Making Health Businesses Healthier

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Evaluation of the PharmAccess' 'Healthy Business Development Programme' in Kenya

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Executive summary

PharmAccess successfully maintained a holistic three-pronged approach in its 'Healthy Business Development Programme' to simultaneously address clinical, business and finance gaps among health SMEs in Kenya. Nevertheless, a stronger connection between PharmAccess' three types of support can further increase its overall impact.

Background

SEO Amsterdam Economics, in collaboration with APHRC, evaluated the 'Healthy Business Development Programme' (HBDP) that was implemented in Kenya by a consortium of partners,[1] led by the PharmAccess Foundation. The programme received a grant of EUR 1.8 million from the Dutch government's Facility for Sustainable Entrepreneurship and Food Security (FDOV), managed by the Netherlands Enterprise Agency (RVO.nl). As part of its required Monitoring & Evaluation (M&E) reporting to RVO.nl, PharmAccess contracted SEO and APHRC to evaluate the effectiveness of the programme and provide recommendations.

The HBDP was set up to address three important 'gaps' that may constrain the development of small and medium-sized enterprises (SMEs) in the Kenyan private health sector:

- **Clinical gaps**: Gaps in quality-of-care standards, procedures or equipment, which undermine the quality of healthcare service and associated health outcomes.
- **Business gaps:** Gaps in business management knowledge or skills that may prevent health professionals from efficiently running their health SME as a commercial business.
- **Finance gaps:** Lack of sufficient financial resources, or limited access to financial products such as business loans, which constrain the ability of health SMEs to invest in expanding their business or address any of their business or clinical gaps.

The programme was 'holistic' in that it provided three types of support in order to address these three gaps:

1. **Clinical support**
   Through SafeCare assessments, Quality Improvement Plans (QIP) and other training programmes
2. **Business development support**
   Through Strathmore Business School courses and other Business Development Services
3. **Financial support**
   Through the Medical Credit Fund (MCF) Loan Programme and MCF's Cash Advances

Theory of Change and evaluation questions

As a starting point for the evaluation, SEO reconstructed a 'Theory of Change' (ToC) for the HBDP programme, in close consultation with the PharmAccess team. The ToC is presented in Figure 1, which graphically shows the five 'impact pathways' through which the HBDP was expected to address the various gaps faced by private health SMEs in Kenya. The three

[1] Together with implementing partners WordBank/IFC, Strathmore Business School Kenya, Ministry of Health Kenya, AMPC International Health Consultants and Medical Credit Fund.

