Integrating Microfinance and Health Services: The Case of Esperanza International

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I. Preface

Innovations in the delivery of microfinance continue to push microfinance institutions (MFIs) to develop products and services that better suit the needs of their poorest clients. In recent years, MFIs world-wide have begun to conceptualize microfinance as a platform for multiple development services, rather than as a purely financial product. Some of the most innovative institutions and industry professionals have realized the enormous potential for using the infrastructure already established by the microfinance sector to provide social services to microentrepreneurs.

Grameen Foundation (GF) has a keen interest in the continued evolution of their partner MFIs, and a passion to see them introduce new and better products and services to their clients. To this end, GF continues to explore the concept of "Microfinance Plus"—the integration of financial and non-financial services to amplify the development potential of microfinance. Esperanza International, one of Grameen's fastest growing partners in Latin America, is a practitioner of integrated services, offering their clients education, business training, and health services in addition to financial products.

Esperanza is currently seeking both to improve the management of its health services program as well as extend the scope of these services to an increased number of clients. Esperanza is in the process of developing a strategic plan for the realization of this goal. In support of these efforts, Grameen Foundation undertook a review of Esperanza's health services program, assessing its key functions and providing recommendations for the future of the program.

Beyond providing information and analysis for Esperanza and Grameen Foundation, this

project seeks to present an example of integrated health and microfinance services to a wider audience. Accordingly, the following report lays out the core elements of Esperanza's approach to integrated health and microfinance services, offering their approach as a case study in Microfinance Plus. The key advantages and drawbacks of Esperanza's approach are identified, with an analysis of those elements that are functioning well and those that present the greatest challenges to the institution. The final section presents a series of considerations for the implementation of integrated health and microfinance services in other microfinance institutions and country contexts.

The following paper is intended to be a tool for thinking through some of the important elements involved in integrated service provision, based on the experience of one pioneering MFI. Esperanza's approach—though by no means perfect—is born of a deep commitment to holistic development and is worthy of careful consideration.

II. Executive Summary

Esperanza is a microfinance institution serving approximately 12,000 clients with seven branch locations in the Dominican Republic. In addition to financial services, Esperanza provides access healthcare services for their clients using what is commonly known as the "linked services" model, whereby financial services are provided by a microfinance institution at the same time as health services are offered by independent healthcare providers—to the same people in need.[1]

Esperanza acts as facilitator rather than a direct service provider of preventive healthcare services, allowing the institution to positively affect the health and wellbeing of clients while maintaining the sustainability of their financial services.

Esperanza partners with public and private clinics, individual doctors, and national and international health NGOs—each of which operate independent of the MFI. Of Esperanza's seven branch locations: two branches offer access to clinics with a full range of healthcare services; two branches only offer access to cervical cancer screenings through allied doctors; and the remaining three offer access to periodic health campaigns, but do not provide healthcare services on a consistent basis. Esperanza covers all of the expenses of their healthcare program through a small healthcare fee charged to every client.

Though Esperanza's healthcare program has developed in a largely unsystematic way, this report identifies several major characteristics of Esperanza's healthcare program that are constant throughout the organization. The following characteristics constitute an institutional

[1] Dunford, C. (2001). Building Better Lives; Sustainable Integration of Microfinance with Education in Health, Family Planning, and HIV/AIDS Prevention for the Poorest Entrepreneurs. A discussion paper commissioned by the Microcredit Summit Campaign. Freedom From Hunger, page 2.

approach to integrated services:

- **Top management is committed to integrated health and microfinance services**. Esperanza's healthcare program is guided by senior managers who require employees at all levels of the organization to prioritize healthcare services as an essential job function.
- **Health partnerships are initiated informally through personal contacts**. Managers and loan officers leverage their connections in the local community to identify and create alliances with healthcare providers. This informal process for forming partnerships allows Esperanza to carefully select quality, trustworthy healthcare service providers.
- **Partnerships are based on complementary goals and strengths**. Esperanza partners with healthcare providers who share their mission to provide quality services to the poor and underserved. Each partner provides services according to their expertise, allowing Esperanza staff to specialize in financial services.
- **Partnership agreements are both formal and flexible**. Formal agreements between Esperanza and their healthcare partners are flexible enough to ensure that alliances and services can be adapted to meet the changing needs of the community.
- **Partnerships are maintained through frequent contact**. Esperanza establishes strong channels of communication with their health partners, thereby monitoring both the quality of their partners' services and the health needs of the communities they serve.

Esperanza's approach offers a number of advantages, both for Esperanza and their borrowers who receive microfinance and healthcare services. The report identifies the following advantages of Esperanza's approach to integrated services:

- **Personalized care and ease of access for clients.** Ease of access and personalized care were reported by clients as two of the most important benefits of receiving healthcare through one of Esperanza's allied providers. Esperanza's approach allows borrowers to access quality, affordable health services from a trusted network of providers.
- **Flexibility and adaptability.** Esperanza can easily adapt their healthcare program to fit the needs and capacities of different branch locations. A flexible system for instituting health services also allows them to base their program on the availability of local healthcare partners.
- **Maximum impact with minimum cost.** For Esperanza, providing preventive care using external partners keeps healthcare program expenses low while still providing borrowers with an essential first layer of defense against disease and illness.
- **Establishment of development networks.** Esperanza's approach to healthcare partnerships ties them to a larger network of development organizations throughout the country. This network is a resource for Esperanza in developing new partnerships and serves to connect Esperanza's various health partners to one another.

The report also identifies several significant drawbacks to Esperanza's approach to integrated services. These include:

- **Services are not consistent across provinces.** While a linked-services approach allows Esperanza to leverage existing service providers, their healthcare program is dependent on the availability of capable and willing partners. In provinces with a dearth of quality medical providers who are willing to offer affordable services, Esperanza has struggled to provide access to healthcare.
- **All clients pay for services which some do not receive.** While all of Esperanza's

clients pay the same healthcare program fee, approximately 35% of these borrowers do not have access to health services on a consistent basis.

- **Limited follow-up care and continuity of care.** For the majority of borrowers, access to free healthcare ends with preventive testing and basic medical treatments. Esperanza does not assist clients in receiving follow-up treatments.
- **High demands on staff.** Esperanza relies heavily on the participation of each of their staff members in managing the healthcare program. Despite the advantages discussed elsewhere, this approach places high demands on staff who must balance an additional set of non-financial of duties.

These challenges demonstrate the complexity of balancing financial services with social development services. Undoubtedly, microfinance institutions considering an integrated approach to service delivery face a number of difficult decisions. The following questions arising from Esperanza's case study are useful for thinking through the most appropriate method for instituting healthcare services.

- **How does the provision of healthcare services fit into an MFI's overall development objectives?** The appropriate model for healthcare delivery will depend on an institution's social objectives, as well as the commitment of top management to non-financial services.
- **What does the local healthcare context dictate?** Healthcare program decisions will be based on local conditions, including: 1) the health needs of the local population, 2) the demand for health services, 3) the willingness of clients to pay for these services, and 4) the availability of capable and willing healthcare partners in a specific region.
- **What is the most appropriate method for providing services?** Several models exist

for providing healthcare—from the linked approach used by Esperanza, to a "unified approach" in which a financial institution provides health services in-house, using the same staff for both types of service.[2] The most appropriate model will depend on the capacity of the institution's staff to deliver non-financial services, as well as the capital resources available for healthcare services.

- **What level of care can the institution provide?** While preventive services are less costly than curative and follow-up healthcare, they often fall short of satisfying the local need and/or demand for healthcare services. Decisions regarding the appropriate level of care will again be based on an MFI's financial capacity and the healthcare needs of their borrowers.
- **How will the addition of healthcare services affect financial sustainability?** The financial sustainability of a healthcare program will depend on an MFI's methods for financing and accounting for non-financial services, as well as program costs. Health program expenses will vary widely, depending on the level of service provided, the ability of institutions to charge fees for services, and the availability of donor funding for health programs.

III. Methodology

This project was undertaken in the summer of 2007 with three weeks of on-site research and coordination in the Dominican Republic. Prior to undertaking field research, five of Esperanza's existing healthcare and donor partners were interviewed. These interviews consisted primary of U.S.-based agencies and NGOs who currently provide health services, medical equipment, funding, or other support to Esperanza.

[2] Dunford, C. (2001). Building Better Lives; Sustainable Integration of Microfinance with Education in Health, Family Planning, and HIV/AIDS Prevention for the Poorest Entreprenuers. A discussion paper commissioned by the Microcredit Summit Campaign. Freedom From Hunger, page 3.

Information on the history of Esperanza's healthcare program was collected from internal documents at Esperanza's central branch office in Santo Domingo. Additional financial information was gathered from interviews with the accounting department at this branch location. The remaining information presented in this report was gathered from interviews with key informants across the country. The purpose of these interviews was to gather information and feedback on how Esperanza's healthcare program works in practice, and how it can be improved.

