



# Medical Credit Scheme

Private Health Sector Convention  
Golf Course Hotel  
November 2019



## Presentation Outline

- Background
- Timelines in establishing Medical Credit Scheme in Uganda
- Fund structure
- Eligibility and qualification criteria for participation
- Loan access and payment procedure
- The investment cost for Medical Credit Scheme

# Background



Significant number of health consumers use private health providers (PHP), especially in rural areas

PHP face financing constraints and challenges as provide quality services

Financial institutions reluctant to loan PHP due to:  
limited business skills, weak systems, lack credit history, unconventional collateral

PHPs where receive loans encounter unfavorable loan conditions:  
High interest rates, short loan tenure, high collateral requirements, no TA

# Private Sector Credit Challenges

- Unfavorable lending situation
  - High prime lending rate (23% - 30%)
  - Short loan tenure
  - Stringent collateral requirements (120% of the loan value)
  - No technical assistance in health business investment decision making
- Lack of infrastructure development
  - 68% of private health facilities in central region
  - Rural areas underserved in healthcare



# Current financing:

78% of surveyed private health businesses noted major constraint to running operations was lack of financing, specifically to purchase new equipment and for working capital needs (2014)

Retained earnings 62%

Commercial banks  
16%

Friends/ Family 12%

Supplier credit 6%

Money lenders 4%

# Private sector growth priorities

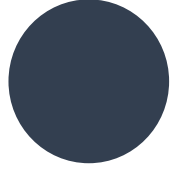


Investment	Example
Growth and expansion of business structures	Renovations and new structures
Expand services scope	More services where patients are at community level
Access equipment and modern technology	Replacement and acquisition
Reduce referrals to “other” providers	Upgrade scope equipment, furniture and fittings
Introducing ICT and eHealth solutions	Telemedicine, introduce computers and software

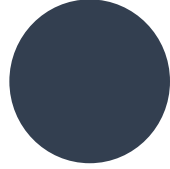
# Timeline:



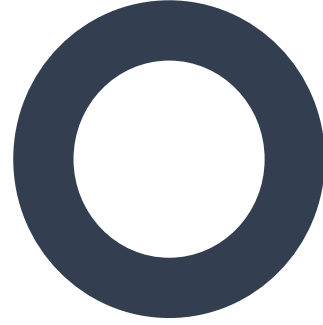
**2015:** Process of establishing Medical Credit Fund reaches MOF and stalls



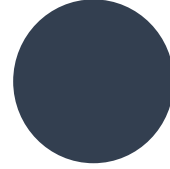
**2017:** Process started again and received endorsement by MOH Management