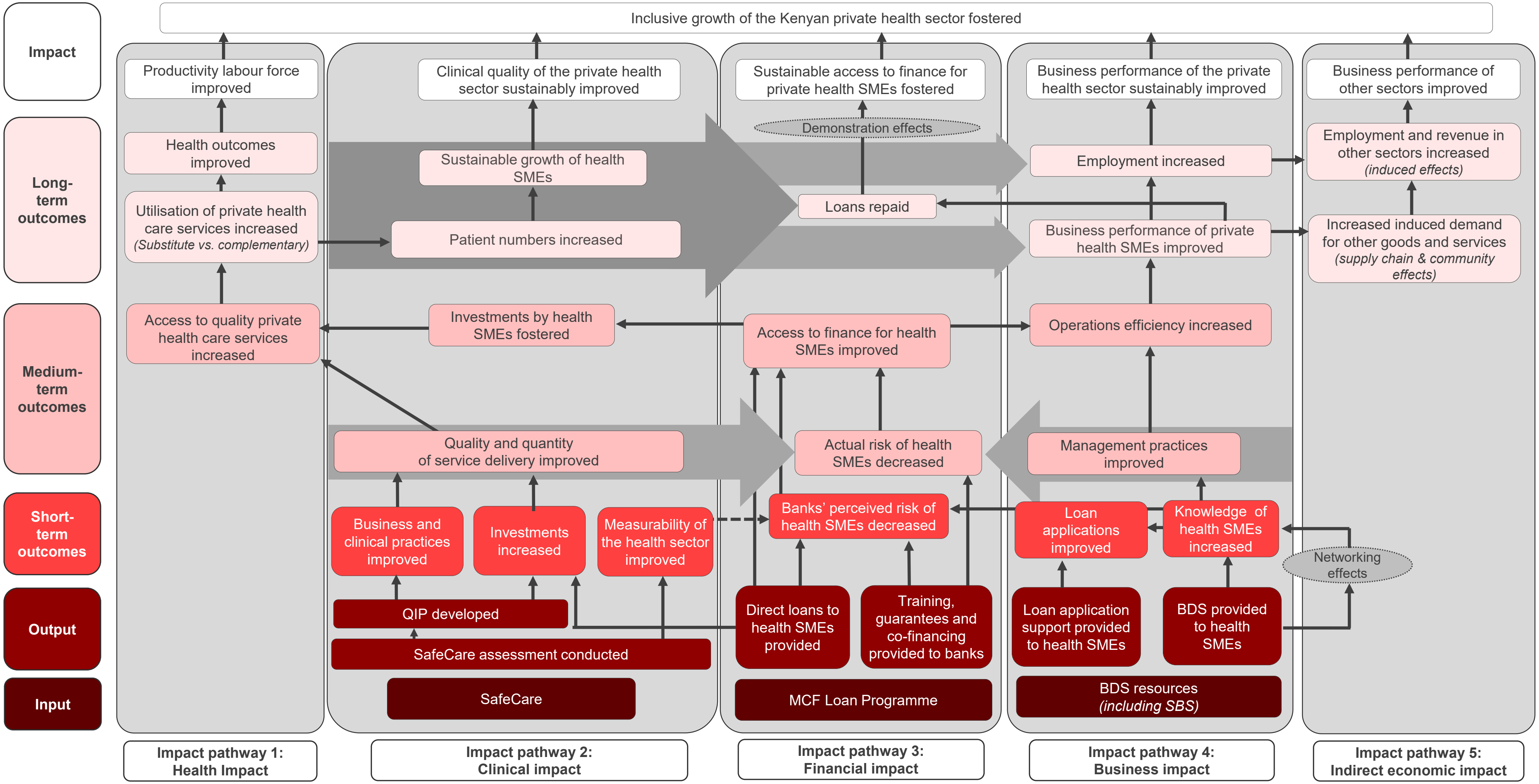
pathways in the middle of this diagram indicate the key pathways discussed above, referring to clinical impact, business impact, and financial impact. In addition, the evaluation team identified two related impact pathways, referring to the indirect health impact of the HBDP on the lives of patients, and the indirect economic impact of the programme on other sectors. While estimating these indirect effects is also important, this was not part of this evaluation.

As the ToC diagram indicates, the design of the programme explicitly incorporated various linkages between the three key pathways. These linkages, indicated as arrows between pathways, illustrate that the programme activities were expected to have the following synergies:

- **Improvements in clinical practices help improve the business performance of health SMEs, which in turn improves their access to finance**. By improving the (perceived) clinical quality of care, the programme expected to increase demand and thereby utilisation of healthcare services (e.g. increased patient visits), thereby improving revenues and reducing the risks of financing health SMEs.
- **Improvements in business practices help reduce the risks of financing health SMEs**. By improving practices such as financial reporting and business planning, business development services can reduce credit risk and thereby help improve access to finance from banks or MFIs.

Improvements in business performance in turn helps improve loan repayment, thereby contributing to building a good credit history.