Site visits were made to five of Esperanza's seven branches in the Dominican Republic—Santo Domingo, San Pedro de Marcorís, Consuelo, Hato Mayor, and Puerto Plata. Interviews with employees and medical professionals from the remaining two branches—El Seybo and Samaná —took place over the phone. Other on-site visits included: two Bank of Hope meetings;[3] two medical mission trips to bateye communities, and four clinic visits. In total, forty-one key informant interviews were carried out. These consisted of: 6 clinic administrators, 7 medical professionals, 9 Esperanza employees, and 19 Esperanza borrowers.

IV. Esperanza's Institutional Commitment to Holistic Development

"Here at Esperanza, we emphasize not just economic, but holistic development. We understand that providing complementary services is a significant cost for us, but we continue to invest resources into these services because the bottom poor need health care right away. They can't wait two or three years until they are economically self-sufficient. So it is costly, but we believe it is possible.

Carlos Pimentel, Executive Director, Esperanza International [4]

In *Microfinance: A Platform for Social Change*, Marge Magner proposes that microfinance institutions "have a responsibility to their clients to ensure that they are adequately prepared to

[3] Each of Esperanza's individual groups of borrowers (typically 5 people) is a "Bank of Hope."
[4] Interview with Esperanza Executive Director, Carlos Pimentel, June 15th, 2007

engage in and derive meaningful long-term value from a microfinance program."[5] Magner and other visionaries implore MFI's and social organizations to view non-financial services as a primary organizational charge, rather than merely a supplement to financial services. Increasing numbers of industry studies suggest that microfinance alone may not be enough to address the myriad of interrelated barriers that the poorest and most vulnerable populations face. And still more literature points to the effectiveness of using the microfinance movement—with its "collective infrastructure of people, facilities, relationships, and knowledge"—as a platform from which to offer complementary social services.[6]

Esperanza is deeply committed to the holistic development of their clients through non-financial services. From its inception, the institution has structured itself around the goal of becoming not just a sustainable MFI, but what Carmen Velasco of Pro Mujer refers to as a "development institution," assuming the "comprehensive challenge of social exclusion and the poverty problem."[7] Commonly known as "Microfinance Plus," this model is based on the concept of leveraging the existing infrastructure provided by microfinance institutions to provide clients with access to non-financial programs they both need and demand.[8]

Esperanza's commitment to the integration of microfinance and health services was born out of an understanding that their target population lacked adequate access to quality healthcare and educational services. From December 2000 to July 2002, Esperanza took part in a study to

[5] Magner, Marge, "Microfinance: A Platform for Social Services." Grameen Publication Series, March 2007. Retrieved June 11, 2007 from http://www.grameenfoundation.org/resource_center/books_and_publications/ Page 13.
[6] Alex Counts, foreword in: Magner, Marge, "Microfinance: A Platform for Social Services." Grameen Publication Series, March 2007. Retrieved June 11, 2007 from http://www.grameenfoundation.org/resource_center/books_and_publications/
[7] Velasco, C. & Chiba, S. (2006), "Expanding Impact: Innovations in Cost-Effectively Integrating Microfinance with Education in Health. Paper commissioned by the Microcredit Summit Campaign. Retrieved June 13, 2007 from http://www.microcreditsummit.org/papers/2006papers.htm Page 1.
[8] *Ibid*, page 6.

assess the impact of combined health and microcredit programs in the Dominican Republic.[9] Three Dominican communities participated in the study; one community had only a health promotion program, one had only a microcredit program, and one community had both a health promotion program and a microcredit program. Though health indicators improved in all three communities, results from the study indicate that the community with parallel health and microcredit programs experienced the most significant changes in eleven measured health indicators.[10] This result confirmed qualitatively what Esperanza's staff had long understood from experience—multiple development services targeted toward the same group produces greater positive change than financial services alone.

The socioeconomic context in which Esperanza operates dictates that poor Dominicans in most regions of the country have limited access to quality, affordable healthcare. Senior managers at Esperanza describe their clients as the victims of discrimination and class-based exclusion from the healthcare system. Socio-cultural barriers to health for clients include low levels of health knowledge, inability to afford care, and geographic isolation from quality care. The latter is particularly true for those living in *bateyes*—extremely poor rural communities whose livelihood depends on the harvesting and sale of sugarcane. With a significant number of clients living in *bateye* communities, Esperanza faces an ongoing challenge to bring them adequate healthcare services.

[9] Dohn, A., & Chávez A., & Dohn, M., & Saturria, L., & Pimentel, C. (2004). Changes in Health Indicators Related to Health Promotion and Microcredit Programs in the Dominican Republic. *Rev Panam Salud Publica*, 15(3),185-93.

[10] The health indicators measured in the study are: 1) households using potable water, 2) households that practice hand washing before preparing foods, 3) children having completed their basic immunization scheme, 4) women who have had a Pap test in the past year, 5) women who practice breast self-examination monthly, 6) households that use a sanitary method of garbage disposal, 7) the prevalence rate of diarrhea for the month prior to the questionnaire, 8) the prevalence rate of acute respiratory infections for the month prior to the questionnaire, 9) ability of mother to recognize signs of diarrhea in child 10) mothers' understanding of oral rehydration methods to treat diarrhea, and 11) mothers' understanding of water purification.

Interviews with medical providers throughout the country reveal that the poor possess a cultural bias against formal medical care. One clinic director notes: "we have so many men dying of prostate cancer because they refuse to have a screening."[11] Likewise, a Peace Corp volunteer from Esperanza's Consuelo branch describes the attitude of the poor toward healthcare as "jaded" because "they can't depend on the government for consistent care."[12] One client remarked that she had "lost faith in public hospitals" after she had to travel several hours to find a hospital that had sutures for a gash on her son's leg.[13] These are the health realities faced by poor Dominicans, and the motivation for Esperanza to continue improving their methods for providing their clients with access to quality healthcare services.

Certainly, there are significant costs associated with offering multiple development services. One major concern is the ability of an MFI to remain financially sustainable while offering multiple services. A recent impact study of Pro Mujer's integrated microfinance and health education programs finds that health services are not operationally self-sufficient when considered in terms of the income generated by service provision.[14] For MFI's such as Pro Mujer Peru and Pro Mujer Nicaragua, health programs rely heavily on the availability of donor funding to offset the costs of providing services. Additionally, a study of three Pro Mujer networks found that determining the true costs associated with human development services is a challenge in itself. Thus, cost coverage and costing methodology are two major financial concerns associated with offering multiple development services.

[11] Interview with a clinic director, Puerto Plata, July 13, 2007; Translated from Spanish
[12] Interview with a Peace Corp volunteer, Consuelo, July 8, 2007
[13] Interview with an Esperanza client, Hato Mayor, July 5, 2007; Translated from Spanish
[14] Velasco, C. & Chiba, S. (2006), "Expanding Impact: Innovations in Cost-Effectively Integrating Microfinance with Education in Health. Paper commissioned by the Microcredit Summit Campaign. Retrieved June 13, 2007 from http://www.microcreditsummit.org/papers/2006papers.htm Page 22.

Chris Dunford of Freedom from Hunger points out a second critique of integrated microfinance and health services: "There is a notion of, why would you have people who are highly trained experts in financial services, waste their time trying to be something that they are not?"[15] Dunford also notes that for those institutions offering financial and health education programs: "Recruiting, training, supervising and incentivizing service staff for high quality facilitation of both financial and educational services is challenging, demanding strong commitment by both the institutions' governors and managers."[16] Additionally, MFI's may face donor and industry pressure to "do one thing, and do it well"—specialize in financial services exclusively.

Additionally, MFI's face the challenge of accurately measuring the performance, sustainability, and impact of integrated health programs. Neisa Vásquez, former Development Manager for Pro Mujer, admits the challenge of improving the transparency and quality of human development services, and the effort involved in incorporating health indicators into their MFIs' information management system.[17] Similarly, a 2002 study by Freedom from Hunger states the importance of tracking clients' health-related progress "as cost-effectively as possible," using "reliable signals on key performance areas for follow-up action needed at the various institutional levels."[18] These requirements for performance measurement systems may present additional challenges to those MFI's whose resources are stretched between financial and non-financial programs.

