC JPGSPH has started conducting the process and outcome evaluation. To assess the fidelity, adaptation, and feasibility of the revised MTL programme, along with the continuously updated programme data, researchers are conducting mix-method studies in 24 branches of Rangpur (12 treatment and 12 control branches) currently serving approximately 36 thousand microcredit clients. The following research activities have been conducted until date:

1. Conducted field visits and observed BRAC's MTL programme activities to understand the current implementation challenges and to identify possible demand-side barriers.
2. Organised a research workshop to share the findings with BRAC microfinance, and national and international consultants of the project. During the workshop, participants discussed current barriers and possible reasons for low uptake.
3. Conducted several meetings with BRAC microfinance programme to assess the feasibility of revising different components of the current MTL programme and designed a Revised Medical Treatment Loan (MTL+) for BRAC.
4. Presented a detailed proposal to adopt and pilot the MTL+ in several MFMC meetings. Although and secured their approval. However, few of the suggested modifications were not approved by the committee.
5. Assisted BRAC Microfinance to administer the preparatory activities and train their regional and local offices.
6. Trained selected agents of 1440 village organizations to collect data on the illness incidents from the approximately 36 thousand microcredit clients. To assess the potential development contribution of MTL+, currently, BRAC JPGSPH is preparing to conduct a survey among the microcredit clients who will develop healthcare financing need.

About the Inequality Challenge

The Inequality Challenge supports innovative approaches that tackle inequality and the 'leave no one behind' principle of the 2030 Agenda with the ultimate goal to integrate and upscale those approaches into German Development Cooperation's portfolio. Initiated by the German Ministry for Economic Cooperation and Development (BMZ), it supports ten projects in India, Bangladesh, Cambodia, Mongolia, Jordan, Serbia, Nigeria, Mauritania, Brazil and Mexico with up to 100,000 EUR.

GIZ manages the Inequality Challenge. For further information, please visit www.inequality-challenge.com or contact Tiffany Sacher, fundmanagement@giz.de.

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Sector Project 'Reducing Poverty and Inequality'
as part of the 2030 Agenda
Friedrich-Ebert-Allee 36 + 40
53113 Bonn, Germany
T +49 228 44 60 0
F +49 228 44 60-80

fundmanagement@giz.de
www.giz.de
www.inequality-challenge.com

Author Malabika Sarker, Manuela De Allegri

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Text Atonu Rabbani, Nazmul Islam, Michael Schleicher

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