Figure S.1 Theory of Change



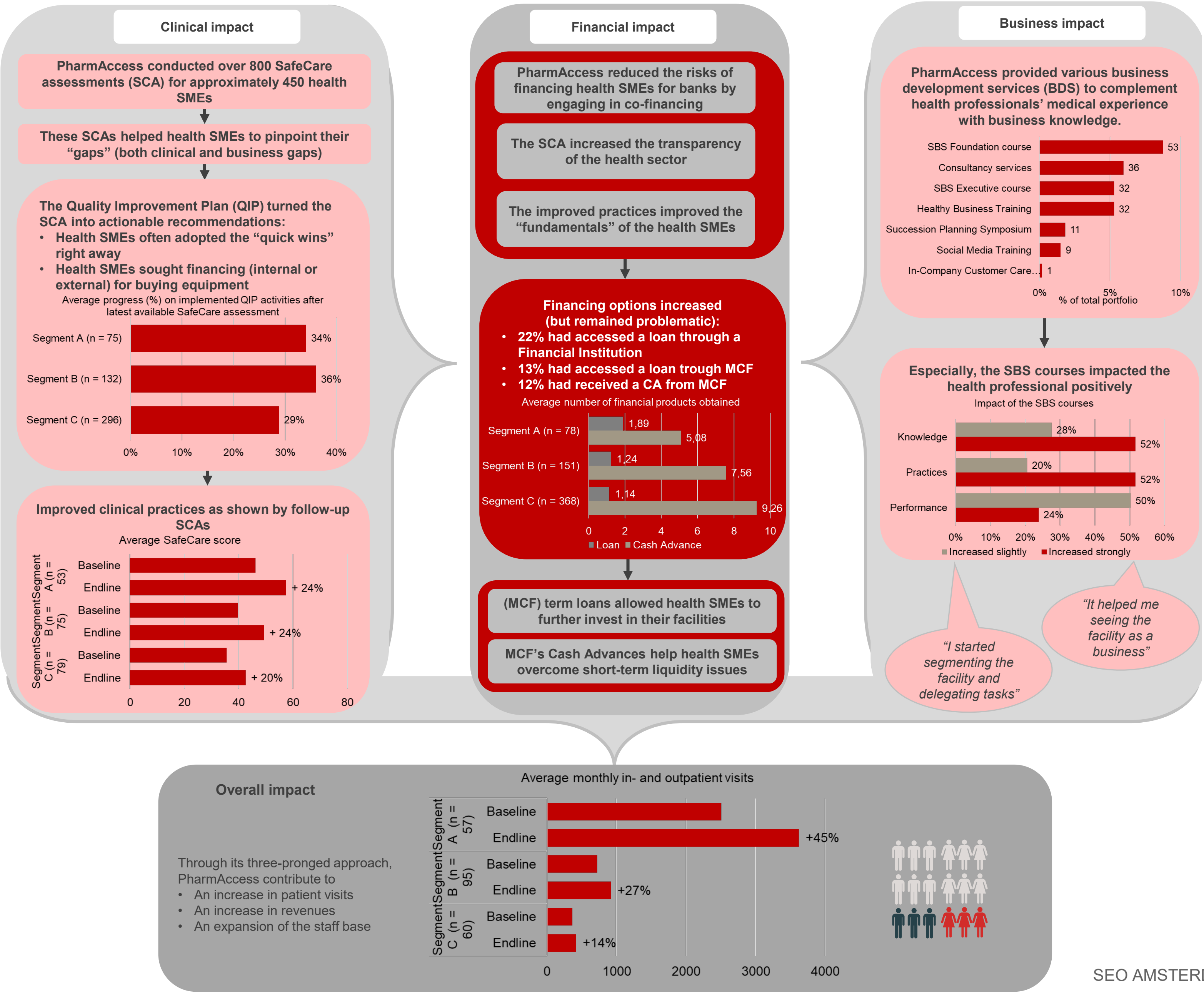
Key findings and recommendations

The evaluation team found evidence from various sources indicating that the programme's clinical support, business development support, and financial support were largely effective in addressing the identified gaps. First, the SafeCare assessments and Quality Improvement Plans were generally well received and concretely helped health SMEs to reduce clinical gaps, by improving the quality of care and increasing investments in medical equipment. Second, the business development support provided was valued highly by recipients (notably the participants in the Managing Healthcare Businesses programme; a joint product of PharmAccess and the Strathmore Business School in Nairobi), who indicated to have improved their business knowledge and practices as a result (including e.g. their record-keeping, reporting, planning and budgeting skills). Third, there was strong evidence that the various types of financial support provided (term loans, cash advances, guarantees) contributed to improving health SME's access to finance without 'crowding out' financing from the financial sector.

In addition, the evaluation found plausible evidence of useful synergies between the three pathways. One strong aspect of HBDP was that all interventions started from an in-depth assessment of gaps (the SafeCare assessment), which helped to identify clinical and business gaps. Based on this gap analysis, a QIP was constructed which provided concrete recommendations on how to address these gaps (with implementation progress monitored over time). Subsequently, both the clinical support and the business development support clearly helped health SMEs to improve their quality of care and business performance, which in turn helped improve their access to finance by reducing (actual and perceived) risks for banks.

The evaluation team would recommend both PharmAccess and other donor organisations to sustain this holistic approach and further strengthen linkages between the three types of support, so as to maximise the effectiveness of health sector support. Some ways in which PharmAccess could still strengthen its programme is by more closely linking its business development support to the SafeCare assessment and QIP, and prioritise certain SMEs rather than offering such support equally to all health SMEs. This could also include more active monitoring and encouragement to apply, particularly for those SMEs with the highest identified business gaps. Another recommendation is to better integrate the SafeCare assessment, the QIP and the loan application process, so that addressing quality and business gaps becomes an integral part of the health SME's investment plan and the SafeCare assessment becomes more embedded in the loan application process. Finally, more work could be done to make the already realised improvements in clinical and business practices (including ability to repay) more visible to potential financiers, to further reduce the perceived risks of financing this promising sector.

Figure S.2 Key findings of the HBDP



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