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[15] Dunford, C. & Vásquez, N. (2006). A panel discussion on the paper *Building Better Lives: Sustainable Integration of Microfinance with Education in Child Survival, Reproductive Health, and HIV/AIDS Prevention for the Poorest Entrepreneurs*. Microcredit Summit E-News, 4(1). Retrieved January 2, 2007 from http://www.microcreditsummit.org/enews/2006-05_wkshp_01.html

[16] *ibid*

[17] Vásquez, N. (2006). A panel discussion on the paper Building Better Lives: Sustainable Integration of Microfinance with Education in Child Survival, Reproductive Health, and HIV/AIDS Prevention for the Poorest Entrepreneurs. Microcredit Summit E-News, 4(1). Retrieved January 2, 2007 from http://www.microcreditsummit.org/enews/2006-05_wkshp_01.html

[18] MkNelly, B, & Brownlee, A, & Nakayenga, R. (2002). Supervision and Support of High-Quality Group-Based Nonformal Education Services: Use of Observational Checklists. Prepared for the Food and Nutrition Technical Assistance Project by Freedom from Hunger. Page 2.

Yet for the complications that a health program creates, it can move an MFI toward its social mission. Integrated services are a way for MFI's to maximize the effectiveness of their financial offerings, and in so doing, have a more holistic impact on their clients. Health services often fit the social mission of an MFI; Dunford reminds us: "It is important that we not be bankers in totality" because "it was the banking community that left the poor out for so long."[19] However, as MFI's are necessarily concerned with their own financial viability, integrated services may present financial benefits for MFI's. The 2006 study of Pro Mujer finds that for the MFI's studied, offering multiple services "improves client loyalty" and "strengthens [the MFIs'] competitive position in the financial services market."[20] Additionally, Magner suggests that healthier clients make better borrowers, referring to poor health as one of the most significant inhibitors to success for microfinance clients.[21]

Evidence also suggests a positive relationship between poor health and higher drop out rates among borrowers. A 1996 study of Grameen Bank borrowers finds that ill health plays a significant role in slowing clients' progress out of poverty. Similarly, an impact study of Zakoura Microcredit Program finds that "problems beyond clients' immediate control" such as illnesses or death in the family are a significant cause of client drop.[22] Therefore, multiple

[19] Dunford, C. (2006). A panel discussion on the paper *Building Better Lives: Sustainable Integration of Microfinance with Education in Child Survival, Reproductive Health, and HIV/AIDS Prevention for the Poorest Entrepreneurs*. Microcredit Summit E-News, 4(1). Retrieved January 2, 2007 from http://www.microcreditsummit.org/enews/2006-05_wkshp_01.html

[20] Junkin, R., Berry, J., & Peréz M.E. (2005). Health Women, Healthy Businesses: A Comparative Study of Pro Mujer's Integration of Microfinance and Health Services. SEEP, USAID. Page ii.

[21] Manger discusses poor health, lack of education, and vulnerability to natural disasters as three critical factors in determining clients' loan performance and subsequent economic progress.
Magner, Marge, "Microfinance: A Platform for Social Services." Grameen Publication Series, March 2007. Retrieved June 11, 2007 from http://www.grameenfoundation.org/resource_center/books_and_publications/ Page 11.

[22] Mourij, Fouzi, (2001). Impact Study of Zakoura Microcredit Program, New York: United Nations Capital Development Fund, Microstart Program, 2000 quoted in Magner, Marge, "Microfinance: A Platform for Social Services." Grameen Publication Series, March 2007, page 11.

development services may simultaneously benefit clients—through better health and "healthier" businesses—and MFI's, who may profit from lower drop out rates, client satisfaction and loyalty, and a more competitive market position.

V. Existing Partnerships with Healthcare Providers

"When Esperanza approached me with the idea of becoming partners, I couldn't resist. I saw the impact that they were having on the lives of their clients, but I knew that the women needed more than loans. What I provide is a health service that the women otherwise wouldn't have. I share some of the costs of this service with Esperanza, and together we are able to do more."

Doctor Rosanna Gonzales, Hato Mayor, Dominican Republic[23]

Using partnerships with existing medical providers to facilitate access to services for their clients, Esperanza is the bridge between clients' health needs and local public and private healthcare providers. Esperanza's partners include public and private clinics, individual doctors, and Dominican and international NGOs (see Table 1). Esperanza's closest, longest-standing partner is *Clinica Esperanza y Caridad*,[24] a public-private clinic located in the province of San Pedro de Marcorís.[25] In addition to this clinic, Esperanza is loosely allied with *Centro Divina Providencia*,[26] a private clinic located in the nearby town of Consuelo and *Centro de Promoción y Solidaridad Humana* (CEPROSH)[27] in Puerto Plata. Strategic alliances with individual gynecologists in Hato Mayor and El Seybo allow Esperanza to offer Pap tests and basic healthcare consultations to the 2,700 female clients in these two branches. Finally, partnerships with several national and international NGOs allow Esperanza to offer periodic health interventions in those branches without regular access to allied providers.

Esperanza funds their healthcare program with a 1% charge on each loan that they disburse. This fee (which amounts to approximately US$1.50/mo. per associate) is collected at the same time that loan payments are made. Esperanza does not consider income from the health

[23] Interview with allied doctor, July 11, 2007; Translated from Spanish
[24] Translation: The Clinic of Hope and Caring
[25] Clinica Esperanza y Caridad is classified as a *clinica privada-publica* because it is receives funding from both the Dominican government as well as private sources.
[26] Translation: The Divine Providence Center
[27] Translation: The Center Promoting Human Solidarity

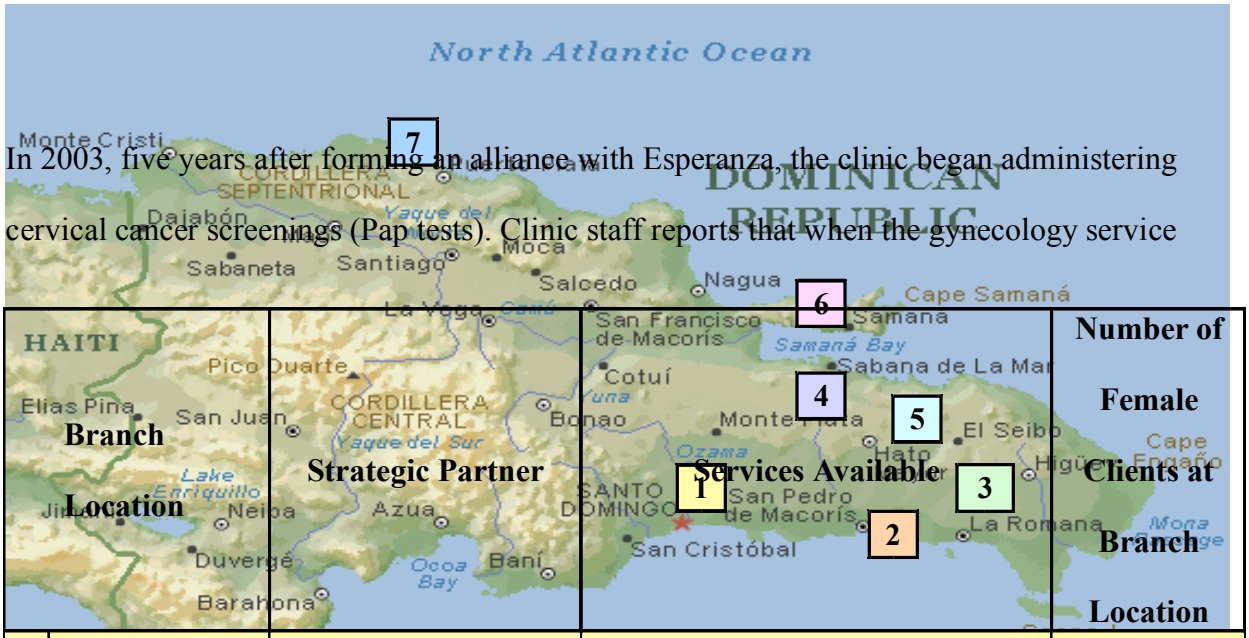
program as general revenue; instead, collected fees are accounted for in a fund strictly designated for healthcare program costs. From this fund, partner healthcare providers are compensated for each of Esperanza's associates that they treat. Currently, Esperanza is able to cover 100% of these costs from the income generated by healthcare fees.

Public and Private Clinics

Clinica Esperanza y Caridad

Clinica Esperanza y Caridad is located in the province of San Pedro de Marcorís, approximately 5km from Esperanza's San Pedro de Marcorís branch office. The clinic provides general medicine, specialized medicine, and rehabilitation services to Esperanza's approximately 4, 600 clients belonging to the San Pedro de Marcorís and Consuelo branches. The 1% loan fee paid by clients allows them to access unlimited basic health care and PAP tests for themselves and their children under 18 years. Additional services and prescription medications are available through the clinic at below-market prices.

