

Accessible Health Loans

The Inequality Challenge. Innovative Solutions to a Global Issue

The Challenge

Due to lack of access to formal credit and insurance, poor people are facing the risk of falling into an illness-driven financial catastrophe.

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

Providing loans to the poor to prevent catastrophic health expenditure is a novel approach, which is implemented by BRAC in Bangladesh for the first time. Until now, no research on the MTL framework has been done.

The Objective

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

The project aims to produce a measurable increase in

1. MTL uptake and inclusiveness of the programme;
2. formal healthcare service utilisation among the target population; and
3. micro-credit repayment rates and its productive usage.

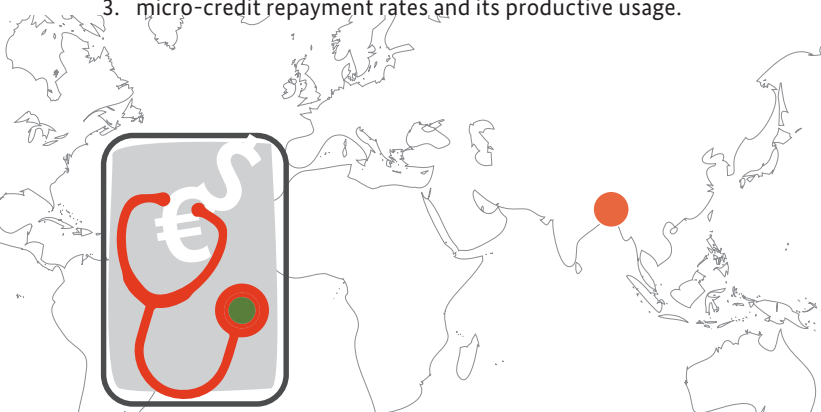
Project title	Assessing BRAC's Innovative Health Loans in Protecting the Poor against Health and Asset Vulnerability in Bangladesh
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Country	Bangladesh
Implementing Organisation	BRAC James P. Grant School of Public Health (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 – November 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 districts of the country. The bulk of its microcredit clients are poor people who currently constitute about 24.3 per cent of the population.

MTL provides an immediate Leave No One Behind (LNOB) solution for this poor community 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.





Professor Malabika Sarker
malabika@bracu.ac.bd

The Approach

In collaboration with the BRAC microfinance programme, the project aims to develop a revised MTL approach considering both demand and supply-side barriers. The approach is tested using a rigorous process evaluation to investigate successful implementation strategies for the revised programme. The project uses a mixed methods research design to identify and document the unexpected effects of the proposed innovations within the MTL programme. Primarily, it aims at enhancing equitable inclusion in the programme and increasing reimbursement rates. This includes (1) modifying the verification procedure in such a way that ensures easy access yet avoid misuse; (2) integrating enrollment and disbursement procedures in the existing BRAC digital information system through the implementation of pre-enrolment procedures based on existing BRAC client data, and (3) assessing the feasibility to replace the current individual-eligibility-based-loan-disbursement-procedure by a group-eligibility-assessment-procedure.

The Results

The project had two phases. In the first phase, the BRAC James P. Grant School of Public Health (JPGSPH) with the support of the 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+. BRAC

Microfinance piloted the MTL+ in 12 randomly selected branches of Rangpur district from May 2019. In the second phase and BRAC JPGSPH conducted 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 conducted mixed-method studies in 24 branches of Rangpur (12 treatment and 12 control branches) currently approximately 36,000 microcredit clients. The following research activities have been conducted:

- Carried out field visits and observed BRAC's MTL programme activities to understand the current implementation challenges and to identify possible demand-side barriers.
- Organised a research workshop to share the findings with BRAC microfinance, and national and international consultants of the project.
- Presented a detailed proposal to adopt and pilot the MTL+ in several MFMC meetings and secured their approval.
- Assisted BRAC Microfinance to administer the preparatory activities and train their regional and local offices.
- Trained selected agents of 1440 village organizations to collect data on the illness incidents from the approximately 36,000 microcredit clients.
- Monitored 36,000 households and collected information on illness incidents and loan uptakes for 4 consecutive months. Analyses show that, compared to the 12 control branches, demand for the improved product (MTL+) increased in this period.
- Conducted a case-control study on the changes in uptake in all 24 branches of the project.

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 these 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.poverty-inequality.com/inequality-challenge-projects or contact Maria Krisch, fundmanagement@giz.de.

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Sector Project 'Reducing Poverty and Inequality' as part of the 2030 Agenda
 Friedrich-Ebert-Allee 32 + 36
 53113 Bonn, Germany
 T +49 228 44 60 0
 F +49 228 44 60-80

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

Author Malabika Sarker, Manuela De Allegri

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