



## Combating the Poverty-Poor Health Cycle: The Case for an Integrated Approach to Microfinance and Health

An integrated approach to microfinance and health can play a unique role in tackling the vicious poverty-poor health cycle. In so doing, it offers opportunities to promote U.S. strategic interests and advance progress on five of the eight Millennium Development Goals. By simultaneously addressing the need for financial and health services, an integrated approach creates a virtuous cycle that:

- ◆ Increases long-term viability of microfinance while achieving important health outcomes among hard-to-reach populations.
- ◆ Benefits the poorest of the poor in ways that single-stream solutions have as yet failed to do.
- ◆ Packages information and services in ways that are most effective in each target community.

**THE NEED:** Globally, an estimated 100 million people fall below the poverty line each year because of large or unexpected health expenditures, while many of those already living in poverty continue go untreated because they cannot afford to seek health care, according to USAID.

Women are at the center of the poverty-poor health cycle, especially those living in remote rural settings. The high costs of transportation, services and commodities often prohibit the poor from accessing care. In much of the developing world, families are forced to sell productive assets to cover healthcare costs. The financial burden of illness and death, however, can be even more severe. According to the World Bank, “maternal deaths are both caused by poverty and are a cause of it, with the costs of childbirth often the single biggest cause of casting a family into poverty.”

**THE OPPORTUNITY:** In a comprehensive literature review, researchers at UNC’s Gillings School of Public Health highlighted evidence from a growing number of studies that “indicate positive health benefits in diverse areas such as maternal and child health, malaria and other infectious disease, and domestic violence” from integrating microfinance and health programs (Leatherman et. al., Health Policy and Planning, 2011). Based on this promising research, an integrated approach also offers impacts on a variety of financial, health, and social issues.

Perhaps most importantly, it may be an opportunity to benefit the poorest of the poor whose lives, it has been said, are “too chaotic... leading to the danger of ‘debt slavery’ if a loan can’t be paid back because the money vanished in the black hole of their latest disaster” (Blumberg 2005). By decreasing vulnerability to health-related shocks, programs that integrate a range of context-appropriate health and social services may best positioned to mitigate the risks, and extend both health and financial services to the very poor.

Finally, an integrated approach builds on platforms that will be well positioned to address non-communicable diseases and chronic conditions that become more prevalent during demographic transitions. Thus, investments in integrated approaches to health and microfinance are part of a long-term strategy to improve the quality of life for the poor.

**WHY THIS APPROACH?** Although they share many of the same goals and seek to serve many of the same populations, microfinance providers and public health practitioners have largely worked in separate silos. Both camps work to extend services to the poor, while addressing the unique needs and strengths of women. From both perspectives, an integrated approach that extends financial access with health information and services offers reciprocal benefits.

**Financially,** healthier clients are more economically productive, better able to repay loans, and more likely to repeat the cycle to further grow their businesses or diversify their income streams. Integrating health services decreases the likelihood that clients will divert capital away from productive purposes to cover health costs, and increases their attendance at group meetings. Integrating health services can also increase client loyalty and boost market share, which offers more immediate-term results against the bottom line.

**From the health perspective,** service outreach to the poor is a significant challenge. Microfinance providers offer regular access to the poor, particularly via with group-based delivery platforms that regularly meet. These meetings are opportunities to provide education, training, and facilitate dialogue on important health issues. They also create a unique space to foster social and behavioral change. One-on-one meetings between borrowers and credit officers provide further opportunities for more individualized exchanges, and even direct service provision.

**Clients benefit** from increased health information and service access in group settings that facilitate community involvement and social support for health and behavior change. Moreover, because a family member’s poor-health affects overall household productivity, access to health-related programs and services is generally extended to all members of the client’s household. Finally, facilitating regular community-based and context-appropriate meetings is an important strategy to engage male partners along with (usually male) community and religious leaders who otherwise may be resistant to or unreached by maternal health and family planning programs.

Health	Microfinance	Cross-cutting Issues	Millennium Development Goals
Nutrition and breastfeeding Maternal Health Access to clinical care Reproductive Health and Family Planning Infectious diseases including HIV/AIDS, STIs and Malaria	Increased clientele base Greater market share Client loyalty Marketing niche Stronger loan performance Likelihood of repeat borrowing	Financial inclusion Household economic strengthening Women’s economic empowerment Gender and normative change	<b>MDG 1:</b> Eradicate extreme poverty and hunger <b>MDG 3:</b> Promote gender equality and empower women <b>MDG 4:</b> Reduce child mortality rates <b>MDG 5:</b> Improve maternal health <b>MDG 6:</b> Combat HIV/AIDS, malaria, and other diseases