Table 1. Esperanza Branch Offices and Corresponding Healthcare Partners



	Branch Location	Strategic Partner	Services Available	Number of Female Clients at Branch Location
1	Santo Domingo	National and International NGOs	Periodic Health Campaigns	1,364
2	San Pedro de Marcorís	*Clínica Esperanza y Caridad*	Cervical Cancer Screening, physical therapy, cardiology, dentistry, vaccinations, pediatric medicine, HIV/AIDS testing and treatment, pharmacy, diagnostic treatment, health education	2,746
3	Consuelo	*Divina Providencia**	Cardiology, gynecology, pediatrics, ophthalmology, psychology, general medicine, sonogram, dentistry	1,007
4	Hato Mayor	Individual gynecologist	Cervical Cancer Screening	1,291
5	El Seybo	Individual gynecologist	Cervical Cancer Screening	1,425
6	Samaná	No current health partner	No current services	2,027
7	Puerto Plata	CEPROSH*	HIV/AIDS testing & treatment, sex and general health education	265

* Partnership not formalized

In 2003, five years after forming an alliance with Esperanza, the clinic began administering cervical cancer screenings (Pap tests). Clinic staff reports that when the gynecology service

began, they were surprised to find that over 50% of the women they tested over the course of the year had never received this medical service. They describe the Pap test as "particularly important test for Esperanza's female clients," as many of them are "both father and mother to their families," and

"When the mother suffers from a vaginal infection or cervical cancer, the whole family suffers."[28]

The administration at *Clinica Esperanza y Caridad* places a very high value on its relationship with Esperanza. They describe the partnership as "based on mutual respect and a desire to reach the poor," emphasizing the importance of reaching the same population using different services.[29] Communication channels between the two organizations have strengthened considerably over time, with increased participation by senior level staff in the operations of the clinic.[30] In particular, the manager of the San Pedro de Marcorís branch frequently visits the clinic and stays in close contact with the clinic director, thereby "addressing issues and heading off problems before they get too big."[31]

Esperanza's affiliation with *Clinica Esperanza y Caridad* creates a supportive community for local clients. In the words of a 42 year-old female client:

> Before I became a member of my Bank of Hope, I had never received a loan from anyone. Now I am on my second loan and my financial situation has improved. Before, I never went to the doctor and I never had a Pap test. Of course, I took my children to the doctor when they were very sick—but I was always,

[28] Interview with clinic administrators, July 3, 2007; Translated from Spanish
[29] Interview with clinic administrators, July 3, 2007; Translated from Spanish
[30] Additionally, legal agreements between the two organizations have become more formalized over time. These agreements establish prices for medical services rendered to Esperanza clients, determine the monthly donation from Esperanza to the clinic, and designate a seat on the clinic's board for Esperanza's Executive Director, Carlos Pimentel.
[31] Interview with Esperanza staff member, July 7; Translated from Spanish

always worried about the cost. Now, my mind can relax more.[32]

El Centro de Promoción y Solidaridad Humana (CEPROSH)

El Centro de Promoción y Solidaridad Humana (CEPROSH) is a private, not-for-profit community service organization serving the northern region of the Dominican Republic with health and education services for people living with and affected by HIV/AIDS. CEPROSH offers educational programs geared toward preventing the spread of HIV/AIDS, distributes and sells condoms, educates sex workers, organizes HIV/AIDS awareness campaigns, offers sexual reproduction education for adolescents, and serves affected families with counseling services.

The relationship between Esperanza CEPROSH was forged even before Esperanza had a branch location in Puerto Plata. In 2003, CEPROSH approached Esperanza because they had heard about Esperanza's impact in the southern region of the country, and were interested in making microloans available to their HIV/AIDS patients in the north of the country. Esperanza responded by starting a very small branch in Puerto Plata (initially 1 loan officer and 10 clients) directly across the street from CEPROSH.[33]

One of the key characteristics of Esperanza's relationship with CEPROSH is the MFI's physical proximity to the clinic. Esperanza shares office space with administrators from CEPROSH and pays the costs of maintaining the office (electricity, gas, etc.). This financial outlay is the only monetary contribution that Esperanza makes to the clinic. Unlike in the case of *Clinica Esperanza y Caridad*, Esperanza does not make donations to CEPROSH, nor does Esperanza pay the clinic for services rendered to Esperanza clients. Though the exchange between the two organizations is not primarily financial in nature, each organization benefits

[32] Interview with Esperanza client, July 2, 2007; Translated from Spanish
[33] Over the past 4 years, the Puerto Plata branch has grown to 2 loan officers (soon to be 3) and 336 clients.

from a common point of service delivery and mutual marketing of services.[34]

El Centro Divina Providencia

El Centro Divina Providencia is a private clinic in the town of Consuelo, where Esperanza serves 1,189 clients.[35] The clinic offers a full range of medical services including pediatric medicine, HIV/AIDS testing and treatment, diagnostic services, and health education.

The relationship between Esperanza and *Divina Providencia* is best described as a lose alliance between organizations working in the same geographic location. The two organizations frequently coordinate their service delivery to reach the same communities. Perhaps the most important effort in this respect is the Bateye Outreach Program, a joint program between Family Health International, *Divina Providencia*, and Esperanza that delivers medical care directly to poor rural communities.

Esperanza has recently initiated a negotiation process with *Divina Providencia* in the hope of gaining a formal healthcare partner in Consuelo. Though Esperanza encourages their clients from Consuelo to seek medical care with their partner in the neighboring town of San Pedro de Marcorís, the time and cost involved in traveling to this clinic have been a significant deterrent to the majority of Consuelo clients. Esperanza staff recognizes that without a local partner, they cannot reach a significant percentage of their clients with healthcare services, and so place a high value on solidifying a formal relationship with the clinic.

[34] For CEPROSH, Esperanza serves as a means for improving the financial situation of the clinic's HIV/AIDS patients. In Esperanza's case, the Puerto Plata branch benefits from a larger client base made possible through the promotion of their financial services during CEPROSH group meetings. The clinic advises its patients that microfinance services are available just across the street and assists them in contacting Esperanza staff.
[35] As of July 2007

Allied Doctors

Esperanza provides access to healthcare for their clients from the Hato Mayor and El Seybo branches through strategic partnerships with individual doctors. Though the institution has not yet located a suitable partner clinic in either of these branch locations, relationships with two female gynecologists allow Esperanza to offer Pap tests to their female clients as well as to the wives of their male clients.

It is Esperanza's policy that female clients receive a Pap test before receiving their first loan with Esperanza, and on a regular basis thereafter. This is an attempt to ensure that each female client stays current with her gynecological exams. Though it is a difficult policy to enforce in practice, Esperanza requires that new clients attend their first Bank of Hope meeting in the branch office, thereby increasing loan officers' ability to monitor each client's compliance with the Pap test policy. *(See page X for a further discussion of Esperanza's Pap test requirements for clients).*

At the Hato Mayor branch, clients who have not yet received their Pap test by the first Bank of Hope meeting are provided with transportation to Esperanza's partner in the area—a privately practicing gynecologist with an office located just a few kilometers from the Hato Mayor branch office. In the case of Esperanza's El Seybo branch, Pap tests are administered by a senior staff member from a local public hospital. Though Esperanza does not provide basic healthcare or follow-up services at this branch location, clients' contact with these doctors often

results in other forms of healthcare, including mini-consultations and referrals to the public hospital for follow-up treatment.

National and international NGOs

Esperanza utilizes the resources and direct health interventions of national and international nongovernmental organizations (NGOs) and foundations to bring periodic health services directly to the communities in which their clients live. Alliances with international health NGOs allow Esperanza to capture a share of large-scale health funds and projects that target poor populations.

The Smiles for Hope Foundation is one of Esperanza's most valuable international partners. A Utah-based nonprofit organization, Smiles for Hope delivers free dental care services to poor communities in developing countries. To ensure that these dental expeditions reach their clients, Esperanza makes in-country arrangements on behalf of Smiles for Hope including locating facilities, prearranging transportation, and securing permission to work from the Dominican government. In return, Smiles for Hope visits the communities in which Esperanza's clients live, providing vital dental services to members of the community, and basic dental training for a select group of Esperanza's clients.

VI. Key Characteristics of Esperanza's Approach to Integrated Services

"Whose job is it to find new health partners? Whose job is it to manage the partners that we already have? Whose job is it to make sure that our clients are well cared for by the doctors? Each of us at Esperanza has a role to play in that. It is a collective effort and it gives each of us a sense of personal responsibility for implementing our healthcare program."

Esperanza employee, Santo Domingo Branch Office[36]

Esperanza's approach to healthcare is guided by senior managers who require employees at all levels of the organization to prioritize healthcare as an essential job function. In this effort, managers and loan officers leverage their connections in the local community to reach out to healthcare providers who share Esperanza's orientation toward the poor and underserved. When quality providers have been located, formal yet flexible agreements between partners ensure that alliances remain stable even as they adapt to the changing needs of the community. Finally, Esperanza establishes strong channels of communication with their health partners, thereby monitoring both the quality of their partners' services and the health needs of the communities they serve.

