



# INCREASED ACCESS TO CREDIT LEADS TO SUSTAINABLE HEALTH OUTCOMES IN ETHIOPIA

## PRIVATE HEALTH SECTOR PROJECT



The Private Health Sector Project (PHSP) is funded by the United States Agency for International Development (USAID) in Ethiopia. PHSP's main goal is to improve the quality and expand the availability of priority health services including malaria, tuberculosis (TB), HIV, reproductive, maternal, neonatal, child health (RMNCH), and family planning (FP) services in Ethiopia with support from the Ministry of Health.

In Ethiopia, a large amount of the population depends on private health clinics to receive treatment. In order to meet the increasing demand for services, private health providers (clinics, pharmacies, and hospitals) need access to credit to expand the provision of health services across the country. However, one of the main barriers for private health facilities to receive loans is meeting the strict requirements of financial institutions, in particular the ownership of assets as guarantee.

To alleviate this burden, PHSP facilitated agreements between USAID's Development Credit Authority (DCA) and two local financial institutions to provide partial credit guarantees to incentivize commercial banks to issue loans for small and medium businesses to strengthen the private health

sector in 2011. As a result, USAID guaranteed a total of USD \$13.4 million to support loans to enhance the development of the private health sector in Ethiopia. Nine years later, PHSP contacted one of the loan beneficiaries to understand the long-term impact of such loans.

Before the introduction of the DCA initiative, Dr Meselu and her husband, Dr Abraham, had saved for years to establish their own clinic and in 2013, they founded Alemgena Surgical Specialty Center. A few months after opening, PHSP contacted Dr Meselu to inform her about the DCA program. According to Dr Meselu this was "a critical time" because at that point they had used all their savings to rent the space and buy basic equipment, but "making the clinic operational was a challenge."

With PHSP's support, Dr Meselu received a loan of USD \$84,292 that allowed her to hire 10 nurses, one medical technician, one surgeon, and a general practitioner. She also purchased an anesthesia machine and a CBC analyzer to count blood cells. Additionally, she bought furniture for the reception and a generator to mitigate the frequent power outages.

PHSP provided financial, operational and management training and on-site mentoring to strengthen loan beneficiaries' business and management capacities to manage their health facilities and the loan repayments.

“The main benefit of receiving DCA loans is to access financial resources to upgrade the facility the next level to render comprehensive and high quality health services for the community.” Dr. Meselu

The health center expanded the provision of services and experienced an increase in patients, allowing Dr Meselu to repay the loan before schedule. She described how the knowledge and experience she grasped from the financial trainings helped her to get the courage to seek more financial resources to expand health services even further.

Therefore, she applied for a second loan to be able to provide comprehensive health services, like outpatient surgeries, at Alemgena Surgical Specialty Center. Given her good track record, Dr Meselu received an additional loan of USD \$42,146.



Dr. Meselu showing the equipment bought through the DCA loan guarantee program

The second loan allowed Dr Meselu to build and equip a pharmacy within the health center. She also purchased additional laboratory and medical equipment to improve service delivery including 3D and 4D ultrasounds and digital X-ray machines. Lastly, she equipped the inpatient department with beds, bought surgery tables for operation rooms, and purchased chemistry machines to calculate hormones and electrolytes.



4D ultrasound machine at Alemgena Surgical Specialty Center, Ethiopia

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As a result of the DCA loan guarantee program, the Alemgena Surgical Specialty Center currently provides major surgery services, pathology examinations, and comprehensive pharmacy services, none of which were offered before receiving the loans.

The center is known for its imaging services (x-rays and ultrasounds) and the laboratory provides comprehensive services and serves as a referral laboratory for nearby public and private facilities who lack the sophisticated equipment that Alemgena Surgical Specialty Center has.



Laboratory at Alemgena Surgical Specialty Center, Ethiopia. Photo courtesy of Getu Gebru.

“Without DCA the facility could not be more than the level of Medium Clinic, which wouldn’t allow the facility to provide comprehensive health services” Dr. Meselu.

When asked about her future plans she smiles and says she plans to upgrade the health center into a hospital in the upcoming years.

As evidenced, the DCA loan guarantee scheme not only benefitted Dr Meselu but also patients visiting the health center who showed greater patient satisfaction because they could access comprehensive health services in one place. The number of outpatients increased from 10 per day before the loan to 60 per day in 2019.

Additionally, the funds indirectly provided permanent job opportunities for local staff, as the center went from having 22 full-time employees before receiving the loan to 47 full-time employees in 2019 (26 professionals and 21 non-professionals). This is an example of how facilitating access to loans for private health providers leads to sustainable benefits for providers, patients, and the community as a whole.