**2015:** IFC World Bank and Pharmaccess host meeting with BOU, MOF & MOH to introduce the idea of a Medical Credit Fund

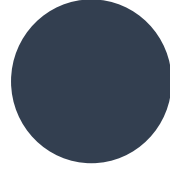


**2019:** MOF reiterates support to establishing a Medical Credit Scheme to support private sector



**July 2019:** MOF seeks confirmation from MOH of partners willing to invest

**2018:** Medical Credit fund to be called a Scheme receives endorsement by MOH Minister and proposal submitted to MOF



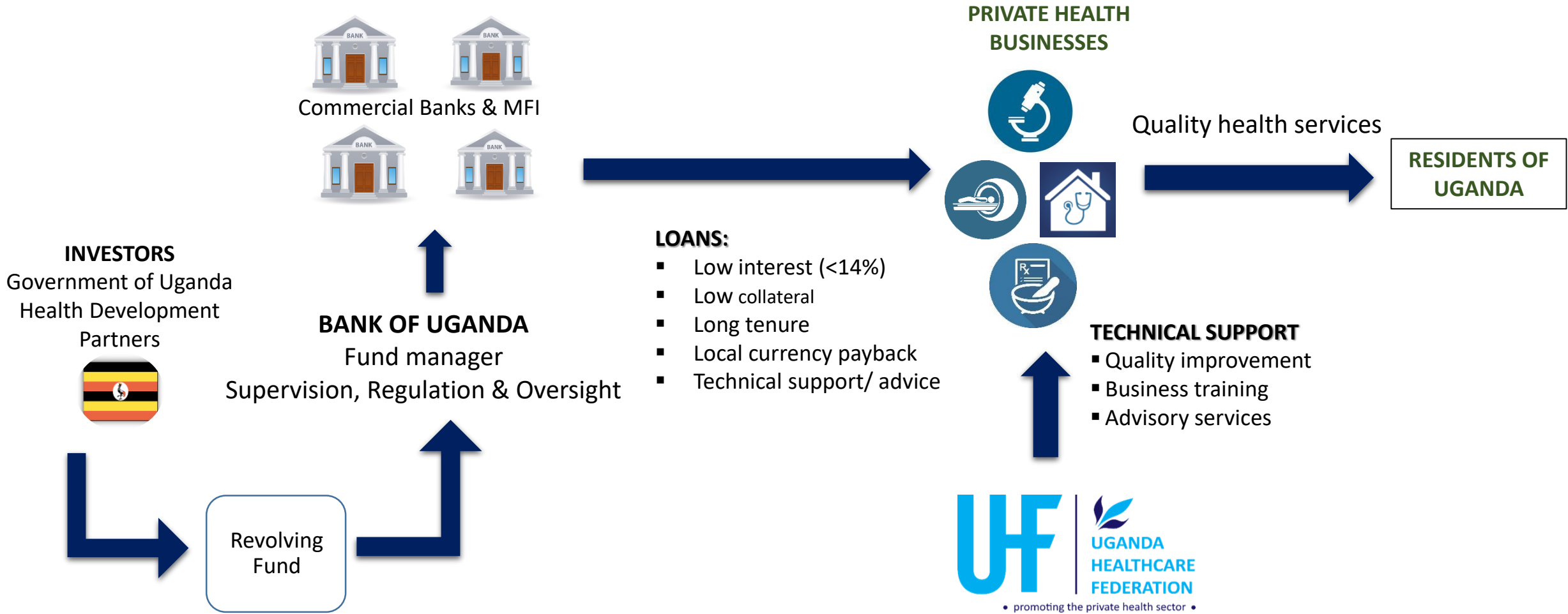


# Stakeholders:

- Government of Uganda
  - Bank of Uganda
  - Ministry of Finance, Planning and Economic Development
  - Ministry of Health
  - Solicitor General
  - Ministry of Justice and Constitutional Affairs
- IFC/ World Bank
- Technical Development Partner
- Guarantor
- Financial Institutions
- Uganda Healthcare Federation
- Private Health Providers



# Fund structure



# Eligibility & Qualification Criteria for Participation



	Participating FIs	Borrower
1	Wide geographical spread	2 years operational experience (Subject to exceptions on a case by case basis)
2	BOU regulated institutions	Should be registered and in good standing with relevant professional body
3	Ability & flexibility to serve the target market	Meet regulatory standards and vetting process by umbrella body
4	Willingness to co-fund	Meet the required technical pre-set standards

Interest from:

- Postbank
- Finance Trust Bank
- Centenary Bank
- Stanbic Bank



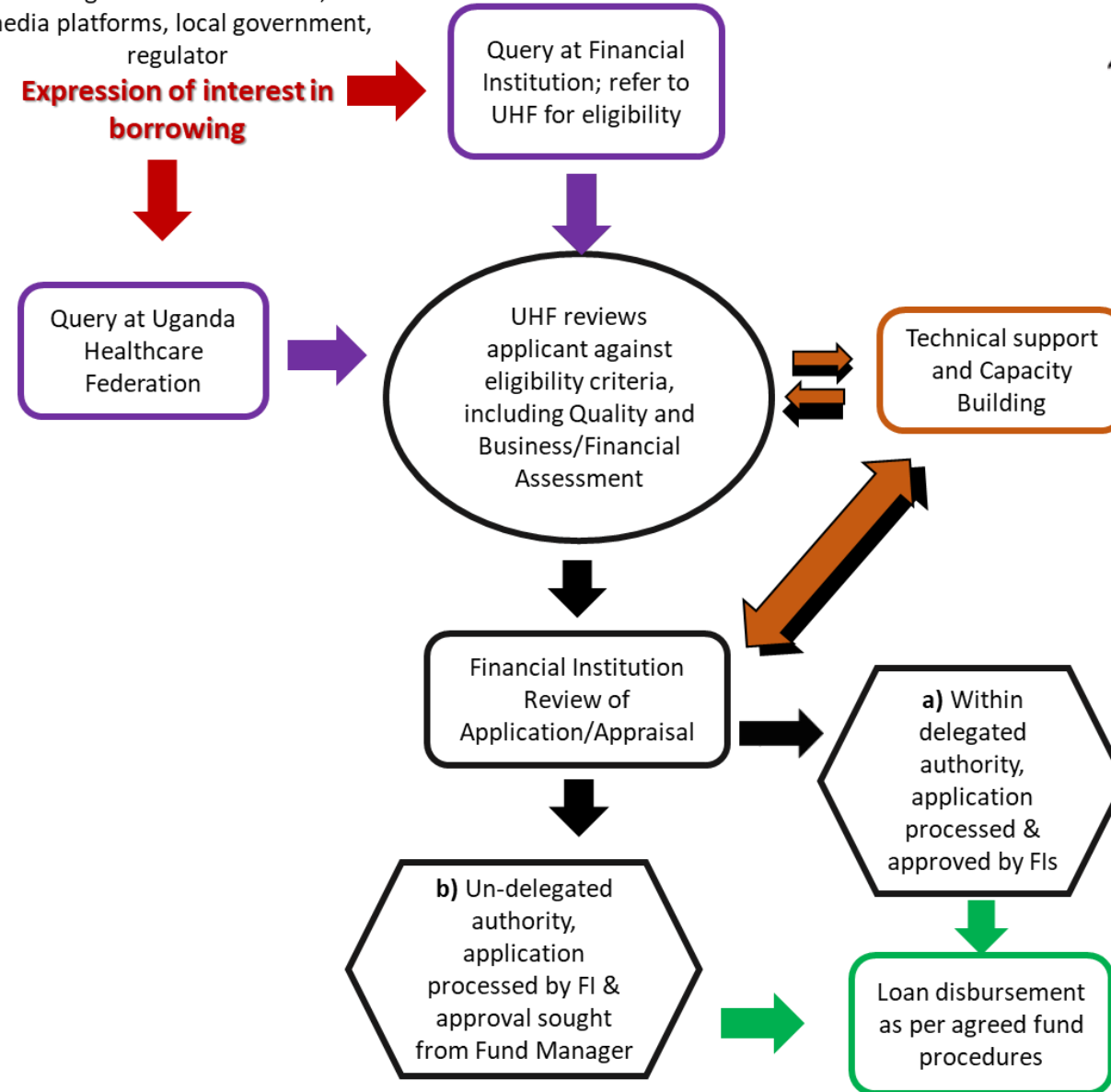
# Selection of Borrowers:

- Participating borrowers must have a minimum of 2 years operational experience. Case by case exceptions maybe considered and approved by the lending financial institution.
- Should be registered and in good standing with relevant professional body
- Facility based borrowers must be reporting data through the MOH prescribed portal for a minimum of 6months into the Ministry of Health reporting systems for instance HMIS and DHIS2.
- Meet the required technical pre-set standards
- Eligibility as verified by Uganda Healthcare Federation

# Loan Access & Repayment Procedure:

Nationwide marketing campaign through UHF membership network, financing institution branches, all media platforms, local government, regulator

**Expression of interest in borrowing**





- The investment is phased over a three year period:

(All funds in USD)

Fund Contributor	Year 1	Year 2	Year 3	Total
Government	600,000	700,000	700,000	2,000,000
HDP	1,000,000	2,000,000	2,000,000	5,000,000
Financial Institutions (30%)	600,000	1,200,000	1,200,000	3,000,000
REVOLVING FUND TOTAL	2,200,000	3,900,000	3,900,000	10,000,000
TA Grants from HDP incl. IFC World Bank	150,000	200,000	250,000	600,000
TA FUND TOTAL	150,000	200,000	250,000	600,000
<b>GRAND TOTAL</b>	<b>2,350,000</b>	<b>4,100,000</b>	<b>4,150,000</b>	<b>10,600,000</b>



Thank you