Top management is committed to integrated services

Esperanza's organizational commitment to integrated service provision is built into their mission. The guiding mission of the organization is to "to promote the holistic and economic development of the families of the poorest communities in the country."[37] This form of development is defined by Esperanza as permanent positives changes in the lives of their clients with regard to economic, social, mental, and spiritual perspective. An institutional vision

[36] Interview with Esperanza Executive Director, June 30, 2007
[37] Esperanza International, Business Plan 2005-2009, page 3.

for integrated services was established by top management during the founding of the MFI, and this vision has continued to shape their dedication to "high-quality services that lead to long-term sustainability."[38]

The development and oversight of Esperanza's integrated services is managed primarily by the central office in Santo Domingo. At this level, institutional objectives regarding health services are established and communicated to each branch office. The central office is also responsible for actively seeking new health partners, negotiating contract terms with partners, soliciting funding for health initiatives, communicating with donors about health initiatives and impact, and facilitating health campaigns for national and international NGOs.

Additionally, top managers have created communication channels for directly influencing the operations of Esperanza's partner clinics. As a result, partner clinics are compelled to give weight to the needs of Esperanza's clients when designing health initiatives. *Clinica Esperanza y Caridad*, for example, is taking steps to increase the number of health educators working in the neighborhoods where Esperanza's clients live. This change in programming was based on a request from a local branch manager, and exemplifies Esperanza's direct influence on their allied partners.

With seven branches spread across the country, senior managers in Esperanza's central office allocate responsibility for managing day-to-day health programs to the managers of each branch office. These staff members are essential not only to the success of current partnerships, but also to the development of new health alliances.

[38] *Ibid*

The commitment of Esperanza's top management to integrated services, as well as the ability of Esperanza's branch managers to successfully manage both financial and non-financial programs is vital to the maintenance and growth of their health outreach. An institutional imperative for integrated services and the human resources to balance multiple programs allow Esperanza to resist the temptation of abandoning health services for a more conventional financial services approach.[39]

Partnerships are initiated informally through personal contacts

One of the defining characteristics of Esperanza's approach to strategic health partnerships is the informal way in which alliances are initiated. In order to locate and communicate with potential health care providers, members of Esperanza's staff leverage their social capital in the local community. Personal connections to churches, community associations, and other non-profits are the primary means through which Esperanza recruits healthcare providers.

In the process of forming strategic alliances, building human capital is paramount. Esperanza's capacity for providing quality services—both financial and non-financial—depends on attracting and retaining capable and committed staff and external partners. Though the process for locating strategic partners is highly informal, it is an approach that allows Esperanza to carefully select partners who are both credible and trustworthy.

[39] Junkin, R., Berry, J., & Peréz M.E. (2005). Health Women, Healthy Businesses: A Comparative Study of Pro Mujer's Integration of Microfinance and Health Services. SEEP, USAID. Page 32.

Finally, Esperanza's highly personal approach to forming strategic partnerships is intended to facilitate a straightforward negotiation process between the institution and its chosen partners. Less time and fewer resources are spent in defining formal agreements because each partner is already familiar with the goals, abilities, and procedures of the other. Additionally, the personal nature of the alliance allows for greater flexibility to accommodate each partner's needs during the negotiation process.

Partnerships are based on complementary goals and strengths

Esperanza seeks to partner with clinics and other healthcare providers whose goals and strengths are complementary to their own. Each of the institutions and individual doctors working with Esperanza has a desire to reach the poorest, least-served community members. Additionally, each partner works to provide quality services on a consistent basis.

Interviews with Esperanza's healthcare partners reveal the importance of this mission alignment. The director of *Clinica Esperanza y Caridad* notes that Esperanza's goal to "reach out to those people who are basically forgotten in our society" was one of the factors that drew her toward the partnership.[40] "Shared goals" are also described by healthcare partners as "the element that moves the two organizations together in the same direction," and as "the reason I provide my services for a fraction of the real cost."[41]

Complementary goals engender a mutual respect between partners that often results in the cross-promotion of financial and non-financial services. This synergy between organizations is

[40] Interview with director of *Clinica Esperanza y Caridad*, July 5, 2007; Translated from Spanish
[41] Interviews with allied doctors, July 7, 2007 and July 14, 2007; Translated from Spanish

best exemplified by the coordinated marketing of financial and health services between CEPROSH and Esperanza's Puerto Plata branch. Staff members at CEPROSH provide their HIV/AIDS patients with information about the financial services available through Esperanza, sharing testimonies on the impact that microfinance has had in the lives of other patients. Likewise, loan officers in Puerto Plata routinely promote the medical services available at CEPROSH—emphasizing the free and confidential HIV/AIDS testing in particular.

Partnership agreements are both formal and flexible

Before entering into close partnerships with healthcare providers, Esperanza is careful to establish formal agreements that clearly define prices for services, set expectations for communication and mutual decision-making, and provide guidelines for the continued development of the alliance.

These formal agreements also facilitate the exchange of information between partners and provide a basis for adjusting terms and services over time.

Esperanza is taking measures to form agreements with partners that meet the needs of both parties. For example, the aforementioned negotiation process between Esperanza and *Centro Divina Providencia* involves an extended group of local, national, and international actors,[42] each with a significant stake in the partnership. Though the process will likely take many months, Esperanza is determined to reach a stable and lasting agreement before exchanging services and financial resources. The branch manager of Esperanza's Consuelo office explains that "we do not want to rush through this phase of the relationship, because we would likely

[42] Among these actors are: the local church, city developers, and the international religious order of the Immaculate Conception.

feel the consequences at a later point."[43]

While the terms of Esperanza's alliances are determined upfront, partnerships often change over time. Relationships adapt to the needs of patients and clients, to the availability of funding for medical programs, and to changes in local health conditions. For example, Esperanza has recently begun transporting medical professionals from *Clinica Esperanza y Caridad* to administer Pap tests in the local *bateye* communities. This service that was added by Esperanza based on the increased need for gynecology services in these communities and the inability of the clinic to fund such efforts alone.

Ultimately, agreements that are both formal and flexible serve to protect Esperanza's clients. By establishing stable relationships with healthcare providers, Esperanza ensures that clients have consistent access to quality healthcare. According to a staff member from the Santo Domingo branch office, if a clinic does not have the capacity to deliver quality services to Esperanza's clients, they will not be selected for a partnership: "we located one potential partner in Samaná last month, but they tried to restrict the number of our clients that could receive services, so we have decided to continue our search."[44]

Partnerships are maintained through frequent contact

[43] Interview with the branch manager at Esperanza's Consuelo branch office, July 9, 2007; Translated from Spanish
[44] Interview with Esperanza employees, July 15, 2007; Translated from Spanish

Frequent, quality communication is a cornerstone of Esperanza's relationship with their strategic health partners. The close proximity of Esperanza's branches to most of their health care partners allows the organization to monitor health services, quickly respond to problems, and collaborate on programs and special projects.

One such example is the physical proximity of CEPROSH to Esperanza branch office in Puerto Plata. The clinic itself is directly across the street from the branch office, and staff from the two organizations share the same office building. This direct integration of administrative functions is described by an Esperanza staff member as: "a way for my office to collaborate easily and quickly with CEPROSH. I don't have to make an appointment to see the clinic director two weeks ahead of time—I just walk over to his office and pay him a visit."[45]

High impact communication with strategic partners requires considerable time and effort on the part of Esperanza's employees, but it allows the institution to stay in touch with the health-related needs of clients. As loan officers have few formal mechanisms for tracking the health status of their Bank of Hope members, open communication with health partners is an efficient and reliable means for gauging clients' health progress.

VII. Primary Advantages of Esperanza's Approach to Integrated Services

"Convincing people to come for HIV/AIDS treatment is difficult when they feel like they have no future. But if they can receive a loan from Esperanza and build a business for their children who will survive them, they have a motivation for getting treatment—a reason for taking care of themselves."

Doctor, *Clinica Esperanza y Caridad*, San Pedro De Marcorís[46]

Esperanza's integrated microfinance and health package offers a number of benefits to clients

[45] Interview with Esperanza employee, July 12, 2007; Translated from Spanish
[46] Doctor, *Clinica Esperanza y Vida*, July 4, 2007

who receive both services. Primarily, these borrowers are able to access quality, affordable health services from a trusted network of providers. Ease of access and personalized care were reported by clients as two of the most important benefits of receiving healthcare through one of Esperanza's allied providers. For Esperanza, focusing on preventive care using external sources keeps costs low and allows the healthcare program to function in areas with a limited availability of medical services. Additionally, their approach is easily adapted to different branch locations, providing a flexible system for instituting health services that is based on local conditions. This system also ties Esperanza to a larger network of development-oriented organizations, creating a ready pool of potential partners that Esperanza can tap in the future.

Personalized care and ease of access for clients

Partnerships between Esperanza and allied healthcare providers create a larger impact on the quality of life of target communities than either could accomplish alone. This synergy of impact results in personalized services that build greater confidence between Esperanza and their borrowers. Interviews with clients indicate that they are acutely aware of the partnerships that exist between Esperanza and their healthcare partners. For the clients surveyed, this awareness engenders a peace of mind in knowing they are part of a supportive network of organizations working together on their behalf. One client notes: "I have more confidence in this gynecologist than in the doctors I used to see, because I know she works with Esperanza."[47]

Esperanza clients also benefit from ease of access to quality care. Common points of contact for dual service delivery reduce transportation costs and time missed from work. Furthermore,

[47] Focus group with Esperanza clients, Hato Mayor, July 6, 2007; Translated from Spanish

because allied providers are located in the communities where clients live, access to healthcare is not limited to days when clients have Bank of Hope group meetings.[48] On the importance of convenient access to healthcare, one branch manager notes: "convincing my clients to go to the clinic for Pap tests is easy because it is on a bus route and it is inexpensive for them to reach. If it was farther away, many of them would not [go]."[49]

Additionally, in some branch locations, the local Esperanza office serves as a single stop for clients seeking gynecology exams and referrals to local health centers. The El Seybo office, for example, has an examination table so that clients can receive Pap tests without making a separate trip to a doctor's office. Likewise, Esperanza's *bateye* outreach—in which Esperanza transports allied doctors into the *bateyes* to administer gynecology screenings—provides their clients in rural areas with services that they would otherwise be unable to access.

Finally, Esperanza offers access to care using a cost structure that is affordable for clients.[50] Those services that are not covered by the healthcare fee—such as medical procedures and medicines—are often available at a reduced cost through pre-arranged agreements between Esperanza and service providers. Esperanza pays each clinic and allied doctor based on services provided to their clients. Because these providers charge Esperanza fraction of their normal fee, Esperanza is able to pass these savings on to clients in the form of lower monthly fees.

Flexibility and adaptability

[48] On the importance of common points of service provision see page 7: Junkin, R., & Berry, J., & Peréz M E., (2005). Health Women, Healthy Businesses: A Comparative Study of Pro Mujer's Integration of Microfinance and Health Services. SEEP, USAID.
[49] Interview with Esperanza employee, July 11, 2007; Translated from Spanish
[50] Market research performed by Esperanza in 2003 indicated that the clients were willing to pay 1% fee on loans (which amounts to US$1.50/mo. per borrower, on average) for healthcare coverage.

While Esperanza's microfinance services are standardized for each branch office, health service provision is adapted to the local availability of partners and the capacity for the MFI to support health alliances in a particular location.

Esperanza's use of a flexible approach stems in part, from financial necessity. At present, the institution is unable to support uniform healthcare services across all branch locations. Therefore, the sustainability of their integrated services demands that health services are extended to each branch on an ad hoc basis, as funds and suitable partners become available. According to one senior manager, "Esperanza will continue to grow our network of providers as long as it is financially sustainable for us to do so. We make choices about coverage on a branch-by-branch basis because we cannot take on more than we can afford."[51]

Esperanza's method for providing access to non-financial services allows them to adapt to the availability of funding for health services, the management capacity of a given branch, and their clients' geographical distribution. Perhaps most importantly, the institution can respond to the availability and accessibility of healthcare providers in each of their branch locations. As healthcare facilities and services vary widely from province to province, Esperanza faces a challenge in finding suitable partners in some regions of the country.

For example, in the town of Hato Mayor, where Esperanza currently serves over 1,200 female borrowers, there is not a single laboratory available for analyzing Pap test samples. Instead of denying clients access to this test, Esperanza has arranged to transport samples taken in Hato Mayor to a laboratory in the neighboring town of El Seybo. This highly flexible operating style

[51] Interview with senior manager, Santo Domingo branch, July 15, 2007

gives branch managers the freedom to develop health services that reflect the local context and serve the interest of their clients.

Maximum impact with minimum cost

One of the primary advantages of Esperanza's decision to act as a facilitator rather than a direct service provider is the impact on the MFI's operating expenses. Though additional services will always impose additional delivery costs, the marginal cost of providing access to healthcare is reduced because Esperanza uses the same staff members to manage both financial and non-financial programs.[52]

The day-to-day management of Esperanza's healthcare program involves communicating with healthcare partners, referring clients to healthcare providers, collecting healthcare fees, and in some cases, transporting clients to allied healthcare facilities. Esperanza uses the same staff to manage non-financial and financial services, thereby reducing the costs involved in performing these additional duties. It is likely that economies of scope are achieved by "packaging two or more services together to minimize service delivery and management support costs."[53] Instead of hiring a separate staff to manage healthcare programs, Esperanza reduces costs by diffusing these additional responsibilities throughout the organization.

Additionally, Esperanza's decision to focus almost exclusively on preventive care attempts to maximize the impact of their healthcare outreach while minimizing costs. Preventive care

[52] Dunford, C. (2001). Building Better Lives; Sustainable Integration of Microfinance with Education in Health, Family Planning, and HIV/AIDS Prevention for the Poorest Entreprenuers. A discussion paper commissioned by the Microcredit Summit Campaign. Freedom From Hunger. Page 5.
[53] *Ibid*, page 2

services are commonly acknowledged to be a cost-effective form of managing illness and disease among poor populations.[54] Preventive healthcare such as the Pap tests administered by Esperanza's partner doctors requires minimal technology and equipment. According to one allied doctor in San Pedro de Marcorís, providing access to preventive care is the "least costly way for Esperanza to make a lasting impact on the health of their clients."[55]

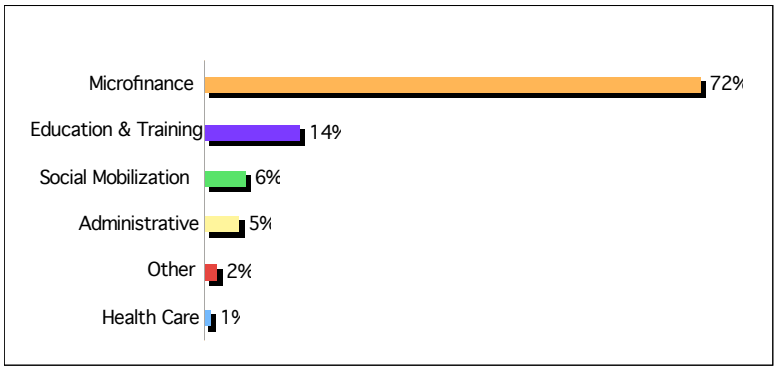
Though this report does not seek to analyze the cost structure nor the financial operations of Esperanza's healthcare program it is important to point out that health-related costs make up a very small portion of the institution's overall program costs. Esperanza keeps healthcare program expenses low by:

- Negotiating with partners for below-market prices for health services
- Charging fees that reflect the cost of providing healthcare
- Soliciting low-cost health interventions by national and international NGOs

From January 2006 to March 2007, health care made up less than 1% of Esperanza's total program expenses (see table 2). Estimates from Esperanza's most recent financial statements suggest that this percentage may increase during the last 3 quarters of 2007, but will likely stay under 2%. Relatively low expenditures on health programs mean that Esperanza can continue to provide access to basic healthcare without jeopardizing their financial services.

Table 2. Esperanza's Program Expenses, 2006

[54] Rodriguez-Garcia, R, & Mackinco, J, & Watters, W (2008). *Microenterprise Development for Better Health Outcomes*. Westport, CT: Greenwood Press.
[55] Interview with doctor, San Pedro de Marcorís; July 6, 2007



Establishment of development networks

One of the most advantageous, yet least tangible elements of Esperanza's partnership approach is the capacity it creates for building extended networks of development organizations throughout the country. Since the introduction of their healthcare program in 2005, Esperanza has amassed a significant number of healthcare partners, contacts, and allies in both the Dominican Republic and the United States. Esperanza multiplies their own development efforts by working within a supportive network of development institutions. It is likely that these combined efforts yield a greater range of impacts than Esperanza could achieve through one-on-one partnerships.[56]

Though it is difficult to qualify the "synergies of benefits" created by these alliance networks, Esperanza's healthcare partners have pointed out a number monetary benefits of collaboration.[57] These include:

- Applying for larger grants as a "team" rather than as individual organizations
- Purchasing medicines and other medical supplies in bulk, at a lower cost

[56] Dunford, C. (2001). Building Better Lives; Sustainable Integration of Microfinance with Education in Health, Family Planning, and HIV/AIDS Prevention for the Poorest Entrepreneurs. A discussion paper commissioned by the Microcredit Summit Campaign. Freedom From Hunger. Page 2.
[57] Ibid, page 2

- Sharing knowledge and best practices for efficient use of medical resources
- Reducing costly overlaps in services through coordinated efforts

An essential part of Esperanza's ability to increase the reach and impact of its health programs has been the ability to reach out to a growing number of healthcare partners. In some cases, Esperanza has accessed the "partners of their partners" in order to explore ideas for new services and service locations. One doctor described his clinic as "a link for Esperanza to other clinics and facilities, to the government or to members of the community that could help Esperanza to extend their services," adding that "there is terrain that has already been covered and relationships that have already been established that they [can] utilize.[58]

In the same way, several of Esperanza's partners have forged relationships with one another based on their mutual affiliation with Esperanza. Based on prompting from Esperanza, *Clinica Esperanza y Caridad* in San Pedro de Marcorís and *Centro Divina Providencia* in nearby Consuelo have recently begun sharing information on administrative systems, cost structures, and government relations. This knowledge-sharing will help each clinic to run more efficiently and may lead to a coordinated effort in reaching the shared local population, both of which will benefit Esperanza's borrowers.

[58] Interview with CEPROSH administrator, July 12, 2007; Translated from Spanish

VIII. Primary Drawbacks of Esperanza's Approach to Integrated Services

"One of the problems with this type of healthcare plan is that the women who have more serious problems typically aren't receiving follow-up care…some of them fall off the radar once they leave my office."

Doctor, El Seybo[59]

Several serious drawbacks emerge from the study of Esperanza's approach to integrated services. Primarily, Esperanza has faced barriers to providing uniform services in all branch locations as locating and securing partnerships with quality providers is an ongoing challenge. Additionally, while the costs of the health program are completely covered by the fee paid by clients, all clients pay for services which some do not receive. These clients both expect and demand consistent healthcare services that Esperanza has not been able to provide. Clients, doctors, and Esperanza staff alike also lament the lack of follow-up and continuous care for those patients needing additional services. Finally, Esperanza's approach places a high demand on existing staff to balance financial and non-financial services.

Services are not consistent across provinces

Esperanza's informal and flexible approach to locating healthcare partners allows the institution to operate within the constraints of a highly unreliable national healthcare system. It also allows them to extend services gradually, as their financial resources permit. However, one of the most pronounced drawbacks of this approach is the fact that services are not consistent across provinces. In other words, each branch offers different services—and as discussed above, some branches do not offer a health program to their borrowers.

[59] Interview with an allied doctor, El Seybo, July 14, 2007; Translated from Spanish

While a "linked-services" approach allows Esperanza to leverage existing service providers, the viability of this approach is highly dependent on "the availability of a sufficient number of capable and willing partners."[60] In provinces with a dearth of capable medical providers who are willing to offer affordable services, Esperanza has struggled to develop lasting partnerships.[61]

As Esperanza continues to bring its health program to scale, the challenge of finding capable and affordable medical providers may become increasingly prominent. In each branch location the institution relies on the availability of external providers who are interested in forming mutually beneficial alliances. In provinces where these providers are few and far between, securing a sufficient number of partners for a full-scale health outreach may require significant time and human resources.[62]

All client pay for services which some do not receive

One of the most serious consequences of inconsistent service provision across branches is that all clients pay for services that some cannot access. Though Esperanza does not maintain comprehensive statistics on their healthcare outreach, data collected for this project indicate that approximately 35% of Esperanza's clients do not have consistent access to healthcare through allied providers.[63] A portion of these clients receive access to healthcare services

[60] Junkin, R., Berry, J., & Peréz M.E. (2005). Health Women, Healthy Businesses: A Comparative Study of Pro Mujer's Integration of Microfinance and Health Services. SEEP, USAID. Page 32.
[61] The issue of affordability is exemplified by the relationship between Esperanza's Consuelo branch office and the town's most complete clinic, Divina Providencia. Negotiations are complicated by the fact that Esperanza cannot afford the prices that the clinic currently requires.
[62] For further discussion of this issue, see page 32 of:Junkin, R., Berry, J., & Peréz M.E. (2005). Health Women, Healthy Businesses: A Comparative Study of Pro Mujer's Integration of Microfinance and Health Services. SEEP, USAID.
[63] Esperanza has three branch locations that do not offer access to healthcare providers on a consistent basis. Approximately 35% of the MFI's total clients are served by these branch locations.

through periodic health campaigns, but they do not receive free, ongoing care through one of Esperanza's healthcare partners.

The long-term financial sustainability of the current healthcare program depends on Esperanza's ability to maintain an obligatory healthcare program fee for all clients. Though the fee charged by Esperanza is relatively low compared to the real cost of the healthcare services provided, this fee is seen as a significant burden for those clients not receiving healthcare. Interviews with clients confirm that those receiving services are generally willing to pay the current fee, while those who do not receive services are dissatisfied with this requirement. Two alternative options surfaced during interviews with Esperanza staff: 1) eliminate fees for clients not receiving care or 2) refund the healthcare program fee for clients not receiving care. Either of these options could have serious financial consequences that may affect the sustainability of the healthcare program.

Limited follow-up care and continuity of care

As previously discussed, Esperanza's almost exclusive focus on preventive healthcare (and cervical cancer screening, in particular) is a low-cost option for providing access to effective health interventions. The disadvantage of this approach is that continued care, or follow-up treatment, is very limited. Though Esperanza does not seek to become "all things to all people," interviews with clients, healthcare partners, and Esperanza staff indicate dissatisfaction over the lack of follow-up care in the institution's healthcare program. Many of these stakeholders also believe that exclusion of this service has an adverse effect on clients' health.

For the majority of Esperanza's clients, access to free healthcare ends with the delivery of preventive testing and basic treatments. Though Esperanza staff may make some referrals to local clinics, they are not required to monitor the health status of clients, nor follow-up with those clients needing additional treatment to ensure that they receive adequate care in a local facility. Strong anecdotal evidence indicates that clients requiring follow-up treatments—such as women with abnormal Pap test results—often do not seek such treatment, either because they cannot afford continued care or they do not know what options are available. Finally, in branch locations where only periodic health campaigns are offered, healthcare is not continuous and clients are far less likely to receive regular treatment.

High Demands on Staff

The close involvement of Esperanza staff members in managing healthcare alliances has hitherto been discussed as an advantage that allows the institution to keep a close reign on the development of their health program. By distributing the responsibility for managing health partnerships and activities throughout the organization, Esperanza encourages employees at all levels to take ownership of the health program. Additionally, this structure allows a more equal distribution of work across the organization.

Despite these advantages to the institution as a whole, this approach places high demands on individual staff members who must make themselves available for an additional set of duties. Table 3 details the primary responsibilities for Esperanza's healthcare program. It is important to note that employees at each level of the organization—from senior managers to loan officers—have considerable responsibilities in managing and implementing health-related activities.

Furthermore, Esperanza does not have a staff member whose role is to oversee the entire healthcare program. Esperanza employees indicate that the healthcare program would benefit from a central manager with authority to set healthcare related policies, determine a strategic plan for the healthcare program, and oversee Esperanza's relationships with various partners.

Table 3. Integrated Service Provision Key Roles and Relationships

Senior Management • Set institutional objectives for integrated service provision • Determine branch managers' role in managing health partners • Negotiate terms of service provision with partners • Actively seek new health partners • Organize and facilitate health campaigns by national and international NGOs • Communicate with donors and stakeholders about health initiatives and impact • Solicit external support for health initiatives
Branch Managers • Manage alliance with local healthcare partner • Institute branch-specific objectives for integrated service provision • Report to central office on status of alliance with healthcare partners • Set branch-level expectations for the delivery of health education and the tracking of client health information
Loan Officers • Articulate Esperanza's health-related policies to clients • Articulate expectations concerning clients' responsibility for their own health • Initiate conversations about health with clients during meetings • Transport clients to allied gynecologists' office

Managing non-financial services may compromise the ability of staff members to focus on the delivery of quality financial services. At the very least, these additional job components require staff to divide their time and attention between multiple types of services. The challenge of balancing dual roles may become increasingly difficult as Esperanza's healthcare program expands. Currently, the institution manages less than a dozen healthcare partners on a regular

basis and maintains basic cost structures for collecting healthcare fees from clients. However, as Esperanza continues to increase their clients' access to health services, new partners and new means of financing the program will likely place an additional strain on staff at all levels.

IX. Considerations for Other MFIs

"The fight to alleviate poverty is too great a task for any one discipline to combat it alone."
"Organizations should develop a model that works for them and their marketplace."

Marge Magner, *Microfinance: A Platform for Social Change*[64]

[64] Magner, Marge, "Microfinance: A Platform for Social Services." Grameen Publication Series, March 2007. Retrieved June 11, 2007 from http://www.grameenfoundation.org/resource_center/books_and_publications/ Pages 20 & 21.

Esperanza is among a handful of MFIs in the Dominican Republic using microfinance as a platform to provide health services. The task of balancing financial services with social development services has proven difficult not only for Dominican institutions, but for MFIs around the globe. The magnitude of this challenge must not be underestimated. Indeed, any microfinance institution considering delivery of health services must face important fundamental questions concerning their ability to implement a successful health program.

A number of important questions emerge from the discussion of Esperanza's approach to integrated service delivery. The following questions are presented for the consideration of other MFIs and industry professionals interested in pursuing an integrated service model. They are based both on Esperanza's experience and other case studies of MFIs using integrated health and microfinance services.

- **How does the provision of health services fit into the institution's overall development objectives?**

Mission

A strong social mission is one of the driving factors in Esperanza's choice to integrate health and financial services. Their identity as a development institution rather than as a purely financial institution provides the foundation for a strong health program. The "will"—or the institutional objective—to promote holistic development is a prerequisite for building a successful health program. Christopher Dunford of Freedom from Hunger asserts that this will "actually shapes our perception of the feasibility of a particular proposal" and "the chances for its success."[65]

[65] Dunford, C. (2001). Building Better Lives; Sustainable Integration of Microfinance with Education in Health, Family Planning, and HIV/AIDS Prevention for the Poorest Entreprenuers. A discussion paper commissioned by the Microcredit Summit Campaign. Freedom From Hunger. Page 25.

Strategic Planning

Several of the drawbacks discussed in relation to Esperanza's approach may be overcome through systematic, long-term planning that establishes specific guidelines for implementing health services. Like many MFIs, Esperanza relies heavily on senior management to guide the objectives of their non-financial programs. Though managers have established a strong organizational commitment to healthcare, success in bringing the program to scale will likely require a more nuanced plan focused on sustainability and continuity of services. This type of planning may promote greater uniformity in services for institutions like Esperanza, whose individual branch offices face a diversity of local conditions.

- **What does the local healthcare context dictate?**

Demand for Services

The choice to implement a healthcare program and decisions about which services to provide must be based on the demands of the local population. For many MFIs, the quality of the national, regional, and local healthcare systems determines the health-related needs of their borrowers. The equity of the healthcare system, the accessibility of local facilities, and the cultural health attitudes and practices of the poor all have significant implications for creating health services that cater to underserved populations. Institutions will be well-served by market research that determines: 1) which services are most needed, and 2) the amount that clients are able and willing to pay. This information will assist MFIs in pinpointing their clients' most important healthcare gaps and in setting appropriates prices for services.

Availability of capable, willing healthcare partners

The availability of capable and willing partners is particularly important for those MFIs seeking

to provide access to existing healthcare services for their clients. As demonstrated by Esperanza's approach, MFIs will benefit most from local partners with whom they share mutual goals and close communication. Because locating these partners may require significant time and resources on the part of the microfinance institution, MFIs should seek out those resources that may already exist for locating and evaluating local healthcare providers. These may include government registers, lists published by healthcare NGOs, or information available from community organizations and local leaders. Finally, MFIs with a strong commitment to providing access to healthcare may consider the availability of quality providers when deciding where to establish branch locations.

- **What is the most appropriate method for providing additional services?**

Choosing a model

Esperanza has chosen to facilitate access to healthcare services, rather than providing healthcare in-house. However, other models for healthcare programs include the "unified model"—where both microfinance and non-financial services are offered by the same staff in the same institution, and the "parallel model"—in which each service is administered by separate staff, belonging to the same organization.[66] MFIs must carefully consider which of these methods—or combinations of methods—will best allow them to serve their clients. Clearly, providing health services in-house requires considerable additional costs and human resources, but may be the appropriate choice for larger institutions with the capacity to support multiple internal programs. Finally, the ability of MFI staff to deliver healthcare and/or health education is a critical factor in determining an appropriate model.

Roles and Responsibilities

[66] Models developed by Christopher Dunford.

Decisions about how to manage healthcare services will be based on the human resources available to an MFI. As an MFI's health program grows, the management structure may change based on the size of the program. For example, due to the rapid growth in their number of active clients, Esperanza will likely centralize the oversight of its health program in a new staff position. Additionally, as Esperanza's health program grows, they will continue to redefine the answers to the following questions: *Which staff are responsible for managing relationships with strategic partners and initiating relationships with new partners? What is the role of loan officers in tracking the health of their group members? How should health-related data be collected and managed? How is health-related information best communicated between branches?* and *How can the central office effectively manage health programs in other areas of the country?*

- **What level of care can the institution provide?**

Type of care

In addition to selecting the most appropriate model for healthcare delivery, MFIs must consider which healthcare services they can feasibly provide. Esperanza's focus on preventive care is less costly than providing a full range of curative (including follow-up) services, but it falls short of filling many clients' healthcare needs. Most MFIs with healthcare programs emphasize preventive care, and some offer additional services including: health education and training, curative healthcare, dental services, HIV/AIDS treatment, and nutrition programs. Along with the financial feasibility of each of these options, MFIs must again consider which services will address the most pressing needs of their borrowers.

Education and Training

Recognizing that their target population often suffers from a lack of health knowledge, some MFIs have chosen to provide health education and training to borrowers. The group-based lending model is well suited for delivering health education and training, as borrowers come together in a familiar setting on a regular basis. Industry studies find that health education not only changes health behavior and attitudes, but also creates awareness about what to expect and demand from healthcare providers. Health education and training programs incur additional costs, but many MFIs find that the benefits to their clients outweigh these expenses. Furthermore, marginal costs for education and training can be reduced by delivering education during group meetings, using loan officers as educators, and utilizing training materials that have already been developed for use by MFIs.

- **How will the addition of healthcare services affect financial sustainability?**

Cost coverage

Health program costs will vary widely, depending on the level of service provided, the ability of institutions to charge fees for services, and the availability of donor funding for health programs. Case studies of other MFIs suggest that an accurate understanding of the direct and indirect costs of non-financial services is essential for protecting the sustainability of an institution's operations as a whole. Decisions about how to account for health expenses and revenues will have an impact on an MFI's bottom-line.[67] As there are a number of viable options for financing a health program—including cross-subsidies from financial services, donor funding, and income from health operations—institutions will benefit from an accurate

[67] For a discussion on costing methodology, including activity-based costing and cost allocation, see page 22-25: Junkin, R., Berry, J., & Peréz M.E. (2005). Health Women, Healthy Businesses: A Comparative Study of Pro Mujer's Integration of Microfinance and Health Services. SEEP, USAID.

allocation of cost between financial and health services.

Donor funding

A number of MFIs offering an integrated microfinance and health program rely heavily on donor support to fund their non-financial services. Direct funding from external sources may aid MFIs in covering the costs of their health programs. In the case of Esperanza, health projects benefit from occasional donations of medical supplies, but the institution receives very little in the way of direct donor support. Other case studies suggest that income from donor funding may increase an institution's long-term ability to offer a broad range of non-financial services.[68] However, it is important to take into account the additional administrative costs involved in soliciting and managing donor funding, as well as the potential volatility of this funding source.

Long-term sustainability

Though immediate financial self-sustainability is a concern for most MFIs, non-financial services must also be considered in terms of their long-term costs and benefits. By nature, MFIs committed to holistic development are interested in the benefits to integrated services that are not reflected in their organization's financial bottom-line. These include the social empowerment of their clients, changes in clients' health attitudes and practices, and the link between health and clients' ability to repay loans. While acknowledging the implications of financial self-sustainability on the quality of their microcredit services, these institutions also prioritize the diverse social and physical needs of their borrowers, focusing on "client sustainability instead of institutional sustainability."[69]

[68] Additionally, Marge Magner encourages MFIs to "reach out to less obvious players—including social ventures, private businesses, government organizations, and yes, even large corporations." Page 20.
[69] Magner, Marge, "Microfinance: A Platform for Social Services." Grameen Publication Series, March 2007.

Conclusion

The integration of microfinance and health services is a complex process at best. As illustrated by the proceeding considerations, most healthcare program decisions depend on factors that are specific to a local population. Furthermore, microfinance institutions are faced with a slew of competing priorities—short-term versus long-term sustainability, dedicating of human resources to financial services versus dividing labor among different types of services, and keeping interest rates and fees as low as possible versus implementing charges for additional programs—to name only a few.

Esperanza's case demonstrates not only the advantages and drawbacks of their particular approach to integrated microfinance and health services, but it also highlights the potential challenges involved in bringing such a program to scale. While concerns over financial sustainability and the prioritization of financial services are very real, an institutional focus on the well being of the client is appropriate for MFI's with a fundamentally social mission. Therefore, despite these challenges, Esperanza and other pioneering MFI's realize that such efforts are essential to providing a more comprehensive solution to poverty than microfinance alone can offer.

Retrieved June 11, 2007 from http://www.grameenfoundation.org/resource_center/books_and_publications/ Page